
QUARTERLY ACTIVITIES REPORT & APPENDIX 5B
3 MONTHS TO 30 SEPTEMBER 2017

MIRAFLORES LIFE OF MINE AISC ESTIMATED AT US \$ 643/OZ

Highlights for the quarter ending 30 September 2017 for Metminco Limited (“the Company” or “Metminco”):

Miraflores Gold Project

The Company received approval for underground development, completed a Feasibility Study (“the Study”) and announced a maiden Ore Reserve for the Miraflores Gold Project in Colombia during the quarter.

- The Company received approval from the Corporacion Autonoma Del Risaralda (CARDER), the environmental agency in the Department of Risaralda, Colombia, to construct up to 2,000m of underground development under the Company’s existing Plan De Manejo Ambiental (PMA – Resolution 562 of 21 October 1997 and renewed under Resolution 1619 on 23 June 2009);
- Maiden Ore Reserve Estimate for the Miraflores Gold Project; Metminco has declared a maiden NI 43-101 and JORC 2012-compliant Ore Reserve for Miraflores of 4.3Mt @ 3.3g/t Au for 456koz contained gold and 357koz contained silver;
- Feasibility Study confirms Miraflores Gold Project as financially robust and technically sound;
- Average annual production of 45koz of gold and 23koz of silver over approximately 9.5 years;
- Total forecast Initial Capital cost of US\$71.8 million (excluding contingency of 7.67%), with an additional US\$18.5 million in sustaining capital required over life-of-mine (LOM);
- Estimated LOM cash operating costs of US\$599 an ounce and LOM all-in sustaining costs (AISC) of US\$643 an ounce;
- Estimated LOM undiscounted free cash flow of US\$150 million (using US\$1,300/oz gold price); and
- Net Present Value of US\$72.3 million (after tax, 8% discount rate) and Internal Rate of Return of 25% (after tax NPV of US\$96.1 million at 5% discount rate).

The critical path for the development of the project remains the completion of the Environmental Licence including the validation of the impacts on the local communities and the gaining of the social licence for the project.

Corporate

- The Company's cash position at the end of the quarter (30 September 2017) was approximately AUD \$ 2,382,000.
- The Company completed the buyback of small holdings as announced to the market on 14 July 2017. The total number of shares purchased under the facility was 3,875,424 shares ("the Buyback"), representing approximately 3% of the issued capital in Metminco. With the purchase of the small holdings the number of Metminco shareholders has reduced by more than 6,900 to 1,294 shareholders. The total number of ordinary shares in issue after completion of the Buyback is 127,200,299, which represents the total number of voting rights in the Company and may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Mr William Howe, Managing Director, commented: *"Several significant milestones have been achieved during the quarter. The Company received approval from the CARDER for the development of up to 2,000m of underground development under its existing PMA, announced a Maiden Ore Reserve for the Miraflores Gold Project and completed a Feasibility Study for the potential development of the Project. The development of the Miraflores Gold Project is fast becoming a reality for the shareholders of Metminco."*

MIRAFLORES PROJECT – COLOMBIA

Environmental Permit - Resolution 1505 of 7 September 2017 (Approved Permit)

Miraflores Compañía Minera (Miraflores), a wholly owned subsidiary of Metminco received approval from the CARDER to construct up to 2,000 metres of underground development under the Company's existing Plan De Manejo Ambiental (PMA – Resolution 562 of 21 October 1997 and renewed under Resolution 1619 on 23 June 2009) covering the Miraflores licence which is an exploitation licence. The Company has been working with the CARDER on this resolution since March 2017. The granting of the permit by the CARDER was announced to the market on 14 September 2017.

The exploration development approved by CARDER will allow the Company to expose the previously defined ore zones on multiple levels and complete infill diamond drilling for stope definition ahead of a final decision to construct the processing facilities and supporting infrastructure. The development to be undertaken will include providing access to the underground via a decline, development of a ventilation system for the mine, cross cutting and on reef driving on multiple levels.

The Company will also assess the possibility of trucking ore from the mine to a processing facility nearby to gain large scale bulk processing information ahead of a decision to construct the processing facilities at Miraflores.

The approval from the CARDER allows for the discharge of water from the underground development and development of waste and ore dumps on surface.

Summary of the Environmental Permit

- Permits discharge of non-domestic wastewater from mining title 010-87M, with validity of 5 years.
- Approval of non-domestic wastewater treatment system designs, for this permit it is necessary to have environmental obligations and semi-annual reports, as well as to submit laboratory analysis of water samples from the Quebrada Aguas Claras.
- Permit for atmospheric emissions for fixed, punctual or diffuse sources, for the extraction of 50,000m³ of waste material.
- Stacking and disposal of waste materials from the construction of the exploration tunnel and the transportation of material resulting from the construction, this permit has a validity of 5 years from the notification of the Resolution.
- Permit to occupy the channel.
- Approval of plans, designs, construction and operation for the construction of the access road to the tunnel.
- Authorization for the disposal of surplus material from excavations or excavations resulting from road and tunnel improvement covering a total area of 10,400m² and a total volume of 68,000m³.
- Approval of Environmental Management Plan.
- Approval of contingency plan and preventive and emergency mechanisms for contingency care for liquid fuels, gasoline, ACPM, Bentonite.
- Miraflores Compañía Minera must submit an Environmental Impact Study aimed at obtaining an Environmental License for the exploitation phase of the 010-87M title.
- Miraflores Compañía Minera must pay to CARDER Col\$2,339,000 (approximately US\$780) annually during the validity of the permit or Resolution 1505.

Ore Reserves

The Company completed a maiden NI 43-101 and JORC 2012-compliant Ore Reserve for its 100%-owned Miraflores Gold Project in Colombia of 4.3Mt @ 3.3g/t Au for 456koz contained gold and 357koz contained silver, and announced this to the market on 18 October 2017. The Ore Reserve has been estimated using a gold price assumption of US\$1,200/oz and a cut-off grade of 1.5g/t Au. It is contained entirely within the Miraflores Deposit constrained Mineral Resource Estimate and is based entirely on the Measured and Indicated Resources.

The estimate represents a conversion rate of approximately 50% of Measured and Indicated Resources and has been based on information derived from the Study for Miraflores.

Mineral Resources

The Miraflores Measured and Indicated Mineral Resources are reported at a gold cut-off grade of 1.2g/t Au. The Resources are based on 25,884m of drilling in 73 diamond drill holes and 236m of underground channel samples. This includes 3,624m in 10 holes carried out by AngloGold Ashanti and B2Gold in 2006-2007.

Statistical and visual checks were performed by Metal Mining Consultants of the estimated block model to ensure there were no discrepancies in the grade estimation routines and to ensure the geometry of mineralisation meets the configuration that the geologists expected for estimated mineralisation.

Competent Person

Mr Boris Caro visited the site in August 2017 for 3 days as part of the Study team to review all aspects of the Study including an investigation of the mine, plant and site layouts. The Company's Ore Reserve Estimate for the Miraflores Gold Project has been independently reviewed and signed off by Mr Caro who is a Member of the Australasian Institute of Mining and Metallurgy and a Registered Member of the Chilean Mining Commission.

Type of Study Completed

A Feasibility Study has been completed for the Miraflores Project. Metminco engaged GR Engineering Services to complete the processing, infrastructure and feasibility study management aspects of the Feasibility Study. Ausenco Chile were engaged to complete all aspects of the mine design, mine scheduling, geotechnical analysis and ventilation system design to support the mine design, including capital and operating costs for the mine. Surface geotechnical design for the plant, infrastructure and tailings facility was undertaken by Dynami Geo Consulting (a Medellin based consulting company) and Grana y Montero Engineering, a Lima, Peru based engineering and contracting group assisted in the design of the Tailings Storage Facility. This study provided sufficient technical and economic support to back up the Ore Reserve Estimate.

Statement of Accuracy

The Competent Person has recommended that further work be conducted prior to commencement of construction of the Miraflores Project on the following topics:

- Geotechnical stability analysis for the underground mine, especially in the areas containing non-backfilled stopes;
- Stope Backfilling sequence;
- Development of a detailed mining construction schedule;

- Understanding the predicted underground water levels;
- Updating the environmental and social costs as per the permit – still to be granted.

This further work may result in some changes to the modifying factors representing a high risk for the achievement of the technical and economic outcome of the Miraflores Gold Project delivered by the Feasibility Study.

Miraflores Feasibility Study

Metminco is pleased to announce the completion of the Feasibility Study into the development of its Miraflores Gold Project in Colombia, which has further demonstrated the financial and technical viability of the proposed operation.

As part of the study, Metminco declared a Maiden NI 43-101 and JORC 2012-compliant Ore Reserve for Miraflores of 4.3Mt grading 3.3g/t gold for 456koz contained gold and 357koz contained silver.

Over that period, the Miraflores plant would process 4.3 million tonnes of ore grading an average of 3.3g/t Au and 2.6 g/t Ag for total production of 421koz of gold and 211koz of silver (an average of approximately 45koz of gold and 23koz of silver per year over 9.5 years).

The initial capital cost of developing the mine and associated infrastructure has been estimated at US\$71.8 million excluding contingency. Contingency is approximately US\$6.1 million. An additional US\$18.5 million in sustaining capital is expected to be required over the LOM.

LOM cash operating costs have been estimated at US\$599/oz, while LOM AISC have been estimated at US\$643/oz, which would position Miraflores in the first cost quartile of gold operations globally.

Applying a US\$1,300 gold price, which was used for all base-case financial modelling in the Feasibility Study, Miraflores delivers LOM free cash flow of US\$150 million, a Net Present Value at an 8% discount rate of US\$72.3 million and an Internal Rate of Return of 25% (all measures are on an after-tax basis).

The Miraflores Feasibility Study did not take into account any upside that may result from exploration at the nearby Chuscal and Tesorito prospects, where the focus is on defining more resources in high-grade vein systems that could also be mined using underground methods.

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.

The Project is currently on care and maintenance.

CORPORATE

Cash Position and Funding

As at 30 September 2017, Metminco Limited had approximately AUD \$ 2,382,000 in cash.

Expenditure for the quarter ended 30 September 2017 was focussed on the Miraflores Feasibility Study, care and maintenance costs on its other projects (Mollacas, Vallecillo and Loica) and corporate overheads.

Small Holdings Buyback

The Company completed the buyback of small holdings as announced to the market on 14 July 2017.

All of the small holding shares purchased under the small holdings share purchase facility have been placed to clients of Martin Place Securities. The total number of shares purchased under the facility was 3,875,424 shares, representing approximately 3% of the issued capital in Metminco. With the purchase of the small holdings the number of Metminco shareholders has reduced by more than 6,900 to 1294 shareholders.

Market Abuse Regulation (MAR) Disclosure

The information communicated in this announcement includes inside information for the purposes of Article 7 of Regulation 596/2014.



William Howe
Managing Director

For further information, please contact:

METMINCO LIMITED

Brian Jones
Company Secretary

Office: +61 (0) 2 9460 1856

NOMINATED ADVISOR AND BROKER**RFC Ambrian**

Australia

Will Souter / Nathan Forsyth

Office: +61 (0) 2 9250 0000

United Kingdom

Charlie Cryer

Office: +44 (0) 20 3440 6800

JOINT BROKER**SP Angel Corporate Finance LLP (UK)**

Ewan Leggat

Office: +44 (0) 20 3470 0470

PUBLIC RELATIONS**Camarco**

United Kingdom

Gordon Poole / Nick Hennis

Office: + 44 (0) 20 3757 4997

Media + Capital Partners

Australia
Luke Forrestal

Office: +61 (0) 411 479 144

Competent Persons Statement

The information provided in this announcement as it relates to Mineral Reserves of the Miraflores Gold Project is based on information compiled by Mr Boris Caro. Mr Caro, a Qualified Person for JORC (2012 Edition) compliant statements, reviewed the technical information presented in this document.

Mr Caro 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 Caro 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.

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")

30 September 2017

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter A\$'000	Year to date 9 months A\$'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(1,090)	(2,363)
(b) development	-	-
(c) production	-	-
(d) administration	(1,673)	(3,267)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2,763)	(5,630)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(1,008)	(1,008)
(b) equity investment	-	-
(b) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	1	6,624
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(1,007)	5,616
1.13 Total operating and investing cash flows (carried forward)	(3,770)	(14)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,770)	(14)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, derivative asset fair value adjustment	(91)	2,020
	Costs of issue	(76)	(363)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from Convertible Notes	-	750
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other: Cash received from derivative asset	104	104
Net financing cash flows		(63)	2,511
Net increase (decrease) in cash held		(3,833)	2,497
1.20	Cash at beginning of quarter/year to date	6,351	72
1.21	Exchange rate adjustments to item 1.20	(136)	(187)
1.22	Cash at end of quarter	2,382	2,382

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	323
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 July 17 – 30 September 17 for:
 Directors' fees: A\$272,782
 Directors' services: A\$50,686

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	500
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	700

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	2,382	6,351
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,382	6,351

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	127,200,299	127,200,299		
7.4	Changes during Quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.5	+Convertible Debt securities unlisted Convertible Notes	12,345,639	12,345,639	Convertible at: A\$0.06075	Expiry date: 17 May 2018
7.6	Changes during quarter: (a) Increases through issues (b) Decreases through Securities matured, converted				
7.7	Options (description and conversion factor)	<u>Unlisted:</u> 12,345,639 12,345,639		<u>Exercise price:</u> A\$0.081 A\$0.081	<u>Expiry date:</u> 17 May 2019 25 May 2019
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	100,000		A\$1.51	01 Aug 2017

+ See chapter 19 for defined terms.

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

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: 31.10.2017
(Company secretary)

Print name: Brian Jones

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.