METMINCO

Metminco Limited ABN 43 119 759 349

REPORT FOR THE HALF YEAR ENDED

30 JUNE 2016

TABLE OF CONTENTS:

Metminco Limited ABN 43 119 759 349

HIGHLIGHTS

Quinchia Gold Portfolio

- Metminco Limited (Metminco or the Company) acquired Miraflores Compania Minera SAS (Miraflores Compania), formerly Minera Seafield SAS from RMB Australia Holdings Limited (RMB) on 20 June 2016.
- Miraflores Compania owns 100% of the Quinchia Gold Portfolio which;
  - has a NI 43-101 Mineral Resource of 2.8 million ounces of gold,
  - has a JORC 2012 Measured and Indicated Mineral Resource of 832,000 ozs Au and 817,000 ozs Ag at a 1.2g/t Au cut-off.
  - covers 6,043Ha of granted concessions and an additional 3,792Ha of pending applications,
  - hosts 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 Quinchia Gold Portfolio provides the Company with a near term cash flow opportunity via the Miraflores Project where a mineable quantity of 4.03 million tonnes at 3.51g/t Au and 2.84g/t Ag has been scheduled containing 455,000 ozs Au and 368,000 ozs Ag.
- Updated Miraflores Project mining study confirms an underground mining only operation to be technically and financially more robust than previous studies and will now be the focus of the planned Feasibility Study.
- The Company will seek funding for the completion of a Feasibility Study and Environmental Impact Statement (EIS) at the Miraflores Project with a view to having the project permitted and the development funded by the end of the 2017 calendar year.

Los Calatos Copper-Molybdenum Project

- Agreement with CD Capital Natural Resources Fund III LP (CD Capital) to fund the completion of Pre-feasibility and Feasibility Studies. CD Capital to subscribe for new shares of up to US$45 million to acquire up to 70% of Los Calatos Holding Ltd (CD Capital Transaction).
- Initial investment of US$16 million to fund an infill drilling program to upgrade Inferred Mineral Resources to Measured and Indicated Mineral Resource categories, metallurgical testwork and permitting to meet with the requirements of a Pre-feasibility Study.

Mollacas

- The Company and the landowner at the Mollacas Project settled and terminated all outstanding claims in relation to the access dispute.
- The Company is assessing options available to it in relation to this project including seeking to secure land access for mining purposes.

Corporate

- The CD Capital Transaction is anticipated to be completed by mid-October 2016. An interim funding arrangement with CD Capital to fund the Los Calatos Project until completion takes place, reducing the Company's monthly cash burn by approximately A$100,000 from September 2016.
- The Company's cash position as at 30 June 2016 was approximately A$0.6 million. Evaluation of funding alternatives to progress the Miraflores Project through to completion of a Bankable Feasibility Study and decision to mine is underway.

Managing Director, William Howe said, "The period has seen the completion of two very significant events for the Company, the first of which resulted in Los Calatos becoming a genuine development option through securing a financial partner and, secondly, our entrance into the gold sector with the acquisition of Miraflores Compania. The focus is now firmly on advancing our near term and robust Miraflores Project in Colombia through to Feasibility and construction finance.

I am pleased we have exited a period of significant headwinds for the sector with two highly promising projects, and we look forward to updating our shareholders as we progress both projects towards development."

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 2016, 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 2016.

Phillip Wing	Non- Executive Director (appointed as Chairman 27 July 2016)
William Howe	Managing Director
Roger Higgins	Non-Executive Director
Francisco Vergara-Irarrazaval	Non-Executive Director
Timothy Read	Chairman (resigned 27 July 2016)
Stephen Tainton	Executive Director (resigned 6 September 2016)

COMPANY SECRETARY

Philip Killen was the Company Secretary for the half year ended 30 June 2016 and was in office at the date of this report.

OPERATING RESULTS

The loss of the Consolidated Group for the half year ended 30 June 2016 was A$1,126,406 (2015: loss of A$1,929,717) after providing for income tax.

REVIEW OF OPERATIONS

QUINCHIA GOLD PORTFOLIO – COLOMBIA

Introduction

In June 2016 the Company completed the acquisition of Miraflores Compania from RMB. 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 Gold Portfolio, which has a NI 43-101 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 (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 an area of focus for the discovery of new porphyry gold and gold-copper deposits.

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

MIRAFLORES PROJECT

The Company's first priority in relation to the Quinchia Gold Portfolio is to focus on the potential development of the Miraflores Project.

The Miraflores Project, which prior to the Company's acquisition, had two Preliminary Economic Assessments (PEA's) completed and publicly filed 27 April, 2012 (SRK, 2012), and 2 August, 2013 (SRK, 2013) by the former owner of Miraflores Compania, Seafield Resources Ltd (Seafield). A Feasibility Study was initiated but work was subsequently suspended in September 2013 as further optimization was required, specifically in relation to tailings handling.

Following the appointment by RMB of a receiver to Seafileld, a study was requested by RMB to provide an alternative higher grade mining scenario with an alternative tailings location to that used in the August 2013 PEA, as well as to include the feasibility level work previously completed. This work was not made public or fully documented. The goal of the RMB work was to improve open pit and underground mill feed gold grade while reducing the impact of tailings on the Project's operating and capital costs by relocating the tailings to the Tesorito site. The RMB work was completed and a technical report was issued to RMB on 24 February, 2015 (RMB 2015 Report)

Geology

The Miraflores deposit comprises a magmatic-hydrothermal breccia pipe located within a fertile hypabyssal porphyry cluster. The breccia pipe is sub-vertical and cylindrical with surface dimensions of 250 metres x 280 metres with a known vertical extent of up to 600 metres, 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.

The main structural 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.

Mineral Resource Estimate

On 2 April 2013, Metal Mining Consultants, based in Denver, USA, (MMC) reported a Measured and Indicated Mineral Resource for the Miraflores gold deposit 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. The mineral resource, which was based on 25,884 m of drilling in 73 diamond drill holes and 236 metres of underground channel samples, was reported in accordance with NI 43-101. The mineral resource estimate provided for both an open pit and an underground mining operation.

On 21 July 2016 the Company announced that it had received an mineral resource estimate for Miraflores that had been prepared by MMC in accordance with the guidelines of the JORC Code (2012 Edition) for an underground only mining operation. The mineral resource estimate is summarized in Tables 1 and 2 below.

At a 1.2g/t Au cut-off, the Miraflores Project has a Measured and Indicated Mineral Resource of 9.19 million tonnes at 2.81g/t Au and 2.76g/t Ag containing 832,000 oz Au and 817,000 oz Ag.

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:

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	23,455	1.61	1,211	2.13	1,606
0.70	18,983	1.83	1,114	2.27	1,383
0.80	15,868	2.04	1,041	2.39	1,222
0.90	13,571	2.24	978	2.52	1,098
1.00	11,761	2.44	923	2.62	991
1.10	10,361	2.63	875	2.71	903
1.20	**9,193**	**2.81**	**832**	**2.76**	**817**
1.30	8,342	2.97	797	2.83	759
1.40	7,614	3.14	767	2.89	708
1.50	6,966	3.29	737	2.96	663

Inferred Mineral Resource (Breccia only)					
Cut-off (Au g/t)	K Tonnes	Au (g/t)	Au (Koz)	Ag (g/t)	Ag (Koz)
0.60	1,461	0.77	36	3.45	162
0.70	342	1.14	13	3.79	42
0.80	260	1.27	11	4.25	36
0.90	212	1.37	9	4.97	34
1.00	182	1.43	8	5.45	32
1.10	181	1.44	8	5.47	32
1.20	**180**	**1.44**	**8**	**5.49**	**32**
1.30	178	1.44	8	5.53	32
1.40	77	1.54	4	2.59	6
1.50	35	1.67	2	0.93	1

Miraflores Mining Study

Based on the Mineral Resource estimated by MMC, SRK was retained by the Company to update the previous 2015 RMB Report for a stand-alone underground mining operation utilizing filtered tailings for backfill and a dry stack tailings facility. The Miraflores Mining Study was completed by SRK with contributions from Metal Mining Consultants (MMC), GR Engineering Services Limited (GRES) and Dynami Geoconsulting (DG).

The Miraflores Mining Study includes the following changes/optimizations compared to previous studies:

- Updated metals pricing;
- Reduced plant throughput to 1,300 tonnes per day (t/d) as compared to 1,750 t/d;
- Updated mine plan for an underground-only scenario which includes material previously planned to be mined in the open pit, in the underground mine plan;
- Updated mine backfill scenario with volumes and costing based on the use of rock backfill/filtered tailings (non-structural) and filtered tailings with cement (structural) that are placed underground in open stopes;
- A filtered dry-stack tailings system for tailings management. The design and capital / operating costs for the tailings systems were provided by DG (tailings management facility) (TMF) and GRES (tailings filters);

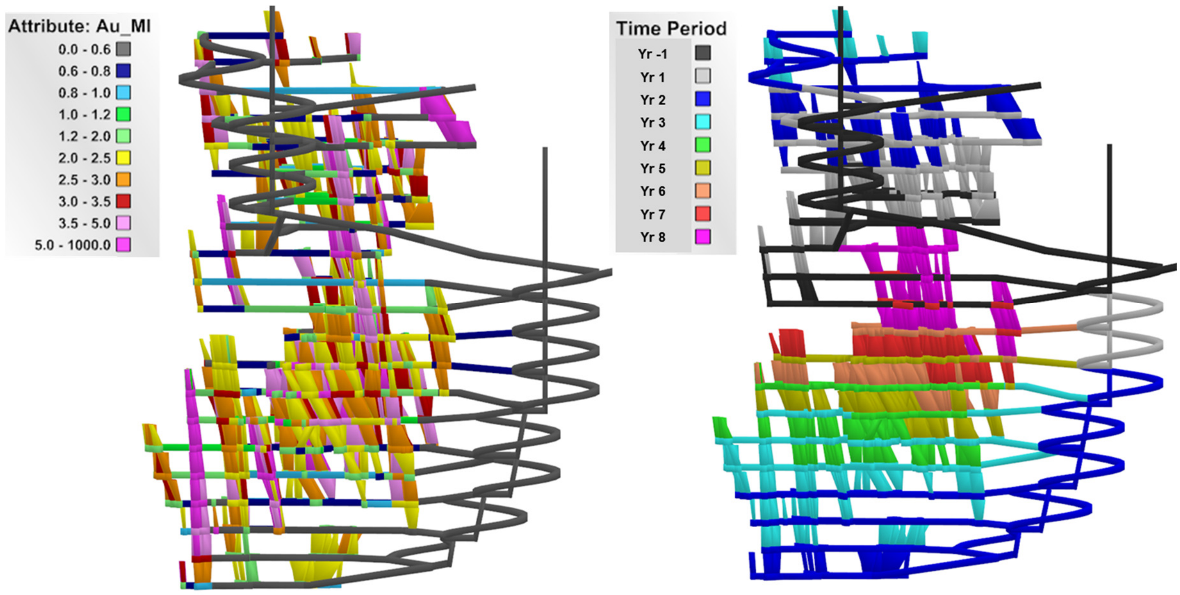
- Updated the mine equipment fleet numbers and labor associated with the mine fleet to be consistent with the updated mine plan;
- Adjusted General and Administrative costs consistent with the Project throughput;
- Modified operating costs (labor, fuel, reagent cost, and electricity) and capital costs for underground mobile equipment, tailings management facility, and tailings filters;
- Added land purchase costs previously not included;
- Adjusted the royalty rate for consistency with current Colombian regulations;
- Adjusted the depreciation schedule consistent with current practice in Colombia;
- Adjusted the NSR estimate to include a gold and silver payability factor consistent with current market contracts; and,
- Added a contingency to the capital estimates which were not included in the RMB 2015 Report.

The two PEA's and incomplete Feasibility Study conducted previously by SRK for Seafield all evaluated Miraflores as a combined open pit and underground mining operation, while the focus of the Metminco work was on an underground mining operation following after several other mining projects in Colombia which have resorted to underground mining to facilitate greater community acceptance and permitting.

Updated Mine Plan and Production Schedule

The mine design was updated to provide for an underground only mining scenario (Figure 1), by comparison to the prior scenario that provided for a combined open pit and underground mining operation (RMB 2015 Report). Accordingly, the updated mine design and mine plan now includes a portion of the mineralized material that was planned to be extracted via an open pit in the prior mining scenario.

Figure 1: Underground Mining Plan – August 2016



The updated mine plan is based on Measured and Indicated Mineral Resources, as estimated by MMC (Table 1) in July 2016 in accordance with the JORC 2012 guidelines.

A production rate of 1,300 t/d was targeted from underground with the objective of producing approximately 50,000 oz of Au per year. The mine will meet the 1,300 t/d plant feed with a 365 days per year, 24-hour schedule with two shifts of 12 hours each. Productivities have been adjusted for maintenance, operations, and efficiency delays. The yearly production schedule was generated using iGantt scheduling software and is summarized in Table 3. The mine plan includes some low-grade marginal material that is stockpiled and then fed into the plant at the end of the life of mine. The mine plan includes only Measured and Indicated Mineral Resources. Mineralized tonnage >1.2 g/t Au consists of 61% Measured Resources and 39% Indicated Resources. All inferred material has been treated as waste with zero grade where mined in the development process or adjacent to a stope.

Table 3: Annual Mine Plan Production Summary

Item	Units	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Totals
Mineralization t/d	(t/d)	462	1,298	1,302	1,302	1,302	1,298	1,302	1,301	1,020	
Total Tonnes (mineralization + waste+ stockpiles)	(t)	283,992	575,314	651,584	540,140	487,446	493,468	493,657	479,222	378,939	4,383,762
Waste Tonnes (Au < 0.6 g/t)	(t)	129,655	55,873	133,867	21,924	4,758	5,183	4,047	-	616	355,923
Mineralized Tonnes (Au > 1.2 g/t)	(t)	126,113	475,091	475,302	475,160	475,104	475,179	475,241	475,014	372,223	3,824,428
Mineralization Au	(g/t)	3.03	3.31	3.63	3.33	3.62	4.27	3.72	3.98	3.54	3.66
Mineralization Ag	(g/t)	2.85	3.30	3.43	2.22	2.44	2.79	3.26	3.27	2.53	2.91
0.60 to 0.80 Tonnes	(t)	6,288	31,960	18,558	15,753	4,407	5,594	8,715	1,607	4,766	97,648
0.60 to 0.80 Au	(g/t)	0.65	0.69	0.72	0.73	0.74	0.65	0.66	0.72	0.78	0.70
0.60 to 0.80 Ag	(g/t)	1.79	1.46	1.35	1.22	1.28	1.30	1.17	1.41	1.45	1.38
0.80 to 1.0 Tonnes	(t)	14,275	4,639	17,990	12,974	1,238	6,347	1,288	-	508	59,260
0.80 to 1.0 Au	(g/t)	0.88	0.90	0.90	0.90	0.80	0.90	0.84	-	0.83	0.89
0.80 to 1.0 Ag	(g/t)	1.45	1.76	2.24	1.25	1.94	1.31	1.55	-	1.34	1.67
1.0 to 1.2 Tonnes	(t)	7,661	7,750	5,869	14,329	1,940	1,164	4,365	2,601	825	46,504
1.0 to 1.2 Au	(g/t)	1.06	1.14	1.11	1.10	1.16	1.16	1.09	1.05	1.10	1.10
1.0 to 1.2 Ag	(g/t)	2.03	1.78	1.51	1.89	1.36	1.11	2.00	2.14	1.53	1.82
Backfill Volume	(m^3)	7,222	139,352	140,541	139,220	127,421	168,923	169,977	197,464	150,325	1,240,444
Non-structural Backfill Volume	(m^3)	7,222	133,602	137,128	139,220	87,713	68,873	49,474	69,873	104,045	797,150
Structural Cement Backfill Volume	(m^3)	-	5,750	3,413	-	39,708	100,050	120,503	127,591	46,280	443,294
Main Ramp Development Length (4 m x 5 m)	(m)	2,816	1,378	2,884	904	210	277	240	29	99	8,838
Surface Raise meters	(m)	171	-	-	-	-	-	-	-	-	171
Internal Raise meters	(m)	97	35	162	-	-	-	-	-	-	294
Stope	(t)	17,829	302,333	358,381	286,140	276,902	344,088	370,700	414,492	335,352	2,706,218
Level Development (3 m x 5 m)	(t)	118,259	198,876	137,358	208,631	200,056	135,501	110,940	63,300	38,621	1,211,542

Source: SRK

Note:
Material tonnages and grades reflected in Table 5 do not represent Ore Reserves.
Mineralized tonnage >1.2g/t is comprised of 61% Measured Resources and 39% Indicated Resources.

DIRECTORS' REPORT (Cont'd)

Processing

The design of the process facility was undertaken by Lyntek as part of the prior feasibility study work. The process plant capital cost estimate for a 1,750 t/d process plant is unchanged from the 2013 study. SRK noted that the mining scenario presented here is based on a 1,300 t/d facility. Process facility and mine production should be optimized in future studies.

Metallurgical studies have demonstrated that the Miraflores material can be effectively processed by a flowsheet that includes gravity concentration followed by flotation and cyanidation of the flotation concentrate. SRK has selected this flowsheet concept as it has the advantages of slightly better overall gold recovery and a much smaller footprint for the cyanidation circuit, which offers significant advantages with respect to capital cost and disposal of cyanide leach residues.

Tailings System

Tailings material from the concentrator mill will be filtered to generate two distinct tailings streams consisting of flotation and leached residue tailings. The larger fraction of flotation tailings will be stored on a dry stack TMF and used for mine backfill. All of the smaller fraction of leach residue tailings is assumed to be completely used as mine backfill and will immediately be placed underground. The location and type of tailings has been modified from previous reports to accommodate a smaller required storage capacity, reducing the environmental impact and minimizing costs.

Capital Cost Estimates

The Life of Mine (LoM) capital cost estimate for the Miraflores Mining Study totals US$98 million, including contingency, and is summarized in Table 4. The capital is broken down by initial capital, required to start and develop the mine, and sustaining capital used to continue operations.

Table 4: LoM Capital Costs (US$ millions)

Description	Initial	Sustaining	LoM
Underground Mining	6.5	14.2	20.7
Processing	38.0	0	38.0
Tailings	8.6	0	8.6
Infrastructure	5.0	0	5.0
Owner's Cost	9.0	6.0	15.0
Investment on Water Monitoring	0.1	0	0.1
Equipment Salvage	0	(3.4)	(3.4)
Sub-total	**67.2**	**16.8**	**84.0**
Contingency	14.0	0	14.0
Total Capital	**81.2**	**16.8**	**98.0**

The capital cost estimate developed for this study includes the costs associated with the engineering, procurement, preliminary estimates of taxes, duties, and freight, construction, commissioning and pre-operation required for all Project facilities. The cost estimate was based on preliminary estimates developed for the Project by SRK for mining, processing, owner's cost, investment for water monitoring, equipment salvage and sustaining costs. GRES contributed the tailings filter cost and DG developed the dry stack tailings costs. The capital cost estimated includes direct and indirect costs. Estimates are based on preliminary designs and costs from other similar projects combined with first principles estimates.

Contingency is in the capital cost estimate for processing (25%), tailings (15%), infrastructure (25%), and owner's costs (25%). The overall contingency for the initial pre-production capital is 21%.

Operating Cost Estimates

Operating costs are based on underground mining, process, tailings and G&A estimates. All costs are in Q3 2016 US dollars. The mining operating costs do not include capitalized development costs. LoM operating costs by cost centre are shown in Table 5. Over the life of the Project, operating costs are estimated at US$57.17/t milled.

DIRECTORS' REPORT (Cont'd)

Table 5: LoM Operating Costs

Description	US$/t milled	LoM (US$ millions)
Mining	$34.67	139.7
Processing	$15.41	62.1
Tailings	$1.84	7.4
G&A	$5.25	21.1
Total	**$57.17**	**230.3**

Source: SRK

The financial results are derived from annual inputs provided by SRK, Metminco, GRES, and DN. SRK developed the economic model. Cash flows are reported on a yearly basis.

Summary of Financial Results

Principal Assumptions

A financial model was prepared on an unleveraged, post-tax basis. The model includes a pre-tax summary for completeness. The basis and results are presented in this section. Key criteria used in this analysis are summarized in Table 6.

Table 6: Project Main Assumptions

Description	Value	Units
Project Schedule		
Pre-Production Period	18	months
Mine Life	9	Years
Plant Feed Rate	1,300	t/d
Gold/Silver Circuit		
Average Gold Recovery	91	%
Average Silver Recovery	54	%
Gold Price	1,300	US$/oz
Silver Price	18	US$/oz

An 18-month pre-production period allows for the post permitting activities through to commercial production, including all construction activities and surface rights settlement, pre-production mine development, process plant and facilities construction and infrastructure development.

Mill feed is planned at 1,300 t/d with varying grades that provide average LoM plant feed grades of 3.51 g/t Au and 2.84 g/t silver (including low grade stockpile feed material).

A flat 33% income tax has been used. This is the result of combining the Colombian corporate income tax at 25% and the CREE tax at a rate of 8%.

Working capital changes are based on accounts receivable paid 30 days after a sale is reported, accounts payable are due 30 days following delivery of service, 16% VAT (IVA) tax over capital is recovered after a period of 30 days and operations net inventories of 30 days. The financial inputs to the economic model are provided in Table 7.

Table 7: Financial Inputs

Description	Value	Unit
Project Equity	100%	Percent
Working Capital Requirement	Receivables/Payables, IVA	30 days
Depreciation	5 year accelerated	
Discount Rate	8%	
Effective Corporate Tax Rate	33%	Colombian Income Tax
Governmental Royalty	4.0% effective rate	Percent over gross sales

DIRECTORS' REPORT (Cont'd)

The following exchange rates and consumables were used:

- US$1.00 = COP$3,000;
- Diesel: US$0.70/L; and
- Power: US$0.11/kWh.

Economic Results

The after-tax NPV is US$73 million, using an 8% discount rate with an IRR of 26%. These and other economic results are summarized in Table 8.

Table 8: After-Tax Technical Economic Model Results

Description	Units	Value	Unit Cost (US$/t-RoM)
Mineralization Processed	kt	4,028	
Gold Recovered	koz	414	
Silver Recovered	koz	199	
Gold Market Price	US$/oz	$1,300	
Silver Market Price	US$/oz	$18	
Gross Revenue	**US$M**	**539.2**	
Refinery			
Gold Refinery	US$M	(0.2)	($0.05)
Doré Transportation & Insurance	US$M	(1.5)	($0.38)
Silver Refinery	US$M	(0.1)	($0.02)
Subtotal	**US$M**	**(1.8)**	**($0.45)**
NSR	**US$M**	**537.4**	**$133.43**
Gold Royalty	US$M	(21.4)	($5.30)
Silver Royalty	US$M	(0.1)	($0.03)
Net Revenue	**US$M**	**515.9**	**$128.09**
Operating Costs			
Mining	US$M	139.7	$34.67
Processing	US$M	62.1	$15.41
Tailings	US$M	7.4	$1.84
G&A	US$M	21.1	$5.25
Subtotal	**US$M**	**230.3**	**$57.17**
LoM Cash Cost	**US$/oz-Au**	**607**	**-**
First 8 Years Cash Cost	**US$/oz-Au**	**599**	**-**
Operating Margin (EBITDA)	**US$M**	**286**	**$70.93**
Capital Costs			
Underground Mining	US$M	20.7	
Processing	US$M	47.5	
Tailings Facility	US$M	9.6	
Infrastructure	US$M	6.3	
Owner Costs	US$M	17.2	
Investment on Water Monitoring	US$M	0.1	
Salvage	US$M	(3.4)	
Subtotal	**US$M**	**98.0**	
Income Tax	US$M	(41.2)	
After-Tax Free Cash Flow	**US$M**	**146.4**	
After-Tax NPV@8%	**US$M**	**73.4**	
After-Tax IRR	**%**	**26%**	

Source: SRK 2016

DIRECTORS' REPORT (Cont'd)

The Project cash costs are summarized in Table 9.

Table 9: Cash Cost Breakdown

Description	US$/oz
Underground Mining	339
Processing	151
Tailings	18
G&A	51
Selling/Refining	4
By-Product (Silver) Credits	(9)
Direct Cash Costs	**$555**
Governmental Royalties	52
Indirect Cash Costs	**$52**
Direct + Indirect Costs	**$607**
Sustaining Capex	41
All-In Sustaining Costs	**$648**
Initial Capex	197
All-In Costs	**$845**

Note:
Cash costs do note include: Private royalties, depreciation and amortization, ARO provisions, inventory allowances, corporate overheads, debt, employee adjustments, finished goods/by-product adjustments, exploration and study costs, permitting costs, or community related costs.

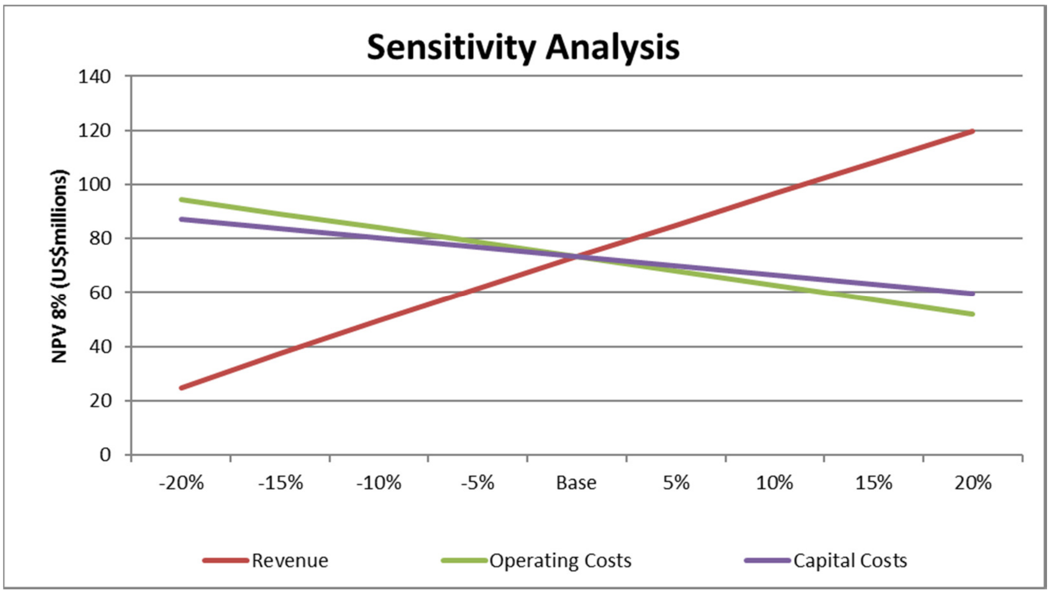
Sensitivity Analysis

The Project sensitivity analysis on an after-tax basis is summarized in Table 10 and in Figure 2. As presented, the Project is most sensitive to market price followed by operating costs and capital costs respectively.

Table 10: Project Sensitivity (After-tax)

NPV@8% (US$ Millions)	-20%	-15%	-10%	-5%	Base	5%	10%	15%	20%
Revenue	25	37	50	62	73	85	97	108	120
Operating Costs	94	89	84	79	73	68	63	57	52
Capital Costs	87	84	80	77	73	70	66	63	59

Figure 2: Project Sensitivity Analysis (After-tax)



On an after-tax basis and using variable gold prices, Table 11 shows the sensitivity of the Project with regards to payback period, NPV discount rate and IRR.

Table 11: Base-Case Gold Price Sensitivity Analysis (After-Tax)

Gold Price (US$)	NPV (5%) US$ Millions	NPV (8%) US$ Millions	IRR	Payback (years)
Base	**96**	**73**	**26%**	**2.8**
$1,300	96	73	26%	2.8
$1,400	117	91	29%	2.5
$1,500	137	109	33%	2.3
$1,600	158	127	36%	2.1

QUINCHIA EXPLORATION TARGETS

All information relating to the Tesorito, Disquebradas and Chuscal targets was generated by Seafield prior to Metminco's acquisition of the Quinchia Gold Portfolio.

TESORITO

The area comprising the Tesorito target is underlain by fine to coarse grained intrusive porphyritic rocks of intermediate composition.

Exploration work that has been conducted to-date has included rock chip sampling, geophysics (chargeability survey) and the drilling of 3 diamond drill holes totalling 1,190 metres.

The Tesorito target comprises a porphyry-style target measuring over 2 km in strike and up to 500 metres in width, of which an area of approximately 500 metres by 700 metres has been tested to date. The Tesorito porphyry system is located 800 metres southeast of the Miraflores Gold Deposit.

Initial rock sampling results include:

- 18 metres averaging 1 g/t Au and 0.09% Cu
- 7 metres averaging 0.8 g/t Au and 0.02% Cu
- 16 metres averaging 1 g/t Au and 0.02% Cu

The first 3 drill holes ever reported at Tesorito confirmed the porphyry-style gold mineralization with drill hole TS-DH-02 having returned the following grades:

- TS-DH-02 – 0 to 384 m @ 1.01 g/t Au, 0.9 Ag & 0.08% Cu, incl. 29.3 m @ 1.9 g/t Au, 1.0 g/t Ag & 0.12% Cu

Further exploration work has been scheduled for Tesorito that will include additional soil geochemical sampling, geophysics and step-out drilling

DOSQUEBRADAS

The main zone of mineralization at Dosquebradas measures approximately 400 metres x 300 metres and has been intersected to a depth of 600 metres in diamond drill holes. Mineralization is hosted by diorites, basalts and mixed intrusive breccias. Drilling to-date consists of 25 diamond drill holes (±10,000 meters), that was completed by Seafield and Anglogold Ashanti. The deposit is contiguous to Batero Gold Corporation's tenements on which a similar style of mineralisation has been identified.

A NI 43-101 Mineral Resource has been estimated by MMC based on 8,874 m of drilling in 20 diamond drill holes (Table 12).

Table 12: Dosquebradas NI 43-101 Mineral Resource Estimate (MMC, 17 May 2013)

Resource Category	kt	Au (g/t)	Ag (g/t)	Cu (%)	Au (koz)	Ag (koz)	Cu lbs (000's)
Inferred	57,794	0.50	0.60	0.04	921	1,036	56,768

Note:

i) Estimated at a cut-off grade of 0.30g/t Au.

ii) Refer announcement by Metminco on 7 March 2016

Dosquebradas is a gold-copper rich porphyry type deposit, with strong magmatic-hydrothermal alteration, located within a fertile hypabyssal porphyry cluster, whose genesis is intimately related to the evolution and cooling of magmatic and hydrothermal fluids emanating from the porphyry cluster's parent magma chamber.

At the porphyry-district scale certain geological, mineralogical and geochemical features seen are characteristic of a porphyry environment with peripheral epithermal deposits:

- The presence of altered and mineralized porphyry stocks which occur in close proximity to the porphyry. Dosquebradas is located within two kilometres of intense porphyry-style mineralization, and at the property scale it is the northern extension of the Miocene porphyry intrusive of Dosquebradas, La Cumbre and Mandeval.
- Alteration is dominated by high temperature potassic, phyllic, intermediate argillic, Mg-Chlorite, Ca-Na and propylitic varieties. Regional alteration in basement rocks surrounding Dosquebradas is strongly propylitic.
- The increased values of base and trace metals (Zn, Pb, Sb, As) as seen at Dosquebradas occur peripheral to the core porphyry zones containing Au, Cu and Mo which is typical of these systems.

The Dosquebradas occurrence conforms to that of a magmatic-hydrothermal diorite porphyry. It is not the only type of potentially economic precious metal mineralization presently known to be contained within the Dosquebradas property. The features described above support its genesis in direct relation to the emplacement and cooling of mineralized hypabyssal Au-Cu-rich porphyry bodies in the Quinchia district. It is important to note that significant porphyry-style mineralization or hypabyssal porphyry bodies have been detected to the south and within the Dosquebradas property. Examples of potential porphyry related prospects in the Miraflores Compania properties include Santa Sofía and La Loma to the east of the prospect which possibly represent gouge with sulfides, quartz and Au and are derived from the upwelling of fluids sourced from underlying porphyries. Other deposits located close to Dosquebradas like Alacranes and Chuscal display similar characteristics. Miraflores by comparison is an epithermal breccia pipe with Au and is related to the Miocene porphyries.

CHUSCAL

Geology

Three intrusive units occur near the entrance to the Guayacanes tunnel, which accesses some of the gold occurrences at Chuscal. The oldest unit belongs to the Irra Stock of Cretaceous age, which consists of a coarse-grained rock with sub-hedral to euhedral plagioclase crystals and orthoclase and mafic minerals such as hornblende and biotite. This unit is characterized by having a light pink colour due to the presence of orthoclase. The rock is monzonitic in nature and has been intruded by aplite dykes (100 meters west of the tunnel) which are also presumed to be of Cretaceous age, and are associated with the same event that formed the monzonite.

A second unit that outcrops in the area was also identified in the Guayacanes tunnel. The mafic unit contains euhedral plagioclase crystals (larger than 5mm) and comprises a porphyritic diorite.

A further unit was located on the road leading to the informal miners processing plant, which represents an intrusive with a brecciated texture, but is identifiable in hand specimen.

Both the latter two units are of Miocene age.

DIRECTORS' REPORT (Cont'd)

Mineralization

Micro magnetite, sulfide (pyrite - chalcopyrite) and quartz veinlets are exposed along the path which links the processing plant with the village of La Esmeralda. Chalcopyrite and pyrite are seen as disseminations mainly within the porphyritic diorite, at a concentration of about 5%, however, in areas where fault controlled sulfides are concentrated sulphide concentrations can reach 10%. In the saprolite zone, iron oxides (goethite - hematite) are developed. Rock samples from the Guayacanes tunnel indicate that Au mineralization is mainly concentrated in fault zones and to a lesser extent in the porphyritic diorite.

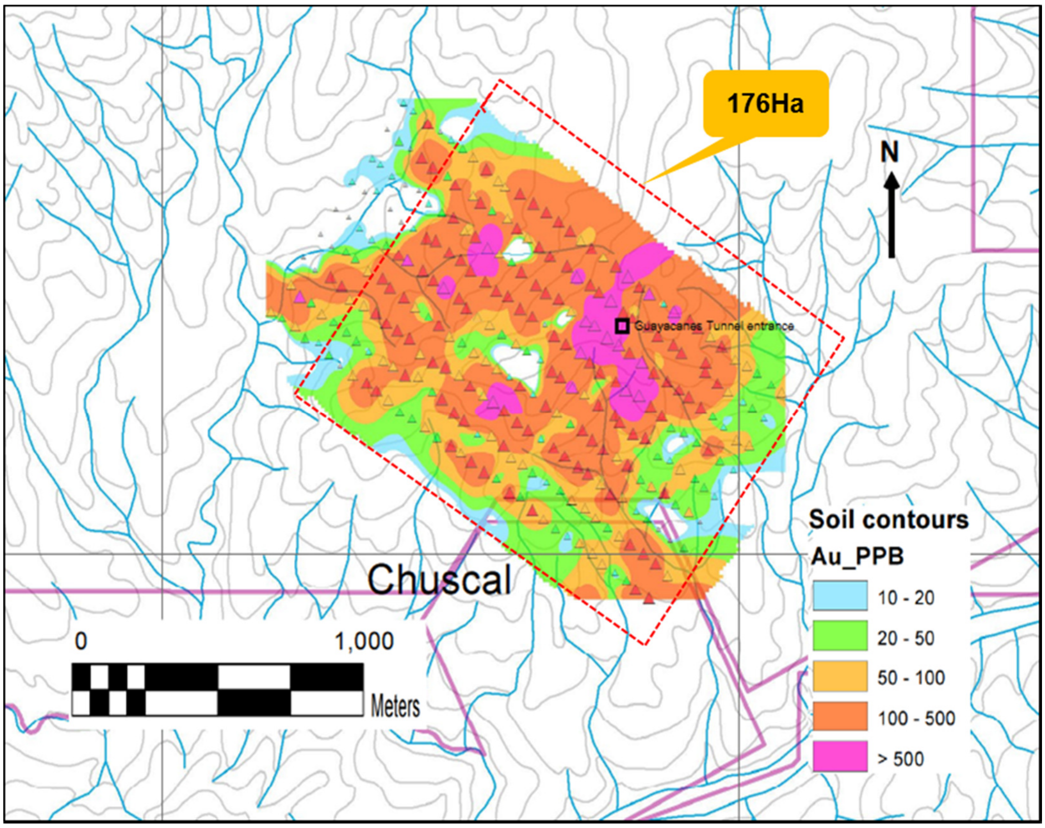
Alteration

The paucity of weathered outcrops makes it difficult to define the extent and intensity of the alteration zones, however, the presence of magnetite within micro veinlets indicates that potassic alteration is prevalent. In some streams to the west of the Guayacanes tunnel hornblende crystals are altered to epidote and epidote to pyrite. Phyllic alteration, which mainly affects the porphyritic diorite, has been identified where plagioclase crystals are altered to white clays with strong silicification.

Soil and Tunnel Rock Chip Sampling

A grid based soil sampling program was undertaken by Seafield in 2012 covering the Chuscal application covering 176ha (Figure 3). The soil sampling identified a significant Au in soil anomaly over the Chuscal porphyry that warrants further detailed exploration including geophysics and diamond drilling. Rock chip sampling of the Guayacanes tunnel returned Au grades up to 252g/t Au in high grade veins within the porphyry stockwork which is generally mineralised above 0.5g/t Au.

Figure 3: Chuscal soil geochemistry



Source: Seafield Resources Limited

LOS CALATOS PROJECT

Project Status

In early 2015, the Company completed a detailed drill core re-logging program aimed at mapping the geological features that control the distribution of the high-grade mineralisation developed within the Los Calatos Porphyry Complex, and to produce a more comprehensive 3D Geological Model for resource estimation purposes. The ultimate aim of this program was to constrain the high grade mineralisation, which would form the subject of a possible low tonnage (±6.5Mtpa), high grade (±1.0% Cu) mining operation with a substantially lower pre-production capital expenditure.

Following the completion of the re-logging program, a revised geological model was developed for the Los Calatos Porphyry Complex, which formed the basis for an updated mineral resource estimate by SRK Consulting (Chile), and a Strategic Mining Study completed by RungePincockMinarco (RPM), the results of which are summarised below.

In addition to forming the basis for the updated mineral resource estimate, the geological model has been instrumental in identifying and/or refining exploration targets, of which the TD2 and TD3 Targets are considered to be priority targets with the potential to improve the project economics of Los Calatos should additional mineral resources be identified.

Mineral Resource Estimate (June 2015)

SRK completed an updated Mineral Resource Estimate in accordance with the guidelines of the JORC Code (2012 Edition) on 15 June 2015.

At a cut-off grade of 0.50% Cu, the Measured and Indicated Mineral Resource is 137 million tonnes at 0.73% Cu and 434 ppm Mo, with an Inferred Mineral Resource of 216 million tonnes at 0.78% Cu and 244 ppm Mo (Table 13).

Table 13: Mineral Resource Statement* for the Los Calatos Copper - Molybdenum Project, Peru. SRK Consulting (Chile) S.A., June 15, 2015.

Resource Classification	Tonnes (millions)	Cu (%)	Mo (ppm)
Measured	72.82	0.734	513
Indicated	63.70	0.733	345
Total Measured & Indicated	**136.52**	**0.734**	**434**
Inferred	215.77	0.776	244

* *Reported at a cut-off of 0.50% copper.*

Source: SRK

On completion of the Mineral Resource Estimate, the 3D Block Model developed by SRK was submitted to RPM for the conduct of a Strategic Mining Study, which was to focus on the high grade hydrothermal breccias developed within the Los Calatos Porphyry Complex.

RPM Strategic Mining Study

RPM evaluated three mining scenarios, of which the Expansion Case was considered to be the more favourable of the scenarios, with an annual production rate of 6.5Mtpa sourced from a sub-level cave mining operation.

The financial model developed by Metminco, using inputs sourced largely from the RPM Strategic Mining Study, supports the potential development of Los Calatos as a high grade underground mining operation producing on average 50kt per annum of copper in concentrate over a LoM of 22 years, with an estimated C1 cash operating cost of US$1.29/lb copper (net of by-product credits), a NPV at 8% (ungeared) of US$447 million and an IRR (ungeared) of 16.6%.

Key operating parameters and financial returns, based on the planned production / milling rates and operating and capital cost estimates are summarised in Table 14 below.

Table 14: Key Operating Parameters & Financial Returns – Life of Mine

Economic Analysis	Units	Amount
Mine Physicals		
Milled Grade Cu	%	0.89%
Recovery	%	92.50%
Milled Grade Mo	%	0.036%
Recovery	%	68.00%
Mineable Quantity	Mt	134.3
Production Rate	**Mtpa**	**6.5**
Life of Mine	**Years**	**22**
Product		
Copper in Concentrate	Kt	1,101
Payable Copper	Kt	1,062
Payable Molybdenum	Kt	28
Gold	Koz	106
Silver	Koz	1,699
Rhenium	(000's kg)	17
Revenue [1]		
Copper	US$ million	7,031
Molybdenum	US$ million	678
Other Commodities	US$ million	262
Total Revenue	**US$ million**	**7,971**
Operating Costs		
Mining	US$ million	1,917
Milling	US$ million	813
G&A	US$ million	180
Treatment & Transport	US$ million	936
Subtotal - Operating Costs	US$ million	**3,845**
Unit Operating Cost [2]	**US$/t milled**	**28.63**
Royalties	**US$ million**	**305**
Cash Flow		
EBITDA	**US$ million**	**3,820**
Capital Expenditure [3]	**US$ million**	**1,043**
Unlevered Cash Flow (before tax)	**US$ million**	**2,541**
Unlevered Cash Flow (after tax)	**US$ million**	**1,774**
NPV_8 (post-tax, ungeared)	**US$ million**	**447**
IRR (ungeared)	**%**	**16.6**
NPV_8 (post-tax, geared assuming 60% gearing and US LIBOR of 0.33% plus 4% per annum)	**US$ million**	**456**
IRR (geared)	**%**	**20.0**
Payback	**Years**	**4.85**

Notes:

Source: RPM

1 *Street Consensus long term commodity prices used (circa median price beyond 2019) sourced from BMO, encompassing up to 40 Institutions: Copper US$3.00/lb; Au US$1,250/oz; Ag US$19/oz; Mo US$11.16/lb; Re US$5,773/kg (Re price from MNC).*

2 *C1 Cash Operating Cost after by-product credits of US$1.29/lb Cu.*

3 *Pre-production capital expenditure of US$655 million.*

Under the preferred development scenario, Los Calatos becomes an attractive development option in a resource sector that is focused on minimising capital spend, attaining above average copper grades, and achieving C1 cash operating costs in the lower quartile of global copper producers.

Exploration Targets

Model for the development of the Los Calatos Porphyry Complex

Based on the detailed re-logging program that was conducted on the Los Calatos drill core in late 2014 and early 2015, a comprehensive geological model was developed that not only formed the basis for the June 2015 Mineral Resource Estimate, but contributed to developing an improved understanding of the evolution of the Los Calatos Porphyry Complex and associated mineralisation.

The geological events that culminated in the development of the Los Calatos Porphyry Complex in terms of magmatic phases and the associated mineralisation, are summarised below:

Magmatic Phases

Five magmatic phases are identified, namely:

- Phase 1: Emplacement of a series of pre-mineralisation fine to medium-grained sub-volcanic igneous intrusives of varying composition - collectively termed the "pre-cursor pluton" (**PP**);
- Phase 2: First porphyritic phase (**PDI-1**) with associated Cu mineralisation and a second porphyritic phase (**PDI-2**), devoid of mineralisation, which intruded prior stocks and intrusives;
- Phase 3: Polyphase intrusion of porphyritic dacites (**PDA-1**) including the development of the high grade anhydrite breccias and culminating in phreatomagmatic events with the formation of Maar diatremes;
- Phase 4: Late stage porphyritic diorite (**PDI-3)** which is largely restricted to the diatreme breccia. Minor development of mineralised anhydrite breccias; and
- Phase 5: Final magmatic phase characterised by the intrusion of sub-vertical andesitic and minor mafic dykes.

Stages of mineralisation

Four main stages of Cu and Mo mineralisation have been recognised at Los Calatos, as summarised below:

- Stage 1: Porphyritic diorite mineralisation (**PDI-1**): Potassic core of the PDI-1 unit is consistently mineralised at 0.2% to 0.5% Cu;
- Stage 2: Porphyritic dacite mineralisation (**PDA-1**): Development of high grade Cu-Mo anhydrite breccias that are rooted within elongated PDA-1 stocks formed in response to dilational brecciation caused by trans-tensional shearing;
- Stage 3: Porphyritic diorite mineralisation (**PDI-3**): Cu-Mo mineralisation is hosted by small anhydrite breccia bodies flanking the PDI-3 dykes; and
- Stage 4: Supergene enrichment: Supergene enrichment only impacts on the anhydrite breccia bodies that either reach surface, or are near to the surface. The vertical extent of the supergene zone varies between 150 metres and 350 metres.

The improved understanding of the Los Calatos Porphyry Complex created the basis for refining the exploration targets that have been identified to-date, particularly in terms of the TD2 and TD3 Targets. Due to the presence of a breccia and copper oxide mineralisation on surface, the TD2 Target was given priority, and addressed by the drilling of a single exploration hole.

Exploration of Target TD2

With the completion of a mapping program at the TD2 and TD3 Targets in late 2015, a drilling rig was mobilized in January 2016 to drill the higher priority TD2 Target. A single drill hole was completed at the TD2 Target with the objective of assessing the mineralisation potential of the breccias that have been mapped on surface (and which host visible copper oxide mineralisation as chrysocolla), at depth. The drill hole was inclined at an angle of 60° towards an azimuth of N260°, and was stopped at a drill depth of 666 metres.

The drill hole intersected a quartz-monzonitic intrusive near surface and was terminated in a dioritic intrusive at a depth of 666 metres, both of which are traversed by breccias. Two significant structures were intersected over the depth intervals 172 to 213 metres and 311 to 346 metres, comprising dominantly chalcedonic quartz and pyrite associated with strong phyllic alteration.

Significant analytical results include the following:

- Depth interval 311 to 346 metres: 35 metres @ 0.24g/t Au and 2.64g/t Ag, which includes:
  - 5 metres @ 0.44g/t Au and 6.02g/t Ag (and 2m @ 0.72g/t Au and 13.05g/t Ag)
  - 17 metres @ 0.30g/t Au and 2.98g/t Ag (and 2m @ 0.69g/t Au and 8.25g/t Ag)
  - 1 metre @ 0.82% Cu

The presence of gold and silver, as well as elevated zinc and lead values associated with a strongly sericitized breccia, rooted in quartz epidote altered rocks, suggests that the CD-96 intersection is located in the upper levels of a hydrothermal system located above a deeper seated porphyry body. Of significance is the fact that the mean gold value returned over the 35 metre intersection alluded to above is some 13 times higher than the mean gold value associated with the underlying porphyry, as intersected in the main Los Calatos deposit.

Hence, the drilling results from CD-96 confirm the potential of the TD2 Target, albeit that the targeted porphyry hosted Cu and Mo mineralisation is expected to be deeper than anticipated. As such, further drilling will be required to test the system at depth, at which point in time the drilling of two drill holes at the TD3 Target will be considered.

MOLLACAS PROJECT

In early January 2016 the Chilean Supreme Court upheld a prior ruling by the Court of Appeal of Region IV, Chile, which overturned a decision granting access for mining purposes to Minera Hampton Chile Limitada (MHC), a wholly owned subsidiary of Metminco and the owner of the Mollacas copper leach project, from a lower court. As such, the planned Feasibility Study was delayed pending resolution of the mining access issue. This ruling does not affect MHC's mining concession rights or the existing access rights previously granted.

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. It is envisaged that the infrastructure for the planned mining operation will be located on Company owned land.

The Company will continue with efforts to secure land access for mining purposes.

OTHER PROJECTS

During the half year ended 30 June 2016, the Company undertook no work at its Vallecillo and Loica projects due to prioritisation of funding.

CORPORATE

Half Year Result

The Consolidated Group reported an after tax loss for the half year ended 30 June 2016 of A$1,126,406 (2015: loss of A$1,929,717) due to the Company at this stage not having an operating revenue stream. During the period, the Company incurred expenditure in relation to transitioning the Company into a gold producer in the near term whilst retaining a significant interest in copper through its wholly-owned Los Calatos Project and Chilean assets. Care and maintenance and legal costs at the Company's Chilean projects, Mollacas, Vallecillo and Loica were written off (A$290,378). As well the Company incurred normal overhead costs associated with corporate governance, compliance, and maintenance of ASX and AIM listings.

The Company's Strategy

With the acquisition of Miraflores Compania the focus of the Company going forward is to become a gold producer in the near term. Work on completion of the Feasibility Study on the Miraflores Project is progressing well with results from the recently completed SRK Scoping Study demonstrating the robust economics of the potential development. 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, Dosquebradas and Chuscal.

In Peru the Company and CD Capital will work together to progress the Los Calatos Project through to completion of Pre-feasibility and Feasibility studies with funding of up to US$45 million to be provided as part of the CD Capital Transaction.

DIRECTORS' REPORT (Cont'd)

Acquisition of Miraflores Compania

The Company completed the acquisition of Miraflores Compania from RMB Australia Pty Ltd (RMB) late June 2016 by the issue of 350 million Shares (at a deemed price of A$0.5 cents per Share) and reimbursement of approximately A$165,000 in Miraflores Compania'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) once the reconciliation of Miraflores Compania's expenditure is completed. RMB was issued 50 million shares in March 2016 in respect of an exclusivity fee. Miraflores Compania is the owner of the Quinchia Gold Portfolio more fully described above.

As a result of the issue of the 350,000,000 Shares, RMB became a substantial shareholder of Metminco, holding 400,000,000 Shares, equivalent to 10.3% of the Company.

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$7million in royalty payments to RMB from operating cashflows.

The timing of consideration for the acquisition, which is in total approximately A$16.5 million with minimal payable upfront, is structured to allow Metminco to focus on the development of the Miraflores Project and the drilling of the Tesorito target.

CD Capital Transaction

In August 2016 the Company entered into a subscription agreement with CD Capital whereby CD Capital committed an equity investment of up to US$45 million in relation to the Los Calatos Project. The equity contribution will be applied in 3 tranches over the next 3 – 4 years to complete the planned Pre-feasibility and Feasibility Studies on the Los Calatos Project.

CD Capital will subscribe for US$16 million worth of new shares in Los Calatos Holding Ltd equivalent to 51% of the company (Tranche 1). Under the subscription agreement CD Capital will have the option to subscribe for additional shares in the company over two additional Tranches of US$14.5 million each, which, subject to being exercised in full would increase CD Capital ownership of Los Calatos Limited to 65% after Tranche 2 and 70% after Tranche 3.

CD Capital and the Company have agreed an interim funding arrangement for CD Capital to pay the ongoing funding requirements of the Los Calatos Project prior to completion (reducing the Company's monthly cash burn by approximately A$100,000). Any amounts paid by CD Capital are an interim loan and included in the current commitment of CD Capital. Such amounts will be rolled into equity on completion (this is not an additional commitment by CD Capital). The restructure of the Group's interest in the Los Calatos Project to be followed by completion of the CD Capital Transaction is anticipated to be completed mid October 2016.

Cash Position and Funding

During the half year ended 30 June 2016, Metminco's cash position decreased from approximately A$0.9 million to A$0.6 million due to exploration, transactional and overhead expenditure being marginal greater than capital raisings of approximately A$1.8 million after costs.

Expenditure for the half year was focused on preparatory work for the planned Miraflores Feasibility Study including an updated JORC 2012 Mineral Resource estimate, analysis of development options, a gap analysis on the requirements to complete a Feasibility Study and the preparation of a preliminary mine plan and schedule.

The Company also incurred drilling costs at its Los Calatos Project and maintenance costs on its other projects (Mollacas, Vallecillo and Loica) including annual licence fees, legal costs in relation to the acquisition of Miraflores Compania and the equity investment by CD Capital in Los Calatos Holding Ltd, reimbursement of costs to RMB on settlement, and overheads.

DIRECTORS' REPORT (Cont'd)

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. Subsequent to 30 June 2016 the Company has secured the CD Capital Transaction (refer Subsequent Events below) and is in negotiations with potential funding providers. Further, following release of the Miraflores Scoping Study which demonstrates 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.

Details of fund raising during the half year ended 30 June 2016 follow:

Placement

In early April 2016 a placement of 250,000,000 new fully paid ordinary shares (Shares) was completed by SP Angel and RFC Ambrian at an issue price of A$0.004 (£0.002) to raise approximately A$1.0 (£0.5) million.

Rights Issue Options Expiring 15 May 2016

During the half year the Company also received notices of exercise of 9,420,587 Rights Issue Options granted in 2015 at an issue price of A$0.005 (£0.0026) per Share, prior to expiry, raising a total of A$47,103. Of the Rights Issue Options granted in 2015, 54,654,492 were exercised raising A$273,272. The remaining 510,977,194 Rights Issue Options lapsed on 15 May 2016.

SPP Offer

The Company raised approximately A$0.9 million before costs from a Share Purchase Plan Offer (SPP Offer) to shareholders with a registered address in Australia, United Kingdom or New Zealand to purchase up to a maximum of $15,000 (or £7,875) of Shares in the Company at an issue price of A$0.004 (£0.0021) per Share. The SPP Offer closed 29 April 2016 raising approximately A$0.6 million before costs by the issue of 151,785,724 fully paid ordinary shares in the Company (New Shares). Under the shortfall provisions of the SPP Offer an additional 82,750,000 New Shares were placed raising a further approximately A$0.3 million before costs.

Shares Issued in lieu of fees

A total of 7,662,759 Shares were issued to LinQ Corporate Pty Ltd in settlement of corporate consulting fees.

Annual General Meeting

The Company's Annual General Meeting of shareholders for the year ended 31 December 2015 was held at 100 Walker St, North Sydney NSW 2060 on 17 May 2016. All resolutions put before the Annual General Meeting were approved by shareholders.

Board Changes

Tim Read - Chairman:

Tim Read, who held office as a Director of Metminco since 1 April 2010 and as Chairman since 16 March 2011 tendered his resignation from the Company's Board of Directors effective from 27 July 2016.

Mr Read has elected to scale back his business commitments and with that reduce his directorship roles. The Board expresses its gratitude to Mr Read for his outstanding service as a Director and Chairman and wishes him all the best.

Dr Phillip Wing, who was appointed to the Board of Metminco on 17 July 2009, replaces Mr Read as Chairman. Dr Wing is a highly experienced company director and businessman. He has been a non-executive director and chairman of a number of companies in various sectors including resources, technology and venture capital.

Steve Tainton – Non Executive Director

Mr Stephen Tainton, who has held office as an Executive Director of Metminco since 8 October 2013 tendered his resignation from the Company's Board of Directors. Mr Tainton's resignation has been accepted by the Company and was effective from 6 September 2016.

Mr Tainton has brought a wealth of technical and operational knowledge and skills to the Board as well as made a significant contribution to the strategic framework of the Group. Following the restructure of the Group in 2013, Mr Tainton assumed responsibility for the Los Calatos Project and has been instrumental in the completion of the work and studies undertaken since that time which has culminated in the CD Capital Transaction announced previously.

With the CD Capital Natural Resources III Fund planned development program Steve has elected to resign from the Board to assist with technical and operational issues relating to the planned Pre-Feasibility and Feasibility Studies.

The Company will continue to benefit from Mr Tainton's skills in a non-directorial capacity.

The Company has been fortunate to have Mr Read and Mr Tainton as Directors. The Board has elected not to appoint replacement directors at this time.

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 2016 and the date of this report of a material or unusual nature are as follows:

- On 2 August 2016 the Company entered into the CD Capital Transaction as described above anticipated to be completed mid October 2016 following the restructure of the Group's interest in the Los Calatos Project. CD Capital and the Company have agreed an interim funding arrangement for CD Capital to pay the ongoing funding requirements of the Los Calatos Project prior to completion (reducing the Company's monthly cash burn by approximately A$100,000). Any amounts paid by CD Capital are an interim loan and included in the current commitment of CD Capital. Such amounts will be rolled into equity on completion (this is not an additional commitment by CD Capital).
- The Company announced the Miraflores Scoping Study on 8 September 2016 as detailed above.
- Resignation of Tim Read (27 July 2016) and Steve Tainton (6 September 2016) as Directors of the Company as more fully described above.

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

The Miraflores Project, located in Colombia, has a Measured and Indicated Mineral Resource of 9.2 million tonnes at 2.81g/t Au and 2.76g/t Ag and an Inferred Mineral of 0.2 million tonnes @ 1.44g/t Au and 5.49g/t Ag, at a 1.2g/t Au cut-off. This information was prepared and first disclosed under the JORC Code 2012.

The Los Calatos Project, located in southern Peru, has a total estimated mineral resource of 352 million tonnes at 0.76% Cu and 318 ppm Mo at a cut-off grade of 0.5% Cu, comprising a Measured and Indicated Mineral Resource of 136 million tonnes at 0.73% Cu and 434 ppm Mo, and an Inferred Mineral Resource of 216 million tonnes at 0.78% Cu and 244 ppm Mo. This information was prepared and first disclosed under the JORC Code 2012.

The Chilean assets include the Mollacas Copper Project with a Mineral Resource of 15.5 million tonnes consisting of a Measured Resource of 11.2 million tonnes at 0.55% Cu and 0.12g/t Au and an Indicated Resource of 4.3 million tonnes at 0.41% Cu and 0.14g/t Au(at a 0.2% copper cut-off); and the Vallecillo Project with a Mineral Resource of 8.9 million tonnes consisting of a Measured Resource of 5.5 million tonnes at 0.84g/t Au, 9.99g/t Ag, 1.12% Zn and 0.32% Pb, an Indicated Resource of 2.6 million tonnes at 0.80g/t Au, 10.23g/t Ag, 0.94% Zn and 0.35% Pb and an Inferred Resource of 0.8 million tonnes at 0.50g/t Au, 8.62g/t Ag, 0.47% Zn and 0.17% Pb (at a cut-off grade of 0.2g/t Au). This information was prepared and first disclosed under the JORC Code 2004.

COMPETENT PERSONS STATEMENT

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 Chile.

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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results'. Mr Sinclair, as Competent Person for this announcement, has consented to the inclusion of the information 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 23 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.

Phillip J. Wing.

Phillip J Wing, Director

Dated: 12 September 2016

Grant Thornton

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 2016, 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 review; and

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 12 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
Revenue - interest income		192	3,340
Foreign exchange gain / (loss)		25,879	(270,194)
Administration expenses		(116,248)	(131,645)
Corporate expenses		(615,995)	(880,223)
Occupancy expense		(129,856)	(138,428)
Exploration expenditure written off	4	(290,378)	(114,483)
Evaluation and due diligence expenses		–	(398,084)
Loss before income tax	2	**(1,126,406)**	**(1,929,717)**
Income tax expense		–	–
Loss for the period from continuing operations		**(1,126,406)**	**(1,929,717)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities	8	(1,244,390)	5,088,415
Total comprehensive (loss)/income for the period		**(2,370,796)**	**3,158,698**
Loss attributable to:			
Members of the parent entity		(1,126,406)	(1,929,717)
		(1,126,406)	**(1,929,717)**
Total comprehensive (loss)/income attributable to:			
Members of the parent entity		(2,370,796)	3,158,698
		(2,370,796)	**3,158,698**
Loss per share			
From continuing operations:			
Basic loss per share (cents)	9	(0.04)	(0.09)
Diluted loss per share (cents)	9	(0.04)	(0.09)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 $	31 December 2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		589,292	949,790
Trade and other receivables	7	231,618	186,858
Other assets		23,616	21,815
TOTAL CURRENT ASSETS		**844,526**	**1,158,463**
NON-CURRENT ASSETS			
Trade and other receivables	7	2,234,196	2,180,893
Property, plant and equipment	3	4,912,504	4,586,160
Exploration and evaluation expenditure	4	168,772,346	160,886,215
TOTAL NON-CURRENT ASSETS		**175,919,046**	**167,653,268**
TOTAL ASSETS		**176,763,572**	**168,811,731**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	2,118,248	317,058
Short-term employee benefits	6	260,066	258,225
TOTAL CURRENT LIABILITIES		**2,378,314**	**575,283**
NON-CURRENT LIABILITIES			
Long-term employee benefits	6	85,769	83,155
Long-term payable	5	4,708,895	–
TOTAL NON-CURRENT LIABILITIES		**4,794,664**	**83,155**
TOTAL LIABILITIES		**7,172,978**	**658,438**
NET ASSETS		**169,590,594**	**168,153,293**
EQUITY			
Issued capital	11	327,845,561	324,037,464
Other reserves		(19,465,728)	(18,208,268)
Accumulated losses		(138,789,239)	(137,675,903)
TOTAL EQUITY		**169,590,594**	**168,153,293**

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 2016

	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Acquisition Reserve	Total
	$	$	$	$	$	$
Balance at 1 January 2015	**318,677,036**	**(88,790,974)**	**253,594**	**14,612,641**	**(41,506,662)**	**203,245,635**
Loss attributable to members of the parent entity	_	(1,929,717)	_	_	_	(1,929,717)
Other comprehensive income	_	_	_	5,088,415	_	5,088,415
Total comprehensive income for the period	_	(1,929,717)	_	5,088,415	_	3,158,698
Shares issued during the period	4,193,584	_	_	_	_	4,193,584
Transaction costs	(161,264)	_	_	_	_	(161,264)
Options lapsed during the period	_	185,849	(185,849)	_	_	_
Balance at 30 June 2015	**322,709,356**	**(90,534,842)**	**67,745**	**19,701,056**	**(41,506,662)**	**210,436,653**
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 loss	_	_	_	(1,244,390)	_	(1,244,390)
Total comprehensive loss 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 year	_	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**

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

`

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2016

	Note	30 June 2016 $	30 June 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(779,763)	(941,062)
Evaluation and due diligence expenses		–	(398,084)
Interest received		192	3,340
Net cash used in operating activities		**(779,571)**	**(1,335,806)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale/(Purchase) of property, plant and equipment		12,100	(6,539)
Payments for exploration expenditure		(1,283,365)	(1,621,981)
Purchase of Miraflores Compania	14	(219,105)	–
Net cash used in investing activities		**(1,490,370)**	**(1,628,520)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,960,910	4,193,584
Payments in respect to capital raisings		(152,814)	(161,264)
Cash received on acquisition of Miraflores Compania	14	75,467	–
Net cash provided by financing activities		**1,883,563**	**4,032,320**
Net(decrease)/increase in cash held		**(386,378)**	**1,067,994**
Cash and cash equivalents at beginning of financial period		949,790	1,192,693
Effect of exchange rates on cash holdings in foreign currencies		25,880	(270,194)
Cash and cash equivalents at end of financial period		**589,292**	**1,990,493**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

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 2016 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 2015 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 the 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 12 September 2016.

Statement of Compliance

This general purpose financial report for the half year ended 30 June 2016 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 2015 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 2015 other than as stated below.

Going concern basis of accounting

The Consolidated Group incurred a net loss of $1,126,406, has net cash used in operations (including payments for exploration) of $2,062,936 during the half-year ended 30 June 2016 and has a cash balance of $589,292 as at that date. During the half year ended 30 June 2016 the Company raised $1.8 million after costs through placements, exercised options, and a share purchase plan.

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. Subsequent to 30 June 2016 the Company has secured the CD Capital Transaction (refer Subsequent Events below) and is in negotiations with potential funding providers. Further following release of the Miraflores Scoping Study which demonstrates 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.

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 2016 $	6 months ended 30 June 2015 $
Expenses:		
Expenses from continuing operations:		
Employee and directors' benefits expense	(256,559)	(507,608)
Depreciation and amortisation	(52,718)	(94,487)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 3: PROPERTY PLANT & EQUIPMENT

	30 June 2016 $	31 December 2015 $
Land		
At cost	4,265,005	3,871,595
Total land	**4,265,005**	**3,871,595**
Plant and equipment		
At cost	2,860,198	2,604,674
Accumulated depreciation	(2,212,699)	(1,890,109)
Total plant and equipment	**647,499**	**714,565**
Total property, plant and equipment	**4,912,504**	**4,586,160**

Reconciliations

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

	30 June 2016 $	31 December 2015 $
Land		
Carrying amount at beginning of period	3,871,595	3,464,309
Land acquired with acquisition of Miraflores Compania	467,762	–
Impact of foreign exchange movement on balance at beginning of period	(74,352)	407,286
Carrying amount of plant and equipment at end of period	**4,265,005**	**3,871,595**
Plant and equipment		
Carrying amount at beginning of period	714,565	659,826
Additions	–	3,977
Disposals	(12,100)	–
Plant and equipment acquired with acquisition of Miraflores Compania	66,070	–
Impact of foreign exchange movement on balance at beginning of period	(68,318)	205,819
Depreciation	(52,718)	(155,057)
Carrying amount of plant and equipment at end of period	**647,499**	**714,565**
Carrying amount at end of period	**4,912,504**	**4,586,160**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 4: EXPLORATION AND EVALUATION

	30 June 2016 $	31 December 2015 $
Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases	**168,772,346**	**160,886,215**
Reconciliations		
Carrying amount at the beginning of the period	160,886,215	193,531,440
Expenditure incurred during the period	1,321,815	2,563,547
Exploration properties acquired with Miraflores Compania	8,029,875	–
Impact of foreign exchange movement during the period	(1,175,181)	8,271,748
Evaluation and exploration written off *1	(290,378)	(43,480,520)
Carrying amount at the end of the half year	**168,772,346**	**160,886,215**

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.

The Board has undertaken a detailed review of the carrying value of the Los Calatos Project in light of the CD Capital Transaction and determined that the carrying value of the Los Calatos Project is appropriate and in accordance with AASB 6. The rights to tenure of Los Calatos are current, exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a complete assessment of the extent of the economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing. The CD Capital equity funding is expected to unlock the value of the Los Calatos Project for shareholders in excess of the Company's current carrying value.

*1 *Impairment*
Due to competing expenditure priorities the Company has no plans at this stage to undertake significant expenditure on its Mollacas, Vallecillo and Loica projects. During the six months ended 30 June 2016 the Company incurred care and maintenance fees of A$290,378 which it has written off.

For the year ended 31 December 2015, in light of the decision by the Chilean Supreme Court to uphold a prior ruling by the Court of Appeal of Region IV, which overturned a decision granting access for mining purposes to Minera Hampton Chile Limitada, from a lower court, the Directors determined that there were impairment indicators. Whilst the Dirrectors believe Mollacas Project has value, as a result of the uncertainty surrounding the timing of obtaining the mining access rights, and the impact this has on the timing of further developing the project, the Directors looked at the requirements set out in AASB 136 Impairment of Assets to measure recoverable amount, and specifically measuring value in use or fair value less costs of disposal. Given the nature of the asset, it was considered more appropriate to look at fair value less costs of disposal, and therefore the guidance provided in AASB 13 Fair Value Measurement was reviewed and impaired the value of the Mollacas Project by $43.5m, down to a recoverable amount of $3.9m being the value of the land and water rights owned by the Company (included within Property, Plant and Equipment).

Capitalised costs amounting to $1,321,815 for the period ended 30 June 2016 (for the year ended 31 December 2015: $2,563,547) have been included in cash flows from investing activities.

NOTE 5: TRADE AND OTHER PAYABLES

	30 June 2016 $	31 December 2015 $
CURRENT		
Trade payables	235,977	86,699
Deferred consideration (refer Note 14)	925,926	–
Other payables and accrued expenses	956,345	230,359
	2,118,248	**317,058**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 5: TRADE AND OTHER PAYABLES (Cont'd)

	30 June 2016 $	31 December 2015 $
NON CURRENT		
Deferred Consideration (refer Note 14)	4,708,895	–
	4,708,895	**–**

NOTE 6: EMPLOYEE BENEFITS

	SHORT-TERM EMPLOYEE BENEFITS	
Consolidated Group		
Balance at the beginning of the reporting period	258,225	308,888
Additional Provisions /(Provisions utilised)	1,841	(50,663)
Balance at the end of the reporting period	**260,066**	**258,225**

	LONG-TERM EMPLOYEE BENEFITS	
Balance at the beginning of the reporting period	83,155	47,224
Additional Provisions	2,614	35,931
Balance at the end of the reporting period	**85,769**	**83,155**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT	30 June 2016 $	31 December 2015 $
Other receivables	203,041	163,132
IGV receivables *1	28,577	23,726
Total current trade and other receivables	**231,618**	**186,858**
NON-CURRENT		
IGV receivables *2	5,207,937	5,006,107
Provision for impairment of VAT receivables	(2,973,741)	(2,825,214)
Total non-current trade and other receivables	**2,234,196**	**2,180,893**

*1 VAT receivables – current is IGV (Peruvian equivalent of VAT) incurred by Hampton Peru relating to the Los Calatos Project for the current period. Hampton Peru has been approved by the Peruvian Mining Department to recover IGV paid on direct expenditure incurred on the Los Calatos Project until 31 December 2015. It is anticipated that the Peruvian government will pass legislation extending the term. Hampton Peru has recovered in full all IGV paid with respect to the Los Calatos Project until 30 June 2015 (NB: The A$ value of Peruvian VAT is subject to the movement in the foreign exchange rate).

*2 VAT receivables – non-current is IGV and IVA (Chilean equivalent of VAT) incurred by Hampton Peru and Hampton Chile which is recoverable against VAT received from sales and/or exports in the respective tax jurisdictions.

NOTE 8: FOREIGN EXCHANGE RESERVE

During the half year ended 30 June 2016 the AUD recovered against the USD by 1.92% resulting in a foreign exchange reserve loss of $1,244,390. (During the half year to 30 June 2015 the AUD depreciated against the USD by 6.54% resulting in a foreign exchange reserve gain of $5,088,415).

	6 months ended 30 June 2016			**6 months ended 30 June 2015**		
Date	31/12/2015	30/06/2016	% change	31/12/2014	30/06/2015	% change
AUD/USD	0.7298	0.7441	1.92%	0.8156	0.7655	-6.54%

NOTE 9: LOSS PER SHARE

		6 months ended 30 June 2016 $	**6 months ended 30 June 2015 $**
a.	**Reconciliation of earnings to loss**		
	Loss	(1,126,406)	(1,929,717)
	Loss attributable to minority equity interest	–	–
	Loss used in the calculation of basic and dilutive EPS	**(1,126,406)**	**(1,929,717)**
		30 June 2016 No.	**30 June 2015 No.**
b.	**Weighted average number of ordinary shares outstanding during the full year used in calculating basic EPS**	3,205,123,130	2,069,135,522
	Weighted average number of dilutive options outstanding	–	–
c.	**Anti-dilutive options on issue not used in dilutive EPS calculation**	5,000,000	563,862,419

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 10: DIVIDENDS

The company resolved not to pay or declare any dividends in the period ended 30 June 2016 (2015: $ nil).

NOTE 11: ISSUED CAPITAL

	30 June 2016 $	31 December 2015 $
3,879,053,547 (31 December 2015: 2,975,335,799) fully paid ordinary shares	**327,845,561**	**324,037,464**

a. Movements in ordinary share capital (No. Shares)	**No. Shares**	**No. Shares**
Balance at beginning of the reporting period	**2,975,335,799**	**1,855,516,023**
Shares issued		
- 20-Feb-15	–	75,335,833
- 27-Mar-15	–	103,855,318
- 27-Mar-15	–	20,045,258
- 15-May-15	–	252,918,606
- 18-May-15	–	62,717,362
- 4-Jun-15	–	40,000,000
- 4-Jun-15	–	96,554
- 16-Jun-15	–	70,005,500
- 16-Jun-15	–	54,250
- 24-Jun-15	–	33,358,334
- 24-Jun-15	–	1,182,054
- 26-Jun-15	–	134,680,000
- 26-Jun-15	–	126,191
- 14-Jul-15	–	854,839
- 29-Jul-15	–	127,090
- 18-Aug-15	–	5,310,218
- 8-Oct-15	–	1,849,998
- 8-Oct-15	–	14,104,372
- 23-Oct-15	–	20,000,000
- 9-Nov-15	–	18,828,963
- 9-Nov-15	–	250,000,000
- 9-Nov-15	–	7,052,186
- 23-Dec-15	–	15,288
- 23-Dec-15	–	7,301,562
- 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	–
At the end of the reporting period	**3,879,053,547**	**2,975,335,799**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 11: ISSUED CAPITAL (Cont'd)

b. **Movements in ordinary share capital ($)**	**30 June 2016** **$**	**31 December 2015** **$**
Balance at beginning of the reporting period	**324,037,464**	**318,677,036**
Shares issued		
- 20-Feb-15	–	452,015
- 27-Mar-15	–	623,132
- 27-Mar-15	–	111,135
- 15-May-15	–	1,264,593
- 18-May-15	–	313,587
- 4-Jun-15	–	200,000
- 4-Jun-15	–	483
- 16-Jun-15	–	350,028
- 16-Jun-15	–	271
- 24-Jun-15	–	200,150
- 24-Jun-15	–	5,910
- 26-Jun-15	–	673,400
- 26-Jun-15	–	631
- 14-Jul-15	–	4,274
- 29-Jul-15	–	635
- 18-Aug-15	–	26,551
- 8-Oct-15	–	9,250
- 8-Oct-15	–	60,000
- 23-Oct-15	–	100,000
- 9-Nov-15	–	94,145
- 9-Nov-15	–	1,075,000
- 9-Nov-15	–	30,324
- 23-Dec-15	–	76
- 23-Dec-15	–	30,000
- 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	–
Costs of capital raising	(152,814)	(265,162)
At the end of the reporting period	**327,845,561**	**324,037,464**

On 29 March 2016 the Company issued 50,000,000 shares at A$0.005 to RMB Australia Holdings Ltd as fees in relation to the acquisition of Minera Seafield SAS valuing A$250,000.

On 29 March 2016 the Company issued 2,098,678 shares at A$0.005 (GBP£0.0026) in form of exercise of options to raise A$10,493.

On 29 March 2016 the Company issued 6,022,887 shares at A$0.00392 in lieu off fees of A$23,580.

On 5 April 2016 the Company issued 210,000,000 shares at A$0.004 (GBP£0.0026) as share placement to raise A$804,669.

On 8 April 2016 the Company issued 40,000,000 shares at A$0.004 (GBP£0.0026) as share placement to raise A$153,270.

On 8 April 2016 the Company issued 1,604,832 shares at A$0.005 (GBP£0.0026) in form of exercise of options to raise A$8,024.

On 6 May 2016 the Company issued 151,785,724 shares at A$0.004 (GBP£0.0021) in relation to acceptance of the Company's share purchase plan offer to raise A$584,375.

On 6 May 2016 the Company issued 1,233,630 shares at A$0.005 (GBP£0.0026) in form of exercise of options to raise A$6,169.

On 23 May 2016 the Company issued 82,750,000 shares at A$0.004 (GBP£0.0021) in relation to acceptance of the Company's share purchase plan offer to raise A$331,000.

On 23 May 2016 the Company issued 6,582,125 shares at A$0.005 (GBP£0.0026) in form of exercise of options to raise A$32,911.

On 23 May 2016 the Company issued 1,639,872 shares at A$0.00392 in lieu off fees of A$6,420.

On 22 June 2016 the Company issued 350,000,000 shares at A$0.005 to RMB Australia Holdings Ltd in respect of part consideration for the acquisition of Minera Seafield SAS valuing A$1,750,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 12: CAPITAL AND LEASING COMMITMENTS

		30 June 2016 $	31 December 2015 $
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	19,460	54,664
-	between 12 months and 5 years	–	–
-	greater than 5 years	–	–
		19,460	**54,664**

The Group has non-cancellable leases over six premises in Australia, Chile and Peru with month to month terms. 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 lease payments		
-	not later than 12 months	**201,437**	**268,606**

NOTE 13: 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		UNALLOCATED		Total	
a. Segment performance	**30 June 2016 $**	**30 June 2015 $**	**30 June 2016 $**	**30 June 2015 $**	**30 June 2016 $**	**30 June 2015 $**
Other income	–	–	192	3,340	192	3,340
Total segment revenue	–	–	192	3,340	192	3,340
Total group revenue	–	–	192	3,340	**192**	**3,340**
Segment gain/(loss) before tax	68,775	(750,650)	(1,195,181)	(1,179,067)	(1,126,406)	(1,929,717)
Gain/(loss) before tax from continuing operations	68,775	(750,650)	(1,195,181)	(1,179,067)	**(1,126,406)**	**(1,929,717)**
Depreciation and amortisation expense included in segement result	**(49,864)**	**(71,737)**	**(2,854)**	**(22,750)**	**(52,718)**	**(94,487)**
Impairment loss	(290,378)	(114,483)	–	–	(290,378)	(114,483)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 13: SEGMENT REPORTING (Cont'd)

b. Segment assets	30 June 2016 $	31 December 2015 $	30 June 2016 $	31 December 2015 $	30 June 2016 $	31 December 2015 $
Segment assets	173,694,437	165,594,151	3,069,135	3,217,580	176,763,572	168,811,731
Segment asset increases for the period						
– capital expenditure	1,271,265	2,563,547	–	3,977	1,271,265	2,567,524
	1,271,265	**2,563,547**	**–**	3,977	**1,271,265**	**2,567,524**

c. Segment liabilities						
Segment liabilities	378,676	204,232	6,794,302	454,206	7,172,978	658,438
Reconciliation of segment liabilities to group liabilities						
-Total group liabilities	**378,676**	**204,232**	**6,794,302**	**454,206**	**7,172,978**	**658,438**

d. Interest income by geographical region

Revenue is disclosed below, based on the location :

	30 JUNE 2016 $	30 JUNE 2015 $
Australia	192	3,340
South America	–	–
Total revenue	**192**	**3,340**

e. Assets by geographical region

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

	30 JUNE 2016 $	31 DECEMBER 2015 $
Australia	3,069,135	3,217,580
South America	173,694,437	165,594,151
Total assets	**176,763,572**	**168,811,731**

NOTE 14: CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 30 JUNE 2016 %	PERCENTAGE OWNED 31 DECEMBER 2015 %
a) Controlled Entities consolidated			
Subsidiaries of Metminco Limited:			
Hampton Mining Limited	Australia	100	100
North Hill Holdings Group Inc	British Virgin Islands	100	100
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 Peru SAC	Peru	100	100
Minera Hampton Chile Limitada	Chile	100	100
Miraflores Compania Minera SAS *1	Colombia	100	0

*1 Entities acquired during the period

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2016

NOTE 14: CONTROLLED ENTITIES (Cont'd)

b) Acquisition with respect of controlled entities

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 deemed 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) once the reconciliation of Miraflores Minera's expenditure is completed. 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$7million in royalty payments to RMB from operating cashflows.

c) 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	414,500
Deferred cash consideration (present value)	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

NOTE 15: 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 2016 and the date of this report of a material or unusual nature are as follows:

- On 2 August 2016 the Company entered into the CD Capital Transaction as described above anticipated to be completed mid October 2016 following the restructure of the Group's interest in the Los Calatos Project. CD Capital and the Company have agreed an interim funding arrangement for CD Capital to pay the ongoing funding requirements of the Los Calatos Project prior to completion (reducing the Company's monthly cash burn by approximately A$100,000). Any amounts paid by CD Capital are an interim loan and included in the current commitment of CD Capital. Such amounts will be rolled into equity on completion (this is not an additional commitment by CD Capital).
- The Company announced the Miraflores Mining Study on 8 September 2016 as detailed above.
- Resignation of Tim Read (27 July 2016) and Steve Tainton (6 September 2016) as Directors of the Company as more fully described above.

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 2016 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.

Phillip J. Wing.

Phillip J Wing

Dated this 12th day of September 2016

Grant Thornton

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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

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 2016, 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.

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 2016 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.

Conclusion

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:

a giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

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

Material uncertainty regarding continuation as a going concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 to the financial report which indicates the consolidated entity incurred a net loss of $1,126,406, has net cash used in operations (including payments for exploration) of $2,062,936 during the half-year ended 30 June 2016 and has a cash balance of $589,292 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 12 September 2016