

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B 3 MONTHS TO 31 DECEMBER 2016

Highlights of the activities for the Quarter ending 31 December 2016 included:

Quinchia Gold Portfolio

- Due to the favourable outcome of a Scoping Study completed by SRK Consulting U.S. Inc on an underground only mining option at the Miraflores gold project in Colombia, the Company initiated the conduct of a Feasibility Study during November 2016. The feasibility study is expected to be completed by the end of first half of 2017.
- The Feasibility Study will encompass a processing facility and supporting infrastructure for the Miraflores Project at a treatment capacity of approximately 500,000 tonnes of underground ore per annum, to produce approximately 50,000 oz/Au per annum.
- Significant upside potential exists at targets such as Tesorito, where a large gold porphyry system has been identified with drill hole TS-DH-02 returning an intercept of 384 metres @ 1.01 g/t gold, 0.9 g/t silver and 0.08% copper from surface.

Los Calatos Project - Peru

- During the quarter the Company settled with CD Capital Natural Resources Fund III LP (CD Capital), whereby CD Capital will subscribe for new shares of up to US\$45 million in Los Calatos Holding Ltd (LCH) to fund the completion of Pre-feasibility and Feasibility studies (CD Capital Transaction).
- The first investment tranche of US\$16 million, which has been made, resulted in CD Capital holding a 51% interest in LCH, owner of the Los Calatos Project, and the Company holding a 49% interest.

Mollacas Project - Chile

- The Company is assessing all development options available to it in relation to the Mollacas Project and its broader Chilean asset portfolio.

Corporate

- The Company's cash position as at 31 December 2016 was approximately A\$9.6 million including approximately A\$9.5 million representing the Company's 49% interest in LCH.
- During the quarter the Company announced a total of 41,172,689 new fully paid ordinary shares (Shares) to be placed with institutions and sophisticated and professional investors at a price of A\$0.01185 (£ 0.07) per share to raise approximately A\$ 4.85 million.
- Funds of approximately A\$1.2 million was received through the placement of Shares during the quarter.
- Following shareholder approval the Company completed a consolidation of securities in the ratio of 50:1 early January 2017.

Mr William Howe, Managing Director, commented: *"During the quarter the Company continued to build on the momentum of previous quarters. Firstly, the Company is closer to achieving its objective of becoming a gold producer in Colombia, a favourable commodity located in a highly prospective jurisdiction that importantly has a supportive government. Having secured funding of A\$4.85 million the Company will continue to undertake work on completing the Miraflores Feasibility study that is expected to yield robust and attractive fundamentals. The Company has been and will continue to work closely with the local communities, government authorities and other stakeholders.*

Secondly, at Los Calatos the equity investment agreement with CD Capital is now in place and preliminary work towards completion of the Pre-feasibility study has commenced and is progressing well. We are highly positive towards the outcome of this study in light of steadily improving copper fundamentals."

MIRAFLORES PROJECT - COLOMBIA

Introduction

On 20 June 2016, Metminco acquired Miraflores Compania Minera SAS (formerly Minera Seafield SAS) for an equity consideration as well as deferred cash payments payable annually over the following four years commencing 20 June 2017. Miraflores Compania Minera SAS (Miraflores Minera) owns 100% of the Quinchia Gold Portfolio, which is located in Colombia's Middle Cauca Belt and contains a number of deposits and significant exploration and development targets including Miraflores, Dosquebradas, Tesorito and Chuscal. The portfolio has a NI 43-101 estimated Mineral Resource of 2.8 million ounces of gold.

The Company has made application under its existing approved EIA to commence early underground development in 2H 2017 at Miraflores. Should that be approved it will provide Metminco with the opportunity to carry out a material amount of development work in advance of the mine build. Significantly, this would reduce the lead ramp up time when Miraflores comes on stream meaning mining and processing could begin near to or at the steady state under the mine plan.

The Miraflores Project represents a near-term gold development opportunity, with a Measured and Indicated Mineral Resource of 9.19 million tonnes at 2.81g/t gold and 2.76g/t silver (832,000 oz Au and 817,000 oz Ag) at a cut-off grade of 1.2 g/t. A recent Scoping Study completed by SRK Consulting U.S. Inc (SRK) focussed on an underground operation producing 50,000 ounces of gold per annum for 9 years, the essence of which is summarised below, noting however that the work completed by SRK referenced here does not provide the detail required to meet NI 43-101 or JORC 2012 compliant Ore Reserves:

- The Miraflores Project has a Measured and Indicated Mineral Resource of 9.19 million tonnes at 2.81g/t gold and 2.76g/t silver at cut-off grade of 1.2g/t Au (Table 1)
- SRK refined the prior underground mine design and associated mining schedule, in addition to updating operating and capital costs to Q3 2016 US dollars. (Figure1)
- The mining schedule produces 4.03 million tonnes at a mined grade of 3.51g/t Au and 2.84g/t Ag (including a low-grade stockpile) over a mine life of 9 years, producing approximately 50,000oz of recovered gold per annum at steady state (Table 2)
- Initial Capital: US\$81 million (including US\$14 million in contingencies)
- Life of Mine capital: US\$98 million
- Life of Mine C1 cash costs: US\$555/oz
- Life of Mine AISC costs: US\$648/oz
- EBITDA: US\$31.7 million per annum over 9 years
- NPV (after tax): US\$73.4 million @ 8% discount rate
- IRR (after tax): 26%
- Payback: 2.8 years
- Gold price: US\$1,300/oz

The Scoping Study, announced in September 2016, indicated that development of a standalone underground operation with a filtered tailings system would significantly reduce the surface footprint by approximately 80% compared to the previously proposed operation, as the latter provided waste dumps, low grade stockpile dumps, a slurry tailings facility and a large open pit. It is expected that the changes to the proposed surface infrastructure will greatly assist to facilitate the completion of the EIA process (Figure 2). Since the completion of the Scoping Study additional work in relation to infrastructure has identified significant potential savings in the area of water management and power access.

Due to the favourable outcome of the study, the underground only mining option was adopted by the Board as the preferred option for the Feasibility Study which was initiated in November 2016.

Significant upside potential exists at targets such as Tesorito, where a large gold porphyry system has been identified with drill hole TS-DH-02 returning an intercept of 384 metres @ 1.01 g/t gold, 0.9 g/t silver and 0.08% copper from surface.

Table 1: Mineral Resource Estimate – Miraflores Gold Project (MMC July 2016)

Classification	Tonnes (000's)	Au (g/t)	Ag (g/t)	Oz Au (000's)	Oz Ag (000's)
Measured	2,948	2.98	2.50	282	237
Indicated	6,245	2.74	2.89	549	580
Measured & Indicated	9,193	2.81	2.76	832	817
Inferred	180	1.44	5.49	8	32

Note: Based on a gold cut-off grade of 1.2g/t.

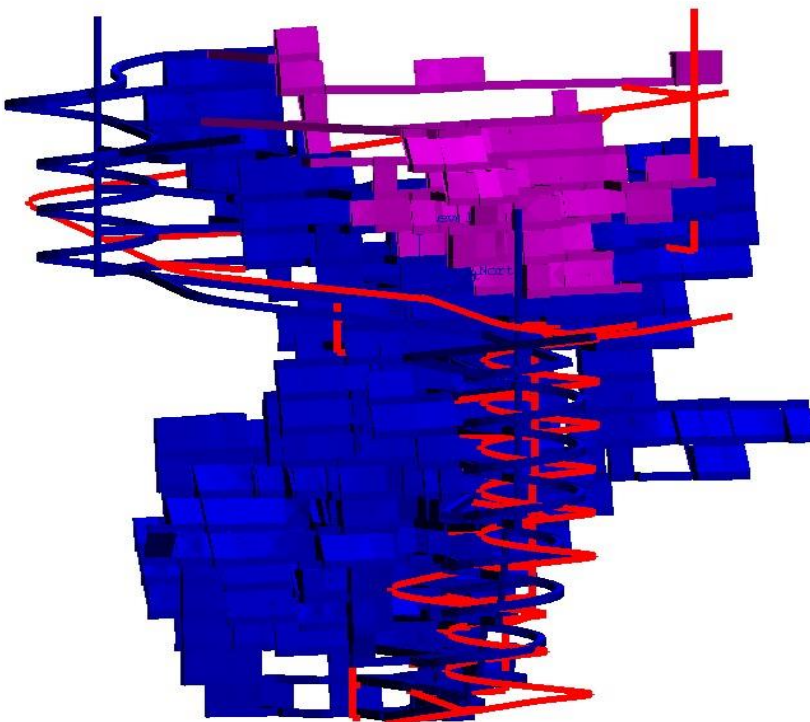
Rounding-off of numbers may result in minor computational errors, which are not deemed to be significant.

Source: Metal Mining Consultants, 2016

Table 2: Tonnes Milled

Operation	Mt	Au (g/t)	Ag (g/t)	Au (Koz)	Ag (Koz)
Underground	4.03	3.51	2.84	455	368
Total	4.03	3.51	2.84	455	368

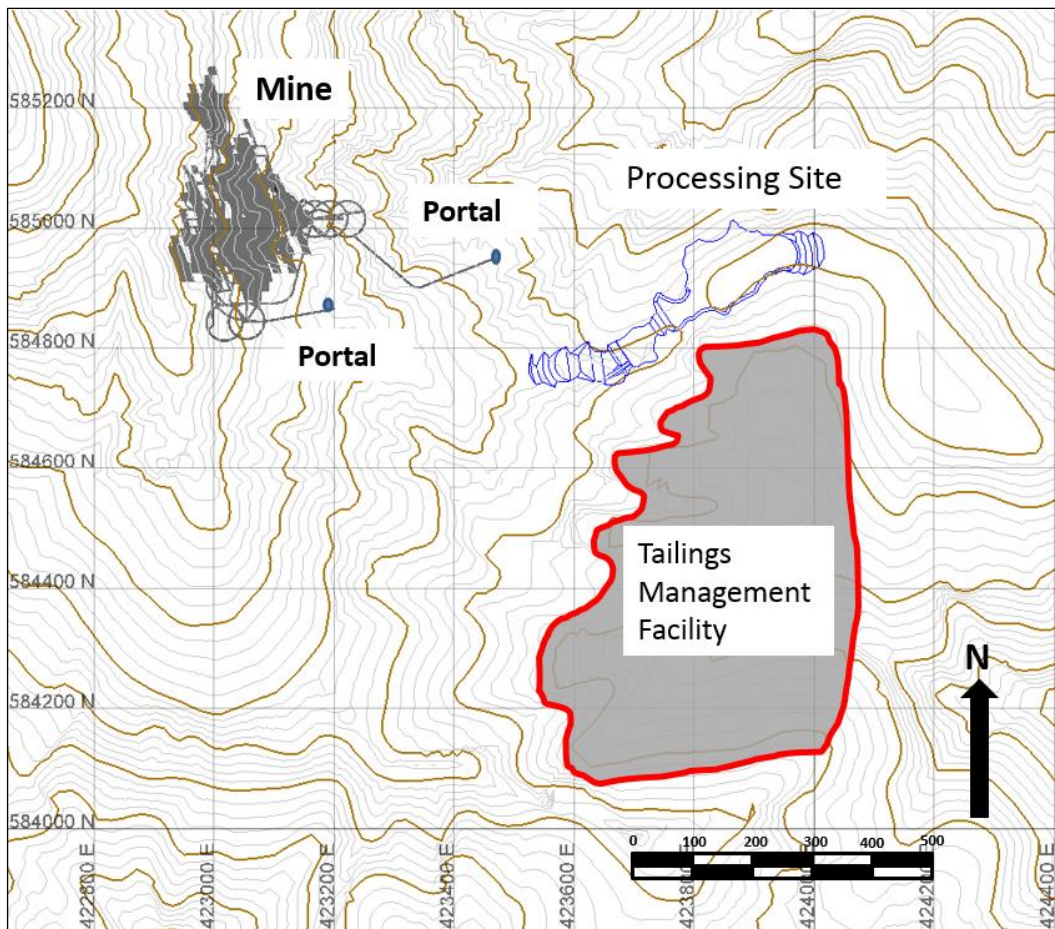
Source : SRK

Figure 1: Underground mine design

Mauve Colour: Underground stopes included in previous Open Pit

Blue Colour: Underground stopes from original SRK design

Source: SRK

Figure 2: Miraflores Site Layout

Source : SRK

Feasibility Study

On 21 November 2016, the Company announced that the Miraflores Gold Project Feasibility Study had commenced, which is expected to be completed in late H1 of 2017.

The Feasibility Study work will encompass a processing facility and supporting infrastructure for the Miraflores Project at a treatment capacity of approximately 500,000 tonnes of underground ore per annum, to produce approximately 50,000oz/Au per annum.

The battery limits for the Feasibility Study will be from the Run of Mine pad to the cake discharge of the tailings filters and water treatment plant discharge point. Infrastructure associated with water supply and return process water from the tailings filter and treatment plant will be within the scope. Products generated from the Project will be gold and silver concentrates and/or dore. Product security while in the confines of the plant will form part of the scope, however, the transport, security and refining of the Products is outside the battery limits.

Power supply will be from a nominated point but power supply options may be explored within the scope.

GR Engineering Services Limited (GRES), a Perth, Australian based engineering, consulting and contracting company specialising in fixed price engineering design and construction services to the resources sector has been appointed to manage the Feasibility Study. GMI, an arm of the Peruvian based Grana y Montero Group engineering and construction company, has been engaged to provide engineering design services to GRES. Dynami Geoconsulting, which is based in Medellin, Colombia will provide environmental and geotechnical engineering and design, including the completion of the baseline environmental monitoring and geotechnical design for the plant and infrastructure. Ausenco, an Australian based engineering company have been retained to provide mine design and mining scheduling and geotechnical input into the feasibility study.

GRES

GRES has been engaged to complete the Feasibility Study on the Miraflores Gold Project (the Project) which will utilise the relevant information from previous studies with a focus on innovative treatment options to be considered on the basis of:

- Revenue generated from schedule and predicted process recovery for each modified flowsheet;
- Capital cost reduction (compared to previous process studied);
- Operating cost reduction (compared to previous process studied); and
- Project risk, constructability and operability.

GMI

Metminco has appointed GMI to undertake the preliminary design and the development and management strategy for the requisite permitting and EIA for the Tailings Storage Facility. This work will be undertaken by GMI under the supervision of GRES. GMI specializes in the geotechnical design, construction and operation of such facilities.

Dynami

Dynami has been awarded the contract to provide Feasibility Study level geotechnical and Environment Impact Assessment work for the Miraflores Gold Project.

The Scope of Work includes all tasks required for an Environmental Impact Assessment and the update of the Environmental Baseline such that an Environmental Licence can be obtained for the Project. Additionally, geotechnical feasibility-level designs for mine facilities (plant foundations, cuts and fills, roads) and tailings management on the Tesorito site will be developed.

Ausenco

Ausenco's mining team based in Santiago, Chile have been awarded the contract to deliver a detailed mine plan, mining schedule (including detailed geotechnical analysis to support the mine plan) and capital and operating costs for the mining operation at Miraflores

LOS CALATOS - PERU

Through its wholly owned subsidiary, Minera Hampton Peru SAC, Metminco holds a 49% interest in the Los Calatos copper project. Los Calatos is located in Southern Peru near three large operating copper-molybdenum mines, namely Cuajone, Toquepala and Cerro Verde. Molybdenum constitutes a significant by-product of copper mining from this belt.

The detailed re-logging program that was conducted on the Los Calatos drill core in late 2014 and early 2015, resulted in an estimated mineral resource of 352 million tonnes at a Cu grade of 0.76% and a Mo grade of 318 ppm (2.76mt Cu and 111,936t Mo Metal) Cut off grade 0.7% that was the subject of a Strategic Mining Study completed in August 2015.

MOLLACAS PROJECT - CHILE

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, albeit that the estimated water usage for the mining operation will only be 40 litres/sec.

CORPORATE

Settlement of Equity Investment in Los Calatos

On 24 October 2016 the Company announced settlement of the equity investment by CD Capital whereby CD Capital has invested US\$16 million for a 51% interest LCH which indirectly owns 100% of Los Calatos Project. With two subsequent investments of US\$14.5 million each, the CD Capital equity position in LCH would increase to 65% and 70% respectively. Metminco will hold its interest in LCH indirectly through Hampton Mining Pty Ltd.

Placing

As announced on 17 November 2016 a total of 41,172,689 Shares were placed with institutions and sophisticated and professional investors at a price of A\$0.01185 (£ 0.07) per Share to raise approximately A\$ 4.85 million. A total of 4,252,858 Shares were placed with sophisticated and professional investors under ASX Listing Rule 7.1 and 7.1A in late November and early December 2016. The remainder were placed with Redfield Asset Management, William Howe, the Company's Managing Director and UK based investor Lanstead Capital LP in January 2017 following shareholder approval and consolidation of the Company's securities. Share numbers and issue prices stated above have been adjusted for the consolidation of securities in the ratio of 50:1 completed 4 January 2017.

Shareholder Meeting

An extraordinary meeting of shareholders was held on 20 December 2016 to seek shareholder ratification for prior issues in accordance with ASX Listing Rule 7.4, and approval of new issues of Shares as set out above, issue of Shares to Mr Howe (Managing Director) and the consolidation of the Company's securities in the basis of 50:1. All resolutions put before the shareholder meeting were passed by shareholders.

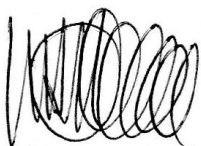
Share Consolidation

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.

Cash Position and Funding

As at 31 December 2016, Metminco had cash reserves of A\$ 9.6 million including A\$9.5 million representing the Company's 49% share of cash held by LCH.

Expenditure for the quarter was focussed on planning for and undertaking various works in relation to completion of the Miraflores Feasibility Study. The Company also incurred care and maintenance costs fees on its other projects (Mollacas, Vallecillo and Loica) and corporate overheads. At the Los Calatos Project, which is being funded solely by LCH, preparatory work including planning of drilling programs and evaluation of tenders for the Pre- Feasibility Study was undertaken.



William Howe

Managing Director

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SRK Consulting (U.S.) Inc.

The information provided in this ASX Release as it relates to mining plan and production schedule for the Miraflores Gold Project is based on information compiled by Mr Jeff Osborn BEng Mining, MMSAQP, on behalf of SRK. Mr Osborn 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.

SRK have given their consent to be named in this Announcement and to the inclusion of all statements by SRK included in said Announcement that Metminco says are based on a statement by us, in the form and context in which these statements are included.

This consent relates to the Announcement of Metminco in Australia and the United Kingdom in both paper and electronic form.

Apart from as set out above, SRK takes no responsibility for any other part of the aforementioned Announcement.

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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Metminco Limited

ABN

43 119 759 349

Quarter ended ("current quarter")

31 Dec 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter A\$'000	Year to date 12 months A\$'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration and evaluation	(1,789)	(3,377)
(b) development	-	-
(c) production	-	-
(d) administration	(685)	(1,649)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2,472)	(5,024)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investment	-	(219)
(b) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	12
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	(207)
1.13 Total operating and investing cash flows (carried forward)	(2,472)	(5,231)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,472)	(5,231)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,224	3,185
	Costs of issue	(168)	(382)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other :		
	Cash received on acquisition of Compania Miraflores	-	75
	Equity funding of 49% owned Los Calatos Holding Ltd	11,013	11,013
Net financing cash flows		12,069	13,891
Net increase (decrease) in cash held		9,597	8,660
1.20	Cash at beginning of quarter/year to date	43	949
1.21	Exchange rate adjustments to item 1.20	(8)	23
1.22	Cash at end of quarter	9,632	9,632 * ₁

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter A\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	121
1.24	Aggregate amount of loans to the parties included in item 1.10	-

- 1.25 Explanation necessary for an understanding of the transactions
- Item 1.23 includes aggregate amounts paid to directors for the period 01 October 16 – 31 December 16 for:
Directors' fees: A\$121,751

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- None
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- None

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available A\$'000	Amount used A\$'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	A\$'000
4.1 Exploration and evaluation	3,000
4.2 Development	-
4.3 Production	-
4.4 Administration	900
Total	3,900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter A\$'000	Previous quarter A\$'000
5.1 Cash on hand and at bank	9,632	43
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	9,632* ₁	43

*₁ \$9.5 million represents Metminco's 49% of the cash held by Los Calatos Holding Limited which is for the exclusive funding of the Los Calatos Project.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.3	+Ordinary securities	4,513,918,626 (*Post Consolidation of Securities = 90,280,468)	4,513,918,626 (*Post Consolidation of Securities = 90,280,468)		
7.4	Changes during Quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.5	+Convertible Debt securities <i>(description)</i>				
7.6	Changes during quarter: (a) Increases through issues (b) Decreases through Securities matured, converted	422,222,222 212,642,857	422,222,222 212,642,857	A\$0.00237 (£ 0.00135) A\$0.00237 (£ 0.0014)	
7.7	Options (description and conversion factor)	<u>Unlisted:</u> 5,000,000 (*Post Consolidation of Securities = 100,000)		<u>Exercise price:</u> A\$0.0302 *Post Consolidation of Securities = A\$1.51)	<u>Expiry date:</u> 01 Aug 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				

+ See chapter 19 for defined terms.

7.11	Debentures(totals only)				
7.12	Unsecured notes (totals only)				

* Post Consolidation: The Company completed a consolidation of its securities in the ration of 50:1 on 4 January 2017.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 31.1.2017
(Company secretary)

Print name: Philip Killen

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards:** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.