
QUARTERLY ACTIVITIES REPORT & APPENDIX 5B
3 MONTHS TO 30 JUNE 2014

Highlights of the activities for the Quarter ending 30 June 2014 included:

Los Calatos

- Location of the access corridor for the Los Calatos pipeline to the coast is currently being finalised with the intention of lodging a Right of Access (Servidumbre) application during the current quarter;
- The Company has recently re-evaluated the prospectivity of the broader project area, which has resulted in the definition and refinement of several exploration targets. Four drill-ready targets have been identified, all of which are located within two kilometres of the known extent of the Los Calatos deposit. The Company will focus its exploration effort on those targets which are considered to have near surface potential to supplement the open pittable resources previously defined at Los Calatos.

Mollacas

- An appeal to the Chilean Constitutional Tribunal ("Tribunal") lodged for a determination on the Court of Appeal's application of various Civil and Mining Codes in making its ruling, with a determination on admissibility expected during August 2014;
- The Company's application to the Chilean Supreme Court is on hold pending determination by the Tribunal;
- Further work on the Mollacas Feasibility Study has been delayed pending more clarity on mining access rights.

Corporate

- Cash position as at 30 June 2014 was approximately A\$3.4 million (US\$3.2 million);
- The Company has implemented a strategy to acquire a near term cash flow project. The Company is actively assessing a number of potential opportunities at this time;
- The Company continues to engage with interested parties regarding the Los Calatos Project with a view to establishing a Joint Venture with funding provided by the incoming party.

Funding Facility

- An agreement has been executed with Bergen Global Opportunity Fund ("Bergen") to provide funding for short term working capital of US\$250,000 per month, with the possibility of increasing this to US\$2 million per month (subject to the Company's election and satisfaction of certain conditions) in the event of an acquisition by the Company. The agreement extends over a 24 month period, but can be terminated by the Company at any time at no cost.

Mr William Howe, Managing Director, commented: *"The conclusion of a funding agreement with Bergen guarantees access to finance for the next 24 months to achieve our strategic objective of acquiring a project with a near term cash flow, as well as advancing our existing projects while at the same time minimising shareholder dilution."*

In terms of the Mollacas land dispute, we hope to get some clarity on the admissibility of our appeal from the Constitutional Tribunal during August 2014, which will clarify the way forward. Alternative approaches to resolving the dispute are being advanced by the Company, and we remain confident that the dispute can be resolved and the work leading to the development of the project will be resumed."

LOS CALATOS PROJECT

Introduction

In March 2013, Ingeniería y Construcción Ltda completed a Mining Scoping Study on Los Calatos, which resulted in a Preferred Mining Scenario. The Company subsequently commissioned Runge Pincock Minarco to review the latter scenario with the objective of optimising production and reducing operating costs and capital expenditure. The results of this work were announced by Metminco on 12 August 2013, and presently constitute the reference base for the project going forward (viz. Optimised L3_Model).

Developments over the quarter

Grant of additional Exploration Concessions

In June 2014, two additional Exploration Concessions (Celeste 15 and 17) were granted to the Company, which extend the footprint of the area available for the planned mining infrastructure by 20 square kilometres.

Exclusive Reservation of freehold rights – Project of National Interest (“PNI”)

Following the submission of an application for the exclusive reservation of land which falls within the PNI for its eventual purchase in October 2013, the Company has received confirmation that the Ministerio de Energia y Minas (“MINEM”) will approve the reserve status over the area in question. This follows a technical evaluation of the Company’s application by the Superintendencia Nacional de Bienes Estatales (“SBN”). Final notification from MINEM is expected shortly.

Pipeline Access Corridor

Work continues on finalising the position of the Access Corridor for the pipeline and associated infrastructure to the coast, which will extend over a distance of some 73km. The dual pipeline will serve to transport seawater to the Los Calatos site and to transport concentrate as a slurry to a filtration plant located at the coast.

The Company plans to submit an application to the government during the next quarter for the grant of a Right of Access (Servidumbre) that covers the extent of the Access Corridor. Currently there is no competing land usage along the length of the preferred pipeline route.

Prospectivity – Satellite targets

In view of the interest that has been shown in both the Los Calatos deposit and surrounding broader project area, the Company has recently re-evaluated the prospectivity of the broader project area, which has resulted in the definition and refinement of several exploration targets. These targets have been classified into those targets which are drill-ready, and those which require further exploration to better constrain the targets for follow-up drill testing.

The dataset evaluated, which comprises multi-element soil and rock-chip geochemistry, ground-based geophysical surveys (magnetics, direct current resistivity, induced polarization and magnetotelluric surveys), satellite imagery and geological mapping, was compiled and analysed by senior geologists experienced in the application of these methods to detect porphyry and porphyry-related economic mineral deposits.

Four drill-ready targets have been identified, all of which are located within two kilometres of the known extent of the Los Calatos deposit. While these targets all have smaller surface expressions than the 2.5km x 1km footprint developed over the Los Calatos deposit, their tenor of mineralisation and size potential at depth can only be tested by surface drilling.

In addition to the aforementioned targets, four additional areas were identified which require further exploration work (geochemical sampling, geophysical surveys and geological mapping) in order to better define the extent of these targets prior to drill testing. These areas are located further away (up to 7km) from the existing Los Calatos deposit but, importantly, lie along the same northwest-southeast trending corridor which is known to control the main elements comprising the porphyry complex at Los Calatos.

Based on the prospectivity of the broader project area, the potential exists for satellite deposits to be discovered that could contribute materially to a centralised processing facility located at the main Los Calatos deposit, particularly in the event that additional near surface mineral resources are discovered.

Way Forward

Work continues on the project on a low cost basis, which will continue to be the case until such time as funding is secured.

The Company continues to engage with interested parties regarding the Los Calatos Project with a view to establishing a Joint Venture with funding provided by the incoming party and further updates will be made as appropriate. The Board of Directors are mindful of their responsibility to the shareholders of Metminco to preserve the value of this asset.

MOLLACAS PROJECT

Introduction

The Company holds title to 20 Exploitation Licences covering the Mollacas deposit and surrounding area, as well as 179 ha of surface rights adjacent to the proposed open pit operation. The infrastructure for the mine will be located on Company owned land including the leach pads, processing plant, administration facilities and mine workshops. Metminco also owns water rights to approximately 175 litres/sec from two canals which traverse the properties. The estimated water usage for the mining operation will be 40 litres/sec.

Recent Life of Mine financial modelling, which incorporates the results of the latest pit optimisation studies, metallurgical testwork and updated estimates of operating and capital costs, supports the robust nature of the project and the decision to conduct a Feasibility Study. However, the planned Feasibility Study has been delayed pending the resolution of a legal dispute relating to mining access to the property on which the Mollacas deposit is located (Appendix 1).

Legal

As mentioned above, the Company holds title to 20 Exploitation Licences covering the Mollacas deposit and surrounding area, as well as 179 ha of surface rights adjacent to the proposed open pit operation. However, the surface rights which cover the planned open pit are held by a third party, which necessitates the grant of an Easement (Servidumbre). Appendix 1 shows the extent of the Company's Original Servidumbre, as well as the extent of the First Servidumbre Extension.

On 28 March 2014 the Court of Appeal of the IV Region, Chile (the "Court of Appeal"), ruled that the Company's First Easement Extension (the "First Extension"), which would have enabled the Company to engage in mining activities, was invalid. The Company's wholly owned subsidiary Minera Hampton Chile Limitada ("MHC") lodged an application seeking leave to appeal the ruling with the Supreme Court of Chile in Santiago (the "Supreme Court") on 3 April 2014 (the "Appeal") on a number of grounds.

The Supreme Court review panel, having reviewed only one of the arguments raised by MHC, rejected MHC's application on the basis that the Court of Appeal did not err at law in its interpretation of Mining Code 15 when it determined that the extension of an easement to permit mining activities cannot be granted without the land holder's permission should a 'plantation' exist in the specified area.

MHC appealed the Supreme Court review panel's determination on the basis that the review panel only considered one of the arguments presented in MHC's Appeal. Under Chilean law the Supreme Court is required to address all arguments prior to making such a determination.

Further, in making its determination, the Supreme Court did not consider the rules of evidence followed by the Court of Appeal in accepting the land holder's assertions that a 'plantation' existed on the land in 2007 when the First Extension was lodged, and in the Court of Appeal's interpretation of the application of Civil and Mining Codes, in particular Mining Code 15.

MHC also lodged an appeal to the Chilean Constitutional Tribunal ("Tribunal") for a determination on the Court of Appeal's application of various Civil and Mining Codes in making its ruling. If the Company's application is successful then, among other matters, the courts will not be able to rely on the Court of Appeal's interpretation of these Codes.

The Tribunal has put a "stay order" on the Supreme Court proceedings while it determines the admissibility of the Company's application to the Tribunal. It is anticipated that the Tribunal will make a determination on admissibility during August 2014.

Way Forward

As the Original Easement remains in full force and effect, the Company is permitted to continue with its plans to progress the Feasibility Study and Environmental Impact Study at Mollacas.

However, with the lodging of an appeal with the Supreme Court of Chile on 3 April 2014, it is deemed prudent that minimal work will be conducted until such time as the Supreme Court advises Metminco of its ruling.

Alternative approaches to resolving the dispute are being advanced by the Company. The Company remains confident that this dispute can be resolved with the subsequent resumption of work leading to the development of the project.

CORPORATE

Bergen Funding Facility

On 31 July 2014 the Company entered into a funding agreement ("Agreement") with New York based Bergen Global Opportunity Fund, LP (the "Fund") managed by Bergen Asset Management, LLC ("Bergen").

The funding will supplement the Company's existing cash reserves and provide funds for short term working capital, including potential acquisition related costs, such as due diligence, expert reports and documentation.

Under the Agreement:

- The Fund will provide the Company with minimum funding of US\$250,000 per month for up to 24 months by way of the purchase of fully paid ordinary shares in the Company ("Shares") issued at a purchase price of 95% of the average of five daily VWAPs chosen by the Fund during a specified period immediately prior to the date of their issue ("Purchase Price");
- The Company may, at its sole discretion, drawdown within an agreed period, an unsecured interest-free Convertible Security with a face value of A\$835,000 (and a purchase price of A\$750,000); and
- The Company may drawdown, within an agreed period and subject to certain conditions precedent, a further unsecured interest free Convertible Security with a face value of A\$835,000 (and a purchase price of A\$750,000). The Convertible Securities will be convertible at the lower of (a) the applicable Purchase Price and (b) 140% of the average of the ten daily VWAPs prior to the date of execution of the Agreement, during their 24 month term.

Other benefits of the funding under the Agreement include:

- **Certainty of funding:** The Company may increase a monthly tranche to over US\$250,000 in line with the Company's liquidity, or with the Fund's consent, up to a maximum of US\$2,000,000 per month;
- **Minimising Dilution:** The structure of the investment allows Metminco to issue Shares at prices linked to share prices prevailing at the time of the issuance, and potentially at a premium to the share prices prevailing today, thus minimising dilution for its existing shareholders;
- **Maximising Flexibility:** Significantly, the Agreement does not restrict the Company from undertaking M&A transactions, entering into strategic industry partnerships, raising funds through equity and/or debt or normal operating activities without either being in breach of the Agreement or having first obtained a waiver from Bergen;
- **Right to Pause and Terminate:** In addition to being able to terminate the Share Purchase Plan at no cost and at any time, the Company also has the flexibility to regularly pause the monthly Share tranches. Additionally, the Company has the right not to issue shares under the Agreement if the Purchase Price is below an agreed floor price;
- **Relatively Low Cost of the Funding Package and No Cost for Early Termination:** Facility fees, which consist of a commitment fee of approximately US\$240,000 issued in Shares on execution, and the issue of 5,000,000 36-month options to acquire Shares exercisable at 130% of the average of the daily VWAPs for the 20 trading days immediately prior to the date of the execution of the Agreement, granted to the Fund, compares favourably with costs associated with a placement of this size and debt funding;

- Funding without over-leveraging and financial covenants: The equity funding is being made available to Metminco in equity tranches, which does not result in debt on Metminco's balance sheet. There are no collateral Shares and the funding facility is not subject to any financial ratio covenants. If the Company draws down the Convertible Securities, then Bergen would be an unsecured creditor;
- Additional safeguards: Bergen has entered into various undertakings including the commitment not to short sell Shares, and has agreed to substantial limitations on its ability to sell shares purchased from the Company; and
- The terms of the Agreement do not permit shares to be issued, and there is no agreement to issue shares, if shareholder approval is first required under the ASX Listing Rules.

Bergen's Managing Director, Eugene Tablis said *"We are glad to have partnered with the team at Metminco. We have followed the Company for a number of years and believe the sector and the Company to be at an important inflection point. We have been impressed by Metminco's management team and the potential scale of its projects and look forward to our capital assisting the team with achieving its stated objectives."*

Cash Position

During the quarter the Company continued to evaluate a number of strategic opportunities which include among other strategies the acquisition of a near term cash flow and discussions with potential partners.

Expenditure during the June 2014 quarter was approximately A\$2.0 million, with approximately A\$1.4 million having been incurred on evaluation and exploration activities, and approximately A\$0.6 million on overheads. Expenditure on the Mollacas Project has been deferred pending resolution of the dispute with the Mollacas surface title holder.

Metminco's cash position as at 30 June 2014 was A\$3.4 million (US\$3.2 million).

Annual General Meeting of Shareholders

The Company's Annual General Meeting of shareholders for the year ended 31 December 2013 was held at 100 Walker Street, North Sydney NSW, 2060 on Thursday, 29 May 2013. All resolutions put before the Annual General Meeting were approved by shareholders, and the results can be found on the Company's website.



William Howe
Managing Director

Company Background

Metminco is a dual ASX and AIM listed company with a portfolio of copper, molybdenum and gold projects in Peru and Chile.

Projects and Mineral Resources

The Los Calatos Project, located in southern Peru, has an open pittable Mineral Resource of 493 million tonnes at 0.38% Cu and 0.023% Mo (at cut-off grade of 0.15% CuEq) to a vertical depth of 700 metres below surface and an underground bulk mining Mineral Resource of 926 million tonnes at 0.51% Cu and 0.022% Mo (at a cut-off grade of 0.35% CuEq) commencing at an elevation of 2,300 metres (approximately 700 metres below surface).

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, 0.48% Zn and 0.17% Pb (at a cut-off grade of 0.2g/t Au).

The Company also has a number of early stage exploration projects where initial exploration activities have identified anomalous copper, molybdenum and gold values.

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 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 2004 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.

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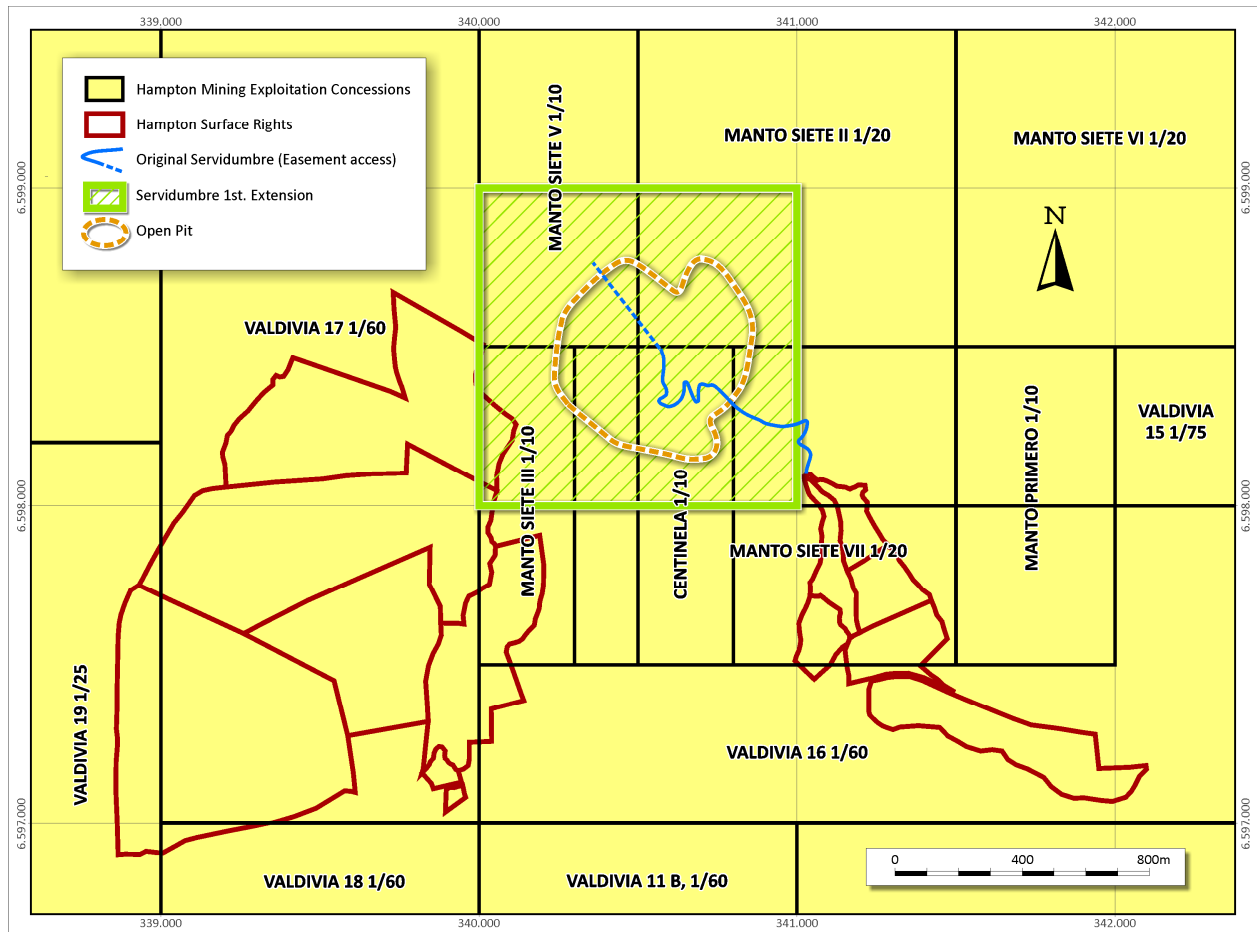
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Gordon Poole/Bobby Morse

APPENDIX 1

Mollacas Project - Mineral and surface rights held by Metminco.



Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Metminco Limited

ABN

43 119 759 349

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date 12 months \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration and evaluation	(1,401)	(2,375)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(570)	(1,657)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Peruvian IGV (GST) recovery)	-	131
Net Operating Cash Flows		(1,971)	(3,898)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) other fixed assets	(11)	(12)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(11)	(12)
1.13	Total operating and investing cash flows (carried forward)	(1,982)	(3,910)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,982)	(3,910)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
	Costs of issue	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (proceeds from equity swap)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,982)	(3,910)
1.20	Cash at beginning of quarter/year to date	5,485	7,808
1.21	Exchange rate adjustments to item 1.20	(59)	(454)
1.22	Cash at end of quarter	3,444	3,444

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	302
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Item 1.23 includes aggregate amounts paid to directors for the period 01 April 14 – 30 June 14 for: Directors' fees: \$283,000 Directors' services and consulting fees: \$19,000	

Non-cash financing and investing activities

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

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	900
4.2 Development	-
4.3 Production	-
4.4 Administration	500
Total	1,400

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,444	5,485
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,444	5,485

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.3	+Ordinary securities	1,749,543,023	1,749,543,023		
7.4	Changes during Quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.5	+Convertible Debt securities <i>(description)</i>				
7.6	Changes during quarter: (a) Increases through issues (b) Decreases through Securities matured, converted				
7.7	Options (description and conversion factor)	<u>Unlisted:</u> 2,500,000 2,500,000 2,000,000 2,000,000 250,000 250,000	<u>Unlisted:</u> 2,500,000 2,500,000 2,000,000 2,000,000 250,000 250,000	Exercise price A\$ 0.215 A\$ 0.260 A\$ 0.175 A\$ 0.210 A\$ 0.075 A\$ 0.089	Expiry date: 05 Dec 2014 05 Dec 2014 15 Jun 2015 15 Jun 2015 28 Jan 2016 28 Jan 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				

+ See chapter 19 for defined terms.

7.10	Expired during quarter				
7.11	Debentures(totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

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



Sign here:

Date: 31.07.2014

(Company secretary)

Print name:

Philip Killen

Notes

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