

## Notice of Annual General Meeting

Metminco Limited (the Company) (**ASX: MNC; AIM: MNC**) announces the Annual General Meeting of shareholders for the year ended 31 December 2016 will be held on 23 May 2017.

The Notice of Meeting and Explanatory Memorandum together with a personalised proxy form has been mailed to shareholders.

A copy of the Notice of Meeting, Explanatory Memorandum and Annual Report for the year ended 31 December 2016 are attached and can also be downloaded from the Company's website: [www.metminco.com.au](http://www.metminco.com.au).



**Philip Killen**  
**Company Secretary**

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*For further information, please contact:*

**METMINCO LIMITED**

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**NOMINATED ADVISOR AND BROKER**

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**PUBLIC RELATIONS**

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Metminco Limited

ABN 43 119 759 349

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT THE

ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT

CHRISTIE OFFICES, 100 WALKER ST, NORTH SYDNEY ON TUESDAY 23 MAY 2017 AT 10.00 AM

THIS DOCUMENT IS IMPORTANT

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand these documents or are in any doubt as to how to deal with them, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

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# Metminco Limited

ACN 119 759 349

(Company)

## NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED

31 DECEMBER 2016

AND

## EXPLANATORY MEMORANDUM

AND

## PROXY FORM

Notice is hereby given that an Annual General Meeting of the members of the Company will be held at:

Location: Christie Offices, 100 Walker St, North Sydney NSW, 2060

Date: Tuesday, 23 May 2017

Time: 10.00am (Sydney time)

An Explanatory Memorandum accompanying this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. We refer Shareholders to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

### AGENDA

#### ORDINARY BUSINESS

##### 1. Discussion of Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and Auditor's Report for the year ended 31 December 2016.

Metminco's Financial Report, Directors' Report and Auditor's Report contained in the Report to Shareholders are placed before the Meeting giving Shareholders an opportunity to discuss those documents and to ask questions, though there is no requirement that Shareholders approve these reports. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and the preparation and content of the Auditor's Report.

##### 2. Resolutions

To consider and, if thought fit, pass the following as ordinary resolutions of the Company:

<b>Resolution 1</b>	<b>To adopt the Remuneration Report for the year ended 31 December 2016.</b>	"That the Remuneration Report for the year ended 31 December 2016 be adopted." Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.
<b>Resolution 2</b>	<b>Re-election of Ram Venkat</b>	"That, for the purpose of clause 15.6 of the Constitution and for all other purposes, Ram Venkat, a Director who was appointed to fill a casual vacancy on 20 March 2017 retires, and being eligible, is re-elected as a Director."
<b>Resolution 3</b>	<b>Ratification of the prior issue of the Convertible Notes</b>	"That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the allotment and issue of a total of 12,345,639 Convertible Notes in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."
<b>Resolution 4</b>	<b>Ratification of prior issue of Tranche 1 Options</b>	"That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the allotment and issue of a total of 12,345,639 Tranche 1 Options in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."
<b>Resolution 5</b>	<b>Approve issue of Tranche 2 Options</b>	"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to be authorised to issue and allot 12,345,639 Tranche 2 Options in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."
<b>Resolution 6</b>	<b>Approval of the 10% Placement</b>	"That for the purposes of Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company's share capital calculated in accordance with Listing Rule 7.1A, and on the terms and conditions set out in the Explanatory Statement, is approved."

For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company determines that Shareholders recorded on the Company's register at 10:00 am (Sydney time) on Sunday, 21 May 2017 (Record Date) will be entitled to attend and vote at the Meeting. If you are not a registered Shareholder at the Record Date, you will not be entitled to vote in respect of that Share.

If you cannot attend the Meeting in person, you are encouraged to sign and deliver the accompanying proxy form and return it in accordance with the instructions set out below.

## APPOINTMENT OF PROXIES

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint an individual or a body corporate as a proxy to attend the Meeting and, on a poll, vote on the Shareholder's behalf. A proxy need not be a Shareholder.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. The enclosed proxy form provides further details on proxies and lodging proxy forms.

If a Shareholder appoints a member of KMP or a Closely Related Party of any member of KMP as proxy, the KMP or Closely Related Party is not able to vote proxies on Resolution 1 unless the Shareholder directs them how to vote by marking the boxes on the proxy form for Resolution 1.

If a Shareholder appoints the Chairman of the Meeting as proxy, the Shareholder can direct the Chairman how to vote by either marking the relevant boxes on the proxy form (i.e. 'for', 'against' or 'abstain') OR by marking the Chairman's voting direction box on the proxy form (in which case this will be considered to be an express direction to the Chairman of the Meeting to vote in favour of Resolution 1 even though Resolution 1 is connected directly or indirectly with the remuneration of a member of KMP and/or even if the Chairman of the Meeting has an interest in the outcome of this Resolution.

If no direction is provided and the Chairman's voting box is not marked (or if the direction is to 'abstain') the Chairman of the Meeting will not be able to cast the Shareholder's votes on Resolution 1 and those votes will not be counted in calculating the required majority on a poll.

Subject to the paragraphs above, if a Shareholder appoints the Chairman of the Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on a Resolution, the Chairman will vote, as proxy for that Shareholder, in favour of that Resolution on a poll.

For Shareholders registered on the Australian register, section 250B of the Corporations Act stipulates that the proxies must be delivered prior to 10:00 am (Sydney time) on Sunday, 21 May 2017 to:

Metminco Limited  
Link Market Services  
Locked Bag A14  
Sydney South NSW 1235  
Australia

## VOTING EXCLUSIONS

**Resolution 1:** The Company will disregard any votes on Resolution 1 cast by or on behalf of any person who is a member of KMP or a Closely Related Party of any member of KMP.

**Resolution 3** The Company will disregard any votes cast on Resolution 3 by any person who has participated in the issue of the Convertible Notes or any associate of such a person.

**Resolution 4:** The Company will disregard any votes cast on Resolution 4 by any person who has participated in the issue of the Tranche 1 Options or any associate of such a person.

**Resolution 5:** The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an Option Holder, from the issue of the Tranche 2 Options if Resolution 5 is passed or any associate of such a person.

**Resolution 6:** The Company will disregard any votes on Resolution 6 cast by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, and any associate of such person.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## QUESTIONS

If you have any questions about any matter contained in the Notice of Meeting, please contact the Company Secretary, Philip Killen, on 0408 609 916 or at phil.killen@metminco.com.au.

Dated 20 April 2017

By order of the Board



Philip Killen  
Company Secretary

**Metminco Limited**  
**ACN 119 759 349**  
**EXPLANATORY MEMORANDUM**

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## **IMPORTANT NOTICE**

This Explanatory Memorandum is an explanation of, and contains information about, the Resolutions to be considered at the Annual General Meeting, which are set out in the accompanying Notice of Meeting dated 20 April 2017 (**Notice**), to assist Shareholders in determining how they wish to vote on the Resolutions.

This Explanatory Memorandum forms part of the accompanying Notice and should be read together with the Notice.

All Resolutions are ordinary resolutions and are not dependent on any other Resolution.

If you are in doubt about what to do in relation to the Resolutions contemplated in this Explanatory Memorandum, you should consult your financial or other professional advisor.

This Explanatory Memorandum is dated 20 April 2017.

Capitalised terms used in this Explanatory Memorandum have the meaning given to them in the Glossary attached to this Explanatory Memorandum.

## **FORWARD LOOKING STATEMENTS**

Certain statements in this Explanatory Memorandum relate to the future.

These statements reflect views held as at the date of this Explanatory Memorandum.

While Metminco believes that the expectations reflected in the forward looking statements are reasonable, neither Metminco nor any other person gives any representation, assurance, or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

## **Resolution 1 – Adoption of Remuneration Report**

The Remuneration Report for the year ended 31 December 2016 is set out in the Annual Report and is available on the Company's website [www.metminco.com.au](http://www.metminco.com.au).

The Remuneration Report outlines Metminco's remuneration philosophy and practices and sets out the remuneration arrangements in place for Directors, the Managing Director and other members of KMP in accordance with the requirements of the Corporations Act.

The vote on the Resolution is advisory only and does not bind the Directors or the Company.

The Directors will, however, take the outcome of the vote into consideration when reviewing remuneration practices and policies.

## **Resolution 2 – Re-election of Ram Venkat**

Pursuant to clause 15.6(a) of the Constitution, the Directors may at any time appoint a person to be a director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the following general meeting and is then eligible for re-election in accordance with clause 15.6(b) of the Constitution. Listing Rule 14.4 also states that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the Company.

Mr Venkat was appointed by the Board as a Director on 20 March 2017 and retires in accordance with the Company's Constitution and the Listing Rules and, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

Mr Venkat's experience and qualifications are set out in the Annual Report.

*Recommendation: The Directors (other than Ram Venkat) recommend that Shareholders vote in favour of Resolution 2.*

## **Resolution 3, 4 and 5**

On 3 April 2017 Metminco announced that the Company had signed a binding term sheet with Redfield Asset Management and Redfield Advisory (together Redfield) in relation to a convertible note facility of A\$0.75 million (the Convertible Notes). The Convertible Notes are unsecured, unsubordinated, are fully underwritten by Redfield, which is a strong supporter of the Company with an 8.62% shareholding in the Company and have attached a Tranche 1 Option and a Tranche 2 Option (refer Options Granted below).

The key terms of the transaction are as follows:

Face Value:	A\$750,000.
Coupon Rate:	12.5% per annum, compounded monthly interest to be capitalised.
Conversion:	No later than 12 months from date of issue at which time the Convertible Notes and capitalised interest automatically converts to fully paid ordinary shares (Shares) at the Conversion Price. At all times, conversion must be of all Convertible Notes and not some only.
Conversion Price	\$0.06075.
Options Granted:	i) 12,345,639 exercisable at \$0.081 per Share any time prior to 24 months from date of issue ( <b>Tranche 1 Options</b> ). ii) 12,345,639 exercisable at \$0.081 per Share any time prior to 24 months from date of issue to be issued as soon as the Company has placement capacity under the ASX Listing Rules ( <b>Tranche 2 Options</b> ).
Funding:	Under the Agreement the Company has received A\$300,000 and the remainder is expected to be received on or about 24 April 2017 but in any case no later than 12 May 2017 subject to limited due diligence and long form documentation.
Underwriting Fee:	4.5% of Face Value.

Should Redfield elect, under the terms of the Convertible Notes, to convert the principal amounts into Metminco shares at an assumed price \$0.06075, the holdings of the Redfield would be increased from 10,970,464 Shares (8.62%) to 23,316,143 Shares (16.71%). These above figures assume that no other ordinary share issues are made by Metminco and that interest on the Convertible Notes is not capitalised.

Redfield is ultimately controlled by its directors, including Mr Ram Venkat who is also a director of Metminco, and therefore is a "Related Party". With the exception of Mr Venkat, who through his position as a director of both Redfield and Metminco is involved in the transaction as a related party and who has absented himself

from all discussions with Redfield in relation to this Convertible Notes facility, the Company's directors consider, having consulted with its nominated adviser, that the terms of the transaction are fair and reasonable insofar as its Shareholders are concerned.

### **Resolution 3 – Ratification of the issue of the Convertible Notes**

Resolution 3 seeks Shareholder ratification of the issue of the Convertible Notes pursuant to Listing Rule 7.4.

Listing Rule 7.1 prohibits (subject to certain exceptions) Metminco from issuing or agreeing to issue new securities representing more than 15% of its total issued ordinary shares during the following 12 month period, without shareholder approval. However, an issue of securities may be approved retrospectively in accordance with Listing Rule 7.4.

For the purposes of Listing Rule 7.1 the Convertible Notes represents approximately 8.09% of the issued capital of the Company on a fully diluted basis.

Listing Rule 7.4 provides that an issue of securities is deemed to have been made with shareholder approval if Listing Rule 7.1 is not breached at the time the securities were issued and shareholders subsequently approve the issue.

By Shareholders ratifying the issue of the Convertible Notes, the Company is given flexibility to issue further securities up to the 15% limit over the next 12 month period. The Board believes that it is in the best interest of the Company to maintain the ability to issue up to its full placement capacity so that the Company retains financial flexibility and can take advantage of commercial opportunities that may arise.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 3 for the purposes of Listing Rule 7.4:

- (a) The number of Convertible Notes: 12,345,639;
- (b) Issue price: \$0.06075 per Share;
- (c) Terms of Convertible Notes : Each Convertible Notes is convertible in accordance with terms set out above into one Share which will rank equally with the existing Shares on issue;
- (d) Allottees: Redfield;
- (e) Allotment Date: The Convertible Notes will be issued no later than 22 May 2017;
- (f) Use or intended use of funds raised: The proceeds from the Convertible Notes together with funds raised from exercise of Tranche 1 Options and Tranche 2 Options will be applied toward the Miraflores Gold Project and working capital. The Miraflores Feasibility Study, which was commenced following the favourable outcome of the Scoping Study (refer announcement dated 8 September 2016), is anticipated to be completed by the end of June 2017; and
- (g) Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 3 by any person who has participated in the Convertible Note or any associate of such a person.

The Metminco Board with exception of Mr Venkat who abstains, unanimously recommends that eligible Shareholders vote in favour of Resolution 3.

### **Resolution 4 – Ratification of the issue of the Tranche 1 Options**

Resolution 4 seeks Shareholder ratification of the issue of the Tranche 1 Options pursuant to Listing Rule 7.4.

Listing Rule 7.1 prohibits (subject to certain exceptions) Metminco from issuing or agreeing to issue new securities representing more than 15% of its total issued Shares during any 12 month period following the issue of new securities, without Shareholder approval (15% Restriction). For the purposes of Listing Rule 7.1 the number of Tranche 1 Options to be issued under Listing Rule 7.1 is 6,558,123 which represents approximately 4.5% of the issued capital of the Company on a fully diluted basis.

Listing Rule 7.1A permits listed entities that have obtained the approval of their shareholders by special resolution at an annual general meeting (AGM), to issue an additional 10% of issued capital by way of placements over a 12 month period following that AGM provided that the consideration divided by the number of securities issued is no lower than 75% of the VWAP calculated over the 15 trading days on which trades in the securities are recorded immediately before the date on which the price at which the securities are to be issued is agreed.

For the purposes of Listing Rule 7.1A the number of Tranche 1 Options to be issued under the Company's additional placement capacity approved by Shareholders at the Company's last AGM for the purposes of Listing Rule 7.1A is 5,787,556 (which is a discount of approximately 25% of the VWAP calculated over the 15 trading days on which trades in the securities are recorded immediately before the price of the securities to be issued was agreed) represents approximately 3.8% of the issued capital of the Company on a fully diluted basis.

Pursuant to Listing Rule 7.4, the Tranche 1 Options will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1 provided that Listing Rules 7.1 and 7.1A are not breached at the time of the issue of the Tranche 1 Options and if Shareholders subsequently approve the Tranche 1 Options. As at the date of this Notice, the proposed issue of Shares under the Tranche 1 is not anticipated to breach Listing Rule 7.1 or Listing Rule 7.1A.

By Shareholders ratifying the Tranche 1 Options, the Company is given flexibility to issue further securities up to the 15% limit over the next 12 month period and an extra 10% subject to approval of Resolution 6. The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity so that the Company retains financial flexibility and can take advantage of commercial opportunities that may arise.

Listing Rule 7.5 requires that the following information be provided to Shareholders in respect of Resolution 4 for the purposes of Listing Rule 7.4:

- (a) The number of Tranche 1 Options: 12,345,639;
- (b) Issue Price: nil;
- (c) Exercise price: \$0.081 per Share expiring 24 months from date of issue;
- (d) Terms of Tranche1 Options: Each Tranche1 Option is exercisable in accordance with terms set out above into one Share which will rank equally with the existing Shares on issue;
- (e) Allottees: Redfield;
- (f) Allotment Date: The Tranche 1 will be issued no later than 22 May 2017;
- (g) Use or intended use of funds raised: The funds raised from exercise of Tranche 1 Options together with the Convertible Notes and Tranche 2 Options will be applied toward the Miraflores Gold Project and working capital. The Miraflores Feasibility Study, which was commenced following the favourable outcome of the Scoping Study (refer announcement dated 8 September 2016), is anticipated to be completed by the end of June 2017; and
- (h) Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 4 by any person who has participated in the Tranche 1 Options or any associate of such a person.

The Metminco Board with exception of Mr Venkat who abstains, unanimously recommends that eligible Shareholders vote in favour of Resolution 4.

### **Resolution 5 – Issue of Tranche 2 Options**

Resolution 5 seeks Shareholder approval under Listing Rule 7.1, in respect of the proposed issue of the issue of the Tranche 2 Options as set out above.

As Shareholder approval is only being sought under Listing Rule 7.1, the Tranche 2 Options will not be issued to related parties of the Company (as defined in Listing Rule 10.11) including but not limited to Directors and their spouses, entities controlled by Directors and controlling Shareholders of the Company.

For the purposes of Listing Rule 7.1 the Tranche 2 Options represent approximately 7.5% of the issued capital of the Company on a fully diluted basis.

Listing Rule 7.3 requires that the following information be provided to Shareholders in respect of Resolution 5 for the purposes of Listing Rule 7.1:

- (a) The number of Tranche 2 Options: 12,345,639;
- (b) Issue Price: nil;
- (c) Exercise price: \$0.081 per Share expiring 24 months from date of issue;
- (d) Terms of Tranche 2 Options: Each Tranche 2 Option is exercisable in accordance with terms set out above into one Share which will rank equally with the existing Shares on issue;
- (e) Allottees: Redfield;
- (f) Allotment Date: It is anticipated that the Tranche 2 Options will be allotted prior to 31 May 2017 but in any case will be allotted no later than 23 August 2017;
- (g) Use or intended use of funds raised: The proceeds from the Tranche 2 Options together with funds raised from the Convertible Notes and Tranche 1 Options will be applied toward the Miraflores Gold Project and working capital. The Miraflores Feasibility Study, which was commenced following the favourable outcome of the Scoping Study (refer announcement dated 8 September 2016), is anticipated to be completed by the end of June 2017; and
- (h) Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of an Option Holder, from the issue of the Tranche 2 Options if Resolution 5 is passed or any associate of such a person.

The Metminco Board with exception of Mr Venkat who abstains, unanimously recommends that eligible Shareholders vote in favour of Resolution 5.

### **Resolution 6 – Approval of Additional 10% Placement**

Resolution 6 seeks Shareholder approval for the Company to have the capacity to issue up to an additional 10% of the issued share capital of the Company under Listing Rule 7.1A (10% Placement) over a 12 month period following the Annual General Meeting. The 10% Placement relates only to existing quoted securities, namely Shares. Resolution 6 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

Under Listing Rule 7.1A an eligible listed entity may, subject to Shareholder approval by way of special resolution, issue securities comprising up to 10% of its issued share capital in addition to the normal 15% new issue capacity under Listing Rule 7.1. The Company is an eligible entity for the purposes of Listing Rule 7.1A as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

#### *Placement capacity under Listing Rule 7.1 and 7.1A*

The 10% Placement is in addition to a listed entity's usual 15% placement capacity under Listing Rule 7.1.

Directors believe that approval of Resolution 6 is a prudent approach as it will provide the Company with flexibility to take advantage of opportunities as they arise including raising capital quickly if advantageous terms are available, in the best interests of the Company.

The Company completed the acquisition of Miraflores Compania from RMB Australia Pty Ltd (RMB) late June 2016. Under the purchase agreement, Metminco will make cash payments to RMB as follows:

- (i) Payment of A\$1.3 million (A\$1 million initial payment plus A\$0.3 million in reimbursement of operating expenditure prior to completion) 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

The potential near term cash flow Miraflores Gold Project on which a feasibility study is nearing completion will require funding to put into gold production. Further funds may be required to test drill ready targets in the Quinchia Gold Portfolio such as the Tesorito Project, working capital or for other corporate purposes.

As at the date of this Notice of Meeting, the Company had 127,200,299 Shares on issue. Subject to Shareholder approval being obtained under Resolution 4, 5 and 6 the Company could issue a further 19,080,045 securities under Listing Rule 7.1.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula in Listing Rule 7.1A.2.

#### *Minimum issue price*

Shares issued under the 10% Placement by the Company can only be issued at a price that is not less than 75% of the VWAP (volume weighted average price) of the Shares calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- a) the date on which the issue price of the Shares is agreed; or
- b) the issue date (if the Shares are not issued within five trading days of the date on which the issue price is agreed).

#### *Placement period*

Shareholder approval under Listing Rule 7.1A is valid from the date of this AGM until the earlier to occur of:

- a) 12 months after the date of the AGM; and
- b) the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), or such longer period if allowed by the ASX.

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the Meeting.

#### *Dilution to existing shareholdings*

If Resolution 6 is approved by Shareholders and the Company issues Shares under the 10% Placement, there is a risk of economic and voting dilution to existing Shareholders as a result. Further, as the market price of the Shares may be significantly lower on the issue date than on the date of the approval at the Meeting, and because the Shares may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on the current market price of the Shares.

In accordance with Listing Rule 7.3A.2 Table 1 below shows a number of hypothetical scenarios for a 10% Placement where variable "A" in the formula in Listing Rule 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100% and the share price has decreased by 50% or increased by 50% from the approximate share price as at the date of finalisation of the date of this Notice of Meeting.

In accordance with Listing Rule LR7.3A.6 Table 2 below provides details of all issues of equity securities by the Company during the 12 months preceding the date of this Notice of Meeting.

Table 1

Share Capital (Variable 'A' in Listing Rule 7.1A.2)		Dilution table		
		\$0.04	\$0.08	\$0.12
		50% decrease in Issue Price	Issue Price	50% increase in Issue Price
127,200,299 Shares	Shares Issued	12,720,030	12,720,030	12,720,030
(Current)	Funds Raised	\$508,801	\$1,017,602	\$1,526,404
190,800,449 Shares	Shares Issued	19,080,045	19,080,045	19,080,045
(50% increase)	Funds Raised	\$763,202	\$1,526,404	\$2,289,605
254,400,598 Shares	Shares Issued	25,440,060	25,440,060	25,440,060
(100% increase)	Funds Raised	\$1,017,602	\$2,035,205	\$3,052,807

Table 2

Type of Security	Number Issued *	Issue Price	Allottees	Premium / (Discount) To Market	Cash /Non Cash	Use of Funds
Share	1,655,000	\$0.2000	SPP Offer to Shareholders	0.00%	Cash	Advancement of Projects & Working Capital
Shares	131,643	\$0.2500	Exercise of Options by Shareholders	25.00%	Cash	Advancement of Projects & Working Capital
Shares	32,797	\$0.1957	Advisor – LinQ	-2.13%	Non Cash	Advisory services
Shares	7,000,000	\$0.2500	RMB Australia Pty Ltd	66.67%	Non Cash	Part consideration Purchase of Miraflores Compania
Shares	8,444,444	\$0.1127	Placement to sophisticated and professional investors placed by SP Angel	-24.89%	Cash	Advancement of Projects & Working Capital
Shares	2,142,857	\$0.1180	Placement to sophisticated and professional investors placed by SP Angel	18.00%	Cash	Advancement of Projects & Working Capital
Shares	2,110,000	\$0.1185	Placement to sophisticated and professional investors placed by Martin Place Securities	18.50%	Cash	Advancement of Projects & Working Capital
Shares	36,919,831	\$0.1185	Placement to sophisticated and professional investors (Lanstead, Redfield and William Howe)	51.92%	Cash / Equity Swap	Advancement of Projects & Working Capital
Convertible Notes expiring 12 months after issue date	12,345,639	\$0.06075	Redfield	-25%	Cash	Advancement of Projects & Working Capital
Options expiring 24 months after issue date	12,345,639	N/A	Redfield	0.00%	N/A	Advancement of Projects & Working Capital

Number of equity securities on issue at commencement of 12 month period *	68,863,727
Equity securities issued in prior 12 month period *	83,127,850
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	121%

Note: \* on post securities consolidation basis.

Funds raised from the issue of securities totalled \$4.4 million. Of the funds raised approximately \$500,000 remains. A further approximately \$2.6 million, subject to the Company's share price, is anticipated to be received under the Equity Swap Agreements with Lanstead. The funds remaining and funds to be received will be applied to advancement of projects and working capital.

#### *Company's Allocation Policy for the 10% Placement*

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of securities pursuant to the additional 10% issue. The identity of the allottees of securities will be determined on a case-by-case basis having regard to the factor including but not limited to the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- the effect of the issue of the 10% securities on the control of the Company;
- the financial situation and solvency of the Company; and,
- advice from corporate, financial and broking advisers (if applicable).

The allottees of the securities under the additional 10% issue have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholder(s) who are not Related Parties or associates of a Related Party of the Company.

Further, if the Company acquires new assets or investments, it is likely that the allottees under the additional 10% issue may be the vendors of the new assets or investments.

#### *Voting exclusion*

A voting exclusion statement is included in the Notice of Meeting. At the date of finalisation of the Notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing Shareholders to participate in the issue of the 10% Placement. No existing Shareholder's vote will therefore be excluded under the voting exclusion in the Notice of Meeting.

***Recommendation:*** *The Directors recommend that Shareholders vote in favour of Resolution 6.*



## GLOSSARY

In this Explanatory Memorandum, the following terms have the following meanings unless the context requires otherwise:

<b>10% Placement</b>	means the capacity to place an additional 10% of the issued share capital of the Company under Listing Rule 7.1A over a 12 month period following the Annual General Meeting.
<b>Annual General Meeting or Meeting</b>	means the annual general meeting of Shareholders convened for the purposes of considering the Resolutions to be held at Christie Office, 100 Walker St, North Sydney, NSW, 2060 on Tuesday 23 May 2017 at 10.00am.
<b>Annual Report</b>	means the report to Shareholders for the year ended 31 December 2016 which is available on the Company's website <a href="http://www.metminco.com.au">www.metminco.com.au</a>
<b>Auditor's Report</b>	means the Auditor's Report forming part of the Report to Shareholders.
<b>ASX</b>	means Australian Stock Exchange Limited (ACN 008 624 691).
<b>Board</b>	means the board of Directors of the Company.
<b>Closely Related Party</b>	of a member of KMP means: (a) a spouse or child of the member of KMP; (b) a child of the member of KMP's spouse; (c) a dependent of the member of KMP or of the member of KMP's spouse; (d) anyone else who is one of the member of KMP's family and who may be expected to influence the member of KMP, or be influenced by the member of KMP, in the member of KMP's dealings with the Company; (e) a company that the member of KMP controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) to be a closely related party.
<b>Company</b>	means Metminco Limited (ACN 119 759 349).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Convertible Notes</b>	means 12,345,639 convertible into Shares in accordance with the term and conditions as set out on page 3 of this Explanatory Memorandum.
<b>Director</b>	means a director of the Company.
<b>Directors' Report</b>	means the Directors' Report forming part of the Report to Shareholders.
<b>Equity Swap Agreements</b>	means equity swap agreements entered into between the Company and Lanstead (refer announcements 17 November 2016 and 31 January 2017) .
<b>Explanatory Memorandum</b>	means the Explanatory Memorandum accompanying the Notice of Meeting.
<b>Financial Report</b>	means the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information of the consolidated entity comprising the Company and the entities it controlled forming part of the Report to Shareholders.
<b>KMP</b>	means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and as disclosed as such in the Remuneration Report.
<b>Lanstead</b>	means Lanstead Capital L.P. a UK based institutional investor.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Metminco</b>	means Metminco Limited (ACN 119 759 349).
<b>Miraflores Compania</b>	means Miraflores Compania Minera SAS owner of the Quinchia Gold Portfolio
<b>Miraflores Gold Project</b>	means a potential gold mine development within the Quinchia Gold Portfolio (refer Scoping Study announced 8 September 2016)
<b>Non-Executive Director</b>	means a non-executive Director of the Company.
<b>Notice of Meeting or Notice</b>	means the notice of meeting which accompanies the Explanatory Memorandum.
<b>Option</b>	means an option to acquire a Share
<b>Option Holder</b>	means the holder an option to acquire a Share
<b>Quinchia Gold Portfolio</b>	means 6,043Ha of granted concessions and an additional 3,792Ha of pending applications, and contains a number of gold deposits and exploration targets including Miraflores, Dosquebradas and Tesorito
<b>Remuneration Report</b>	means the Remuneration Report forming part of the Report to Shareholders.
<b>Report to Shareholders</b>	means Report of the Company for the year ended 31 December 2016.
<b>Resolution(s)</b>	means a resolution referred to in the Notice.
<b>Redfield</b>	means Redfield Asset Management and Redfield Advisory
<b>RMB</b>	means RMB Australia Holdings Pty Ltd
<b>Share or Shares</b>	means a fully paid ordinary share(s) in the capital of the Company.
<b>Shareholder</b>	means a holder of fully paid ordinary shares in the capital of the Company.
<b>Sydney time</b>	means date and time in Sydney, Australia.
<b>Tranche 1 Options</b>	12,345,639 Options exercisable at \$0.081 per Share any time prior to 24 months from date of issue with the term and conditions as set out on page 3 of this Explanatory Memorandum
<b>Tranche 2 Options</b>	12,345,639 Options exercisable at \$0.081 per Share any time prior to 24 months from date of issue with the term and conditions as set out on page 3 of this Explanatory Memorandum
<b>VWAP</b>	means volume weighted average price

**Metminco Limited**

ABN 43 119 759 349

**LODGE YOUR VOTE**

**ONLINE**  
www.linkmarketservices.com.au

**BY MAIL**  
Metminco Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



X999999999999

**PROXY FORM**

I/We being a member(s) of Metminco Limited and entitled to attend and vote hereby appoint:

**APPOINT A PROXY**

**the Chairman of the Meeting (mark box)** **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Tuesday, 23 May, 2017 at Christie Offices, 100 Walker Street, North Sydney NSW, 2000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolution 1:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote on all listed proxies in favour of each item of business.**

**VOTING DIRECTIONS**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

**Resolutions**

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approve issue of Tranche 2 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Ram Venkat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of the 10% Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of the prior issue of the Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Ratification of prior issue of Tranche 1 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)  Joint Shareholder 2 (Individual)  Joint Shareholder 3 (Individual)   
Sole Director and Sole Company Secretary  Director/Company Secretary (Delete one)  Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state a percentage of your voting rights or number of shares (applied to that form). If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the space provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Sunday, 21 May 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY FAX

Metmine Limited  
Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

# **METMINCO LIMITED**

ABN 43 119 759 349

**AND ITS CONTROLLED ENTITIES**

**ANNUAL REPORT FOR THE YEAR ENDED**

**31 DECEMBER 2016**

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## CHAIRMAN'S LETTER

Dear Shareholder,

2016 has been a year of material transition for Metminco, executing two major milestones in relation to Metminco's strategy to become a gold producer in the near term whilst maintaining a longer term interest in gold and copper within South America.

The shift in strategic focus was driven by the opportunistic acquisition of the Quinchia Gold Portfolio in the highly prospective Colombian mid-Cauca gold belt. This low cost acquisition, relative to defined gold ounces within the portfolio, delivers a platform to become a near term, cash generative gold producer.

In June 2016, the Company acquired the Quinchia Gold Portfolio which includes a NI 43-101 estimated mineral resource of 2.8 million ounces of gold, a number of gold deposits and significant exploration and development targets including Miraflores, Tesorito, Chuscal and Dosquebradas.

A Scoping Study undertaken by SRK Consulting U.S. Inc, announced 8 September 2016, demonstrated robust economics for the potential development of the Miraflores Gold Project into a gold producing asset. The Scoping Study, targeted an underground mining operation producing 50,000 ounces of gold per annum for 9 years at an estimated life of mine all in sustaining cost of US\$648/ oz Au, a significant profit margin when compared to the long term projected gold price of US\$ 1,300/ oz Au.

Gold demand continues to increase while supply remains static. The World Gold Council's "Gold Demand Trends Full Year 2016" (<http://www.gold.org/supply-and-demand/gold-demand-trends>) reported that in 2016 full-year gold demand gained 2% to reach a 3-year high of 4,308.7t. Annual inflows into exchange traded funds (ETFs) reached 531.9t, the second highest on record.

In Peru, the Company secured funding of up to US\$45 million to advance the Los Calatos Project toward completion of a bankable feasibility study (CD Capital Transaction). The development prospects of the Los Calatos copper molybdenum project, located in Southern Peru near three large operating copper-molybdenum mines, namely Cuajone, Toquepala and Cerro Verde, have been significantly enhanced by the agreement with CD Capital Natural Resources Fund III LP to fund the completion of the pre-feasibility and feasibility studies.

The Company seeks to deliver growth in shareholder value by in the short term progressing the following objectives:

- Complete the Miraflores Gold Project Feasibility Study by the end of June 2016, commence construction of the mine during the second quarter of 2018 with production targeted to commence first quarter 2019.
- Enhance anticipated future gold production from the Miraflores Gold Project through exploration and development of high potential prospects in the Quinchia Gold Portfolio.

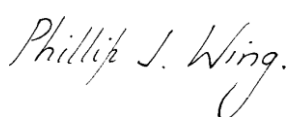
Metminco also retains a 100% interest in a portfolio of gold, copper and other base metal projects that are located within well-constrained metallogenic belts associated with the Andean Cordillera in Chile which have the potential to contribute significantly to shareholder value in the future.

### Financials

The Company reported a Consolidated Group after tax loss for the year ended 31 December 2016. The loss of A\$124,100,870 included a loss of A\$121,540,173 on the loss of control of the Group's investment in Los Calatos Holding Limited (owner of the Los Calatos Project) as determined by reference to the see-through value of the CD Capital Transaction in accordance with applicable accounting standards.

### Outlook

It has been a challenging but strategically successful year for the Company as it re-positions itself and puts in place the building blocks for the future with a commensurate increase in Shareholder value. I would like to thank my colleagues on the Board and our management and staff for responding so well to these challenges, as we look forward to a more secure and rewarding future.



**Phillip Wing PhD**

**Chairman**

## CORPORATE GOVERNANCE STATEMENT

### Corporate Governance Statement

The Company's Directors and management are committed to conducting the business of Metminco Limited and its controlled entities (the **Group**) in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Metminco's website ([www.metminco.com.au](http://www.metminco.com.au)) (the **Website**), and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each Recommendation that needs to be reported against by Metminco, and will provide shareholders with information as to where relevant governance disclosures can be found.

**The Company's corporate governance policies and charters and policies are all available on the Website.**

## DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group being Metminco Limited (Metminco or the Company) and its controlled entities, for the financial year ended 31 December 2016.

### Directors

The following persons held the office of director at any time during or since the year ended 31 December 2016 to the date of this report:

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
Ram Venkat	Non-Executive Director (appointed 20 March 2017)
Timothy Read	Chairman (resigned 27 July 2016)
Stephen Tainton	Executive Director (resigned 6 September 2016)

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

### Company Secretary

Philip Killen was the Company Secretary for the financial year and is in office at the date of this report.

### Principal activities and significant changes in the nature of activities

Metminco has a portfolio of assets encompassing potential near term producing assets as well as advanced exploration including the Quinchia Gold Portfolio in Colombia, the Los Calatos copper molybdenum project in Peru and copper and other base metal projects in Chile.

### Operating results

The consolidated loss of the Group for the year was A\$124,100,870 after providing for income tax (31 Dec 2015: loss of A\$49,070,767).



## DIRECTORS' REPORT

### Operations Report

#### Overview

During 2016 the Company has achieved two major milestones through completion of a Scoping Study demonstrating the robust economics for the potential development of the Miraflores Project (part of the Quinchia Gold Portfolio) into a gold producing asset; and, securing funding of up to US\$45 million to advance the Los Calatos Project toward completion of a bankable feasibility study.

Metminco's primary focus is the Quinchia Gold Portfolio, which is located in Colombia's Middle Cauca Belt, and has a NI 43-101 estimated Mineral Resource of 2.8 million ounces of gold and contains a number of gold deposits and significant exploration and development targets including Miraflores, Tesorito, Chuscal and Dosquebradas. The Quinchia Gold Portfolio was acquired at a very attractive valuation and Metminco is now advancing a feasibility study on the Miraflores Gold Project to be completed by the end of the first half 2017. The Scoping Study released late 2016 supports the view that the Project has excellent fundamentals and represents a near term gold production project.

The development prospects of the Los Calatos copper molybdenum project, located in Southern Peru near three large operating copper-molybdenum mines, namely Cuajone, Toquepala and Cerro Verde, have been significantly enhanced by the agreement with CD Capital Natural Resources Fund III LP (CD Capital) to fund the completion of the Pre-feasibility and Feasibility Studies, and acquire up to 70% of the project for an investment of up to US\$45 million. Following an initial investment of US\$16 million in October 2016 by CD Capital the Company currently holds a 49% interest in the Los Calatos Project.

In Chile, the Company has three projects, the most advanced of which are the Mollacas (copper leach) and Vallecillo (polymetallic) projects, both of which have mineral resources that have been reported in accordance with the JORC Code (2004 Edition). The remaining project, Loica, is a large, early stage, copper-molybdenum porphyry project.

#### Strategy

Metminco's growth strategy is to become a gold producer in the near term whilst maintaining a longer term interest in gold and copper within South America, in particular Colombia, Peru and Chile. To this effect, the Company purchased the Quinchia Gold Portfolio in Colombia in June 2016 which includes the Miraflores, Dosquebradas, Tesorito and Chuscal projects.

The Company seeks to deliver growth in long term shareholder value by progressing the following objectives:

- Advance the feasibility study on the Miraflores Project with an expected completion date for the feasibility study by the end of the first half of 2017. The Miraflores Project is expected to produce 50,000 oz Au per annum over a life of mine of 9 years. Current estimate for commencement of construction is during the second quarter of 2018.
- Enhance anticipated future gold production from the Miraflores Project through exploration and development of high potential prospects in the Quinchia Gold Portfolio.
- With CD Capital, advance the Los Calatos Project through pre-feasibility and feasibility studies realising significant value for shareholders in this world class asset and taking advantage of strong copper fundamentals.

Metminco retains a 100% interest in a portfolio of gold, copper and other base metal projects that are located within well-constrained metallogenic belts associated with the Andean Cordillera in Chile which have the potential to contribute significantly to shareholder value in the future.

#### Operating jurisdictions

In Colombia, the gold industry is gaining momentum with a number of new EIA licences being issued to companies such as AngloGold Ashanti, B2Gold and Continental Gold for the development of three new open pit and underground mines, while Red Eagle Mining, a Canadian listed company, recently completed the construction of a new mine and processing facility at San Ramon, north of Medellin in Colombia (Figure 1).

## DIRECTORS' REPORT

Both Chile and Peru have substantial mineral extraction industries, developed over many decades, and both countries are major producers of copper. It is estimated that in 2016 Chile and Peru hosted 40% of the world's copper reserves, and produced some 42% of the world's copper.

Colombia, Peru and Chile offer favourable jurisdictions for exploring and developing mineral projects with Colombia now attracting significant investor interest.

### Quinchia Gold Portfolio (Colombia)

In June 2016, Metminco completed the purchase of Miraflores Compania Minera SAS, a Colombian company, from RMB Resources Australia Pty Ltd. Miraflores Compania Minera owns 100% of the Quinchia Gold Portfolio which includes the Miraflores Gold Project and the Dosquebradas, Tesorito and Chuscal targets located near the Miraflores Project, which present significant upside potential.

**Figure 1: Location of the Quinchia Gold Portfolio and surrounding operating mines.**



The Miraflores Project has Measured and Indicated Mineral Resources of 9.27mt at 2.82g/t Au and 2.77g/t Ag (840,000 oz Au and 825,000 oz Ag) and Inferred Resources of 0.5mt at 2.36g/t Au and 3.64g/t Ag at a cut-off grade of 1.20 g/t Au. The resources are based on 25,884 meters of drilling in 73 diamond drill holes and 236 meters of underground channel samples. This includes 3,624m in 10 holes carried out by AngloGold Ashanti and B2Gold in 2006-2007. These resources have been reported in accordance with JORC Code (2012 Edition).

**Table 1. JORC Mineral Resource (1.2 g/t Au cut-off)**

Resource	Mt	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Measured	2.96	2.98	2.50	283	237
Indicated	6.311	2.74	2.90	556	588
<b>Total (M&amp;I)</b>	<b>9.27</b>	<b>2.82</b>	<b>2.77</b>	<b>840</b>	<b>825</b>
Inferred	0.49	2.36	3.64	37	57

## DIRECTORS' REPORT

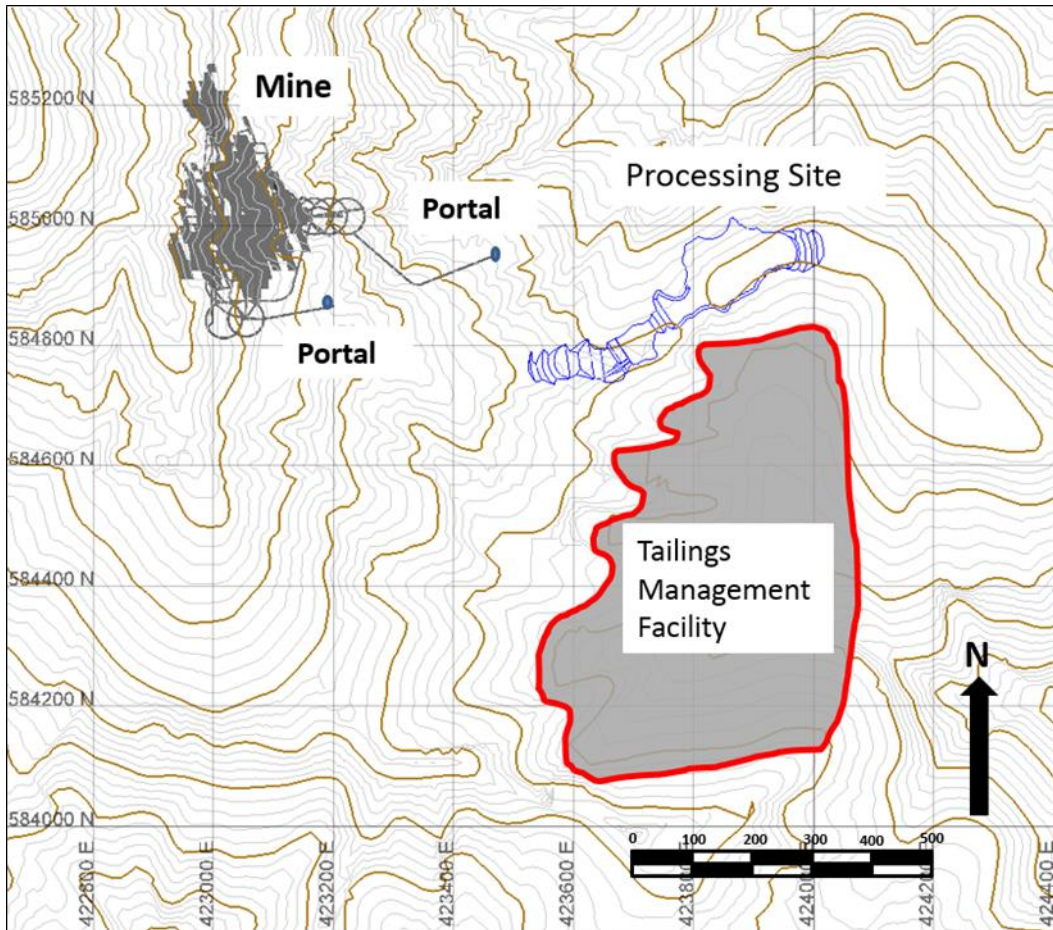
The Miraflores Project represents a near-term gold development opportunity. A Scoping Study undertaken by SRK Consulting U.S. Inc (SRK) and announced 8 September 2016 focussed on an underground operation producing 50,000 ounces of gold per annum for 9 years, the essence of which is summarised below, noting however that the work completed by SRK referenced here does not provide the detail required to meet NI 43-101 or JORC 2012 compliant Ore Reserves:

- The Miraflores Project has a Measured and Indicated Mineral Resource of 9.27 million tonnes at 2.82g/t gold and 2.77g/t silver at cut-off grade of 1.2g/t Au (Table 1)
- SRK refined the prior underground mine design and associated mining schedule, in addition to updating operating and capital costs to Q3 2016 US dollars.
- The mining schedule produces 4.03 million tonnes at a mined grade of 3.51g/t Au and 2.84g/t Ag (including a low-grade stockpile) over a mine life of 9 years, producing approximately 50,000oz of recovered gold per annum at steady state (Table 2)
- Initial Capital: US\$81 million (including US\$14 million in contingencies)
- Life of Mine capital: US\$98 million
- Life of Mine C1 cash costs: US\$555/oz
- Life of Mine AISC costs: US\$648/oz
- EBITDA: US\$31.7 million per annum over 9 years
- NPV (after tax): US\$73.4 million @ 8% discount rate
- IRR (after tax): 26%
- Payback: 2.8 years
- Gold price: US\$1,300/oz

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

**Table 2. Target Tonnes Milled**

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

**DIRECTORS' REPORT****Figure 2: Miraflores Site Layout**

Source : SRK

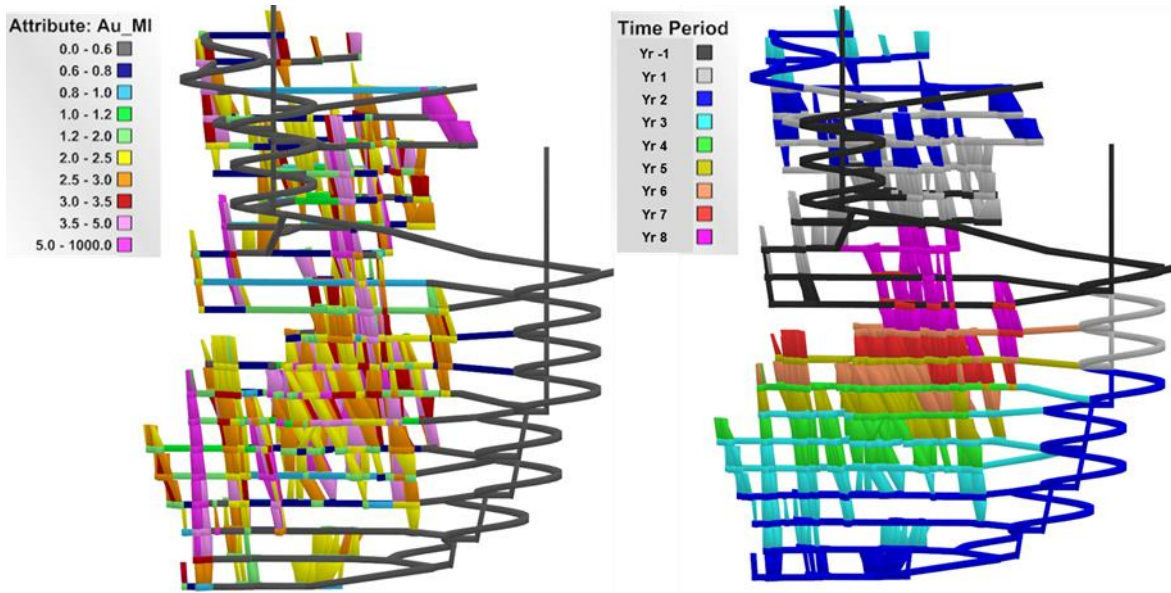
Following completion of the Scoping Study the Company commenced a feasibility study targeting 50,000 oz/Au per annum for an initial mine life of 9 years.

The feasibility study work encompasses a processing facility and supporting infrastructure for the Miraflores Project at a treatment capacity of approximately 500,000 tonnes of underground ore per annum, to produce approximately 50,000oz/Au per annum (Figure 3).

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

## DIRECTORS' REPORT

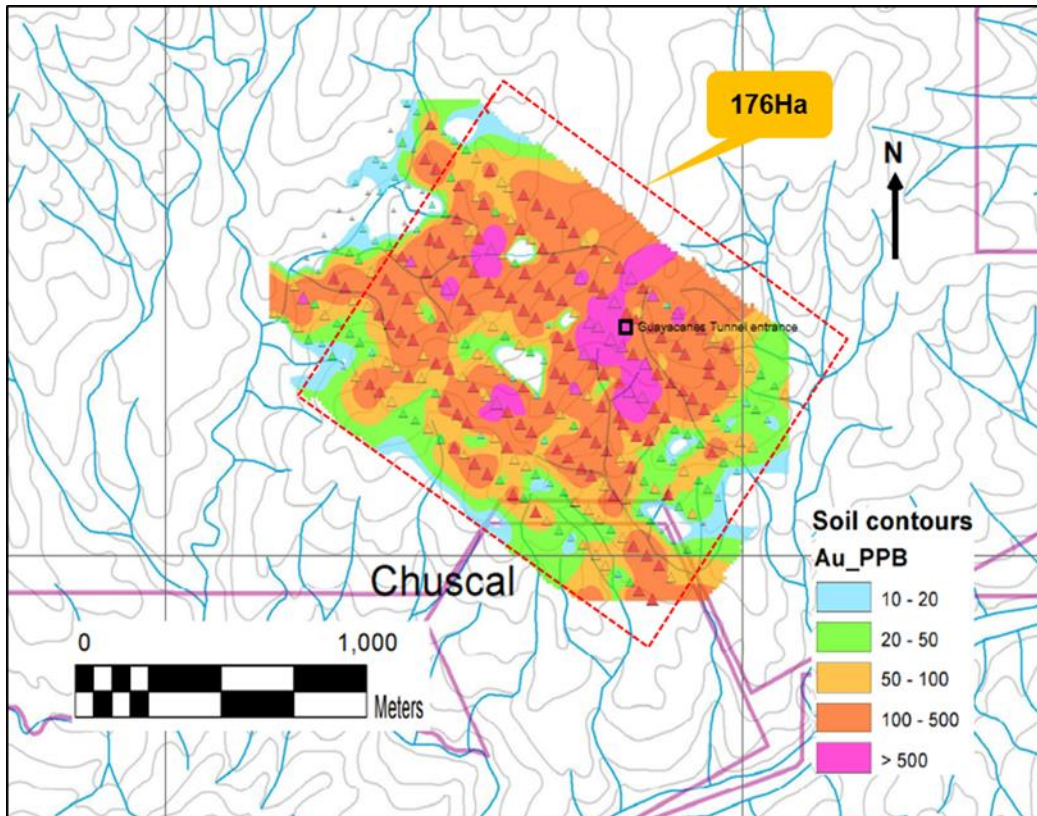
Figure 3: Underground mine design (September 2016)



### Significant Potential Upside

Targets such as Tesorito, where a large gold porphyry system has been identified with drill hole TS-DH-02 returning an intercept of 384 metres @ 1.01 g/t gold, 0.9 g/t silver and 0.08% copper from surface, Chuscal, where significant gold mineralisation has been identified (Figure 4) and the Dosquebradas deposit which has Inferred Mineral Resources of 0.98m oz Au at a 0.20g/t Au cut-off potentially enhance gold production and proposed mine life significantly.

Figure 4: Chuscal soil geochemistry



## DIRECTORS' REPORT

### Los Calatos Project (Peru)

The Company's Peruvian copper project, Los Calatos, is located in southern Peru near, and in a similar geological setting to, three large operating open pit copper-molybdenum mines, namely, Cerro Verde, Cuajone and Toquepala.

**Figure 5: Location of Los Calatos and surrounding operating mines.**



In January 2013, the Company released a mineral resource update for Los Calatos of 1,342 million tonnes at 0.47% Cu and 230 ppm Mo at a 0.15% Cu cut-off grade based on the drilling results of four phases of drilling (Phase 1: 6,385m; Phase 2: 9,100m; Phase 3: 35,897m and Phase 4: 65,677m). This was in addition to the prior drilling conducted by Phelps Dodge and Barrick Gold Corporation (8,317m), total 125,376 metres of drilling (135 drill holes).

The Company undertook further optimisation studies including completion of a detailed re-logging program of the Los Calatos diamond drill core in early 2015 aimed at better constraining, and quantifying, the high-grade Cu and Mo zones developed within the Los Calatos Porphyry Complex, which was followed by the completion of a detailed geological model and revised mineral resource estimate. SRK Consulting (Chile) S.A. completed the mineral resource estimate in accordance with the guidelines of the JORC Code (2012 Edition) in June 2015, which totals 352 million tonnes at 0.76% Cu and 318 ppm Mo at a 0.50% Cu cut-off grade, inclusive of all mineral resource categories.

With the completion of a new 3D Block Model in support of the mineral resource estimate, RPM were requested to complete a Strategic Mining Study on the Los Calatos deposit, using as its reference base the updated 3D Block Model. A key scope in this regard was to evaluate the project as a high grade, low tonnage, operation that could deliver approximately 50,000 tonnes of copper in concentrate per annum at a milling rate of 6.0 to 6.5 Mtpa.

The results of this Mining Study, which was announced 21 September 2015, included:

- Mineable Quantity of 134.3Mt at 0.89% Cu and 0.036% Mo;
- Short lead time to production with a forecast construction period of 18 to 24 months and mining commencing 150 metres below surface;
- Average Life of Mine (LoM) production of 50,000tpa copper in concentrate for 22 years;
- LoM C1 cash operating costs after by-product credits of US\$1.29/lb;
- Pre-production capital expenditure of US\$655 million.
- LoM copper production of 1,100,000 tonnes in concentrate (2.4 billion lbs);

## DIRECTORS' REPORT

- LoM by-product credits of US\$0.40/lb payable copper;
- LoM EBITDA of US\$3.82 billion;
- NPV at 8% discount rate of US\$447 million (ungeared);
- IRR 16.6% (ungeared); and
- Payback period of 4.85 years.

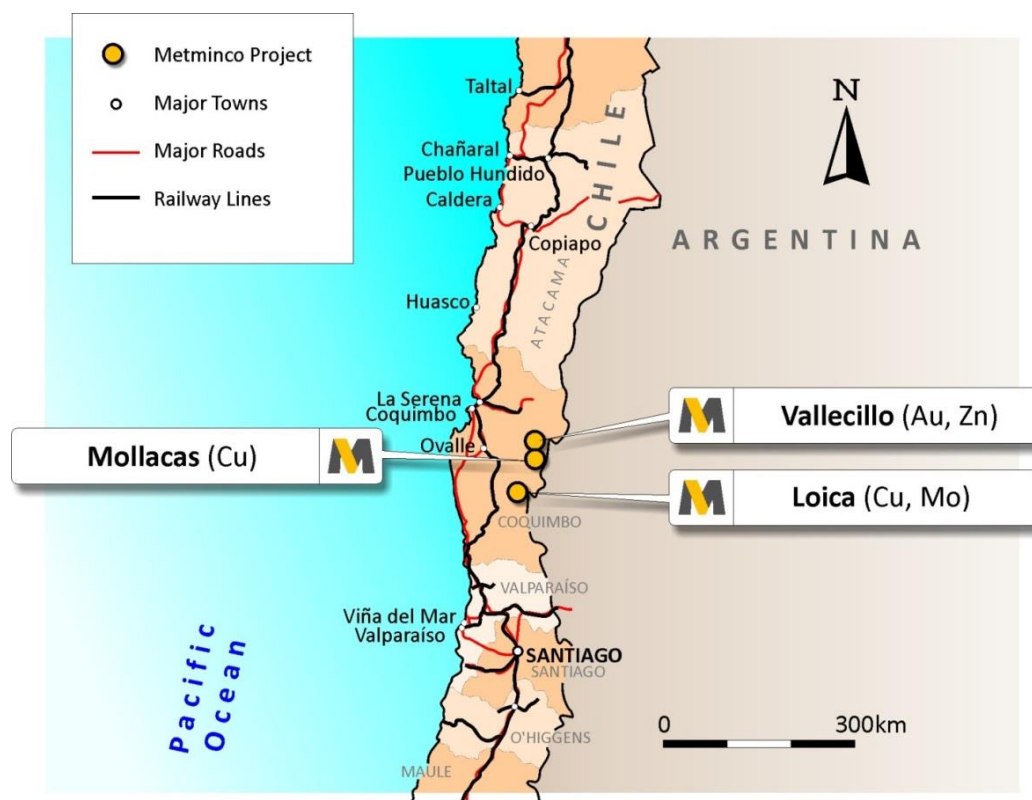
In October 2016 the Company concluded an agreement with CD Capital whereby CD Capital will invest up to US\$45 million in the project to earn a 70% interest and deliver a feasibility study for Los Calatos.

As per the agreement with CD Capital, the Company will use its best endeavours to distribute at least 90% of its holding in Hampton Mining (a wholly owned subsidiary which will hold the group's interest in the Los Calatos Project) to its shareholders.

### Chile

In Chile, the Company maintains its Mollacas, Loica and Vallecillo projects on a care and maintenance basis (Figure 6). The Mollacas and Vallecillo (gold-zinc) projects have mineral resources classified in accordance with the JORC Code (2004 Edition).

**Figure 6: Location of Metminco's projects in Chile.**



### Mollacas

In July 2012, the Company announced an updated mineral resource estimate for the Mollacas Project of 15.5 million tonnes at a Cu grade of 0.51% (using a 0.2% Cu cut-off grade), which is amenable to leaching (Copper Leach Project). The total contained leachable copper is 79,111 tonnes, of which 61,650 tonnes is soluble. Following the conclusion of additional metallurgical testwork, as well as revised operating and capital cost estimates, the Company updated a prior Scoping Study (completed by SRK Consulting [Chile] S.A. in 2008) in March 2014, the results of which support robust economics for the project as an open pit, heap leach, solvent

## DIRECTORS' REPORT

extraction - electrowinning operation. Given these encouraging results, it was disappointing that in late March 2014, the IV Region Court of Appeal overturned a 2011 judgement by the First Court of Ovalle which had granted the Company the right to mine the Mollacas deposit.

The Group 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 is continuing to assess avenues for the development of the project.

### **Vallecillo**

The in-fill drill program completed at the Vallecillo Project (La Colorada deposit) in 2012 has, in conjunction with the prior drilling results, formed the basis of the current geological model for the La Colorada deposit. In reviewing the geological model, and the associated style of mineralisation, it became clear that further refinement of the model was required, which necessitated the sampling of previously un-sampled zones, and additional geological analysis of the drill core. In October 2012 SRK Consulting (Chile) S.A. completed a further mineral resource estimate comprising 8.86 million tonnes at a Au grade of 0.80g/t, Ag grade of 9.94g/t, Zn grade of 1.01%, Cu grade of 0.07% and Pb grade of 0.32% (using a 0.2g/t Au cut-off). A Preliminary Economic Assessment of the project in 2013 indicated that additional mineral resources need to be identified to develop an economically viable mining operation at current metal prices.

No exploration work was undertaken during the reporting year. The Company does not plan to undertake any work during the forthcoming year

### **Loica**

Metminco's other Chilean project, namely the Loica Project, is regarded as an early stage exploration project, where limited exploration work has served to identify anomalous occurrences of copper and molybdenum, that have yet to be assessed by follow-up geophysical and drilling programs.

No exploration work was undertaken during the reporting year. The Company does not plan to undertake any work during the forthcoming year



**DIRECTORS' REPORT****APPENDIX 1****Mineral Resources**

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

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

**Miraflores Project****Table 1:** Mineral Resource Statement, March 2017.

Classification	Tonnes (000's)	Au (g/t)	Ag (g/t)	Oz Au (000's)	Oz Ag (000's)
Measured	2,958	2.98	2.49	283	237
Indicated	6,311	2.74	2.90	557	588
<b>Measured &amp; Indicated</b>	<b>9,269</b>	<b>2.82</b>	<b>2.77</b>	<b>840</b>	<b>826</b>
Inferred	487	2.36	3.64	37	57

Note:

- i) Reported at a 1.2g/t gold % Cu cut-off.
- ii) Mineral Resource estimated by Metal Mining Consultants Inc.
- iii) Rounding may result in minor discrepancies.

**Los Calatos Project****Table 2:** Mineral Resource Statement, June 2015.

Resource Classification	Tonnes (million)	Cu (%)	Mo (ppm)
Measured	72.8	0.73	513
Indicated	63.7	0.73	345
<b>Total Measured &amp; Indicated</b>	<b>136.5</b>	<b>0.73</b>	<b>434</b>
Inferred	215.8	0.78	244

Prepared by SRK Consulting (Chile) S.A

Note:

- iv) Reported at a 0.50% Cu cut-off.
- v) Mineral Resource estimated by SRK Consulting (Chile) S.A.
- vi) Rounding may result in minor discrepancies.

**DIRECTORS' REPORT****Table 3: Los Calatos Project: Mineral Resources by copper cut-off grade - SRK Consulting (Chile) S.A (June 15, 2015).**

Cut-off Cu (%)	Measured			Indicated			Total M + I			Inferred		
	Tonnes (Mt)	Cu (%)	Mo (ppm)	Tonnes (Mt)	Cu (%)	Mo (ppm)	Tonnes (Mt)	Cu (%)	Mo (ppm)	Tonnes (Mt)	Cu (%)	Mo (ppm)
0.00	646	0.23	170	1,251	0.17	74	<b>1,898</b>	<b>0.19</b>	<b>107</b>	2,788	0.21	75
0.05	525	0.28	204	1,008	0.21	89	<b>1,533</b>	<b>0.23</b>	<b>128</b>	2,299	0.25	87
0.10	420	0.34	247	709	0.26	116	<b>1,128</b>	<b>0.29</b>	<b>165</b>	1,814	0.29	103
0.15	345	0.38	287	499	0.32	146	<b>844</b>	<b>0.34</b>	<b>204</b>	1,352	0.35	123
0.20	285	0.42	323	361	0.38	174	<b>646</b>	<b>0.40</b>	<b>239</b>	1,045	0.40	141
0.25	231	0.47	355	261	0.43	202	<b>491</b>	<b>0.45</b>	<b>274</b>	788	0.46	162
0.30	183	0.52	387	187	0.50	234	<b>371</b>	<b>0.51</b>	<b>310</b>	564	0.53	190
0.35	145	0.58	422	135	0.56	267	<b>280</b>	<b>0.57</b>	<b>347</b>	423	0.60	210
0.40	114	0.63	460	101	0.63	296	<b>215</b>	<b>0.63</b>	<b>382</b>	327	0.66	228
0.45	90	0.68	489	80	0.68	323	<b>170</b>	<b>0.68</b>	<b>411</b>	265	0.72	235
0.50	73	0.73	513	64	0.73	345	<b>137</b>	<b>0.73</b>	<b>434</b>	216	0.78	245
0.55	59	0.79	532	52	0.78	363	<b>110</b>	<b>0.78</b>	<b>452</b>	177	0.83	253
0.60	47	0.84	545	42	0.83	374	<b>89</b>	<b>0.83</b>	<b>464</b>	147	0.88	258
0.65	38	0.89	556	34	0.88	382	<b>72</b>	<b>0.88</b>	<b>473</b>	122	0.94	257
0.70	31	0.94	566	28	0.92	393	<b>59</b>	<b>0.93</b>	<b>483</b>	99	1.00	261
0.75	25	0.99	572	23	0.97	405	<b>48</b>	<b>0.98</b>	<b>492</b>	81	1.06	259
0.80	20	1.04	581	19	1.00	412	<b>39</b>	<b>1.02</b>	<b>499</b>	66	1.12	257
0.85	16	1.09	593	16	1.04	422	<b>32</b>	<b>1.07</b>	<b>509</b>	55	1.18	250
0.90	13	1.14	603	13	1.08	426	<b>26</b>	<b>1.11</b>	<b>516</b>	47	1.24	243
0.95	10	1.20	625	10	1.13	441	<b>20</b>	<b>1.17</b>	<b>536</b>	39	1.30	236
1.00	8	1.26	650	7	1.18	461	<b>16</b>	<b>1.22</b>	<b>561</b>	33	1.36	232

**DIRECTORS' REPORT****Mollacas Project****Table 4:** Mineral Resource Statement, July 2012 (Copper Leach Project – Oxides & Secondary Sulphides).

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

Note:

- i) Reported at a cut-off of 0.20% Cu.
- ii) Mineral Resource estimated by SRK Consulting (Chile) S.A.
- iii) Rounding may result in minor discrepancies.

**Vallecillo Project (La Colorada deposit)****Table 5:** Mineral Resource Statement, October 2012.

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

Note:

- i) Reported at a cut-off of 0.20g/t Au.
- ii) Mineral Resource estimated by SRK Consulting (Chile) S.A.
- iii) Rounding may result in minor discrepancies.

## **DIRECTORS' REPORT**

### **Competent Person's Statement**

#### **Metminco**

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

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

#### **SRK Consulting (Chile) S.A.**

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

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

#### **Metal Mining Consultants Inc.**

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

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

#### **RungePincockMinarco**

RungePincockMinarco ("RPM") is the world's largest publicly listed independent group of mining technical experts, with a history going back to 1968.

Listed on the Australian Securities Exchange on 27 May 2008 (ASX: RUL), RPM is a global leader in the provision of advisory consulting, technology and professional development solutions to the mining industry.

The RPM global team of more than 200 specialist advisors and mining consultants is regarded as one of the most experienced and trusted teams in the industry, with wide-ranging operational and technical expertise across commodities, continents and mining methods.

Further, the RPM global team's knowledge base has been gained through the conduct of work in over 118 countries, and their approach to the business of mining is strongly grounded in economic principles.

The company's cutting-edge mining software technology has been at the forefront for more than 30 years and continues to be sought after globally for mine planning including scheduling, simulation and financial analysis solutions. Their software continues to be used by miners, mining contractors, financial institutions and other service providers to the mining sector.

At present, RPM operate offices in 20 locations across 12 countries on five continents.

In accordance with Metminco's requirements, RPM conducted a strategic mining study to evaluate alternative high grade development scenarios for Los Calatos Project based upon the Mineral Resources estimate completed by SRK Consulting (Chile) S.A. in June 2015.

## DIRECTORS' REPORT

The review was conducted under the direction of Mr David Pires, Bsc, Msc, GCert. Mr Pires is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of RPM as Regional Consulting Manager – Latin America.

RPM certify that the results reported by Metminco correspond to those obtained by RPM in the conduct of their study on Los Calatos entitled "Strategic Mining Study - Los Calatos" dated 14 September 2015.

*The reader is cautioned that the actual operating costs, production and economic returns may differ materially from those anticipated by the Strategic Mining Study, and depend on a variety of factors, some of which are outside the control of RPM.*

### Forward Looking Statement

All statements other than statements of historical fact included in this report including, without limitation, statements regarding future plans and objectives of Metminco are forward-looking statements. When used in this report, 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 report, 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 report 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 report, except where required by applicable law and stock exchange listing requirements.

### Corporate

The Consolidated Group reported an after tax loss for the year ended 31 December 2016 of A\$124,100,870 (2015: loss of \$49,070,767), including a loss of A\$121,540,173 on the loss of control of the Group's investment in Los Calatos Holding Limited. The loss has been determined by reference to the see-through value of the CD Capital Transaction in accordance with applicable accounting standards which do not take into consideration the potential uplift in value of the Los Calatos Project on completion of a feasibility study and that in making its decision to invest, CD Capital anticipates a return significantly higher than their initial investment.

During the period, the Company incurred expenditure in relation to transitioning the Company towards being a gold producer in the near term whilst retaining a significant interest in copper through its Los Calatos Project and its wholly owned Chilean assets. Care and maintenance and legal costs at the Company's Chilean projects, Mollacas, Vallecillo and Loica and discontinued licences in Colombia were written off (A\$407,300). As well the Company incurred normal overhead costs associated with corporate governance, compliance, and maintenance of ASX and AIM listings.

### 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. 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.

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

- (i) Payment of A\$1.3 million (A\$1 million initial payment plus A\$0.3 million in reimbursement of operating expenditure prior to completion) on 20 June 2017;
- (ii) Second payment of A\$1.0 million on 20 June 2018;

## DIRECTORS' REPORT

- (iii) Third payment of A\$3.0 million on the earlier of (a) a decision to mine at the Quinchia Gold Portfolio; and (b) on 20 June 2019;
- (iv) Fourth payment of A\$2.0 million on the earlier of (a) a decision to mine at the Quinchia Gold Portfolio; and (b) 20 June 2020; and
- (v) A maximum of A\$7 million in royalty payments to RMB from operating cashflows.

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

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.

Late October 2016 CD Capital subscribed for US\$16 million worth of new shares in Los Calatos Holding Ltd (LCH) equivalent to 51% of the company (Tranche 1). Under the subscription agreement CD Capital will have the option to subscribe for additional shares in LCH over two additional Tranches of US\$14.5 million each, which, subject to being exercised in full would increase CD Capital ownership of LCH to 65% after Tranche 2 and 70% after Tranche 3.

### Cash Position and Funding

During the year ended 31 December 2016, Metminco's cash position decreased from approximately A\$0.9 million to A\$0.1 million, excluding the Company's share of LCH cash reserves (A\$9.6 million) due to expenditure being greater than capital raisings of approximately A\$2.8 million after costs.

Expenditure for the year was focused on completion of the Scoping Study and 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 expenses in relation to completion of the acquisition of Miraflores Compania (owner of the Quinchia Gold Portfolio) and the CD Capital Transaction, drilling costs at its Los Calatos Project and care and maintenance costs on its other projects (Mollacas, Vallecillo and Loica) including annual licence fees, legal costs in relation to the equity investment by CD Capital in LCH, reimbursement of costs to RMB on settlement, and overheads.

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 31 December 2016 the Company completed the funding agreement announced on 17 November 2016 where a total of 41,172,689 Shares (post consolidation of the Company's securities) were placed with institutions and sophisticated and professional investors at an issue price of A\$0.01185 (£0.07) per Share to raise approximately A\$4.85 million. A total of 4,252,858 Shares were placed with sophisticated and professional investors under ASX Listing Rule 7.1 and 7.1A in late November and early December 2016. The Company received approximately A\$1.5 million net of costs early February 2017 with the remaining funds of approximately A\$2.6 million to be received under the Lanstead Capital LP (Lanstead) funding facility on a monthly basis commencing April 2017 over a period of 18 months.

Details of fund raising during the year ended 31 December 2016 follow:

#### *April 2016 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.

## DIRECTORS' REPORT

### *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.

### *September 2016 Placement*

Late September 2016 a total of 422,222,222 new fully paid ordinary shares of the Company (Shares) were placed by SP Angel Corporate Finance LLP at a price of A\$0.00237 (£0.00135) to sophisticated and professional investors under ASX Listing 7.1 to raise approximately A\$1.0 (£0.57) million. The Placement was settled early October 2016.

### *Placing November 2016*

As announced on 17 November 2016 a total of 41,172,689 Shares were placed with institutions and sophisticated and professional investors at a price of A\$0.01185 (£0.07) per Share to raise approximately A\$4.85 million. A total of 4,252,858 Shares were placed with sophisticated and professional investors under ASX Listing Rule 7.1 and 7.1A in late November and early December 2016. The remainder were placed with Redfield Asset Management, William Howe, the Company's Managing Director and UK based investor Lanstead in January 2017 following shareholder approval and consolidation of the Company's securities. Share numbers and issue prices stated above have not been adjusted for the consolidation of securities in the ratio of 50:1 completed 4 January 2017.

### *March 2017 Convertible Notes*

Refer to events subsequent to reporting date for details of the March 2017 convertible notes.

### **Shares Issued in lieu of fees**

A total of 7,662,759 Shares equivalent to A\$30,000 were issued to LinQ Corporate Pty Ltd in settlement of corporate consulting fees.

### **Shareholder Meeting**

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

### **Share Consolidation**

Following the completion of the security consolidation on 4 January 2017 the Company had on issue 90,280,468 fully paid Shares and 100,000 unlisted options to acquire one share at A\$1.51 per Share on or before 1 August 2017.

### **Board Changes**

Tim Read, who held office as a Director of Metminco from 1 April 2010 and as Chairman from 16 March 2011 resigned 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 several companies in various sectors, including resources, technology and venture capital.

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

## DIRECTORS' REPORT

### Significant Changes in State of Affairs

There are no significant changes in the state of affairs during the year other than as disclosed in this report.

### Dividends paid or recommended

No dividends were paid or declared during the year by the Company. The Directors do not recommend paying a final dividend for the year ended 31 December 2016.

### Events subsequent to reporting date

Matters that have arisen in the interval between the end of the year ended 31 December 2016 and the date of this report of a material or unusual nature are as follows:

- The consolidation of the Company securities on the basis of 50:1 was completed on 4 January 2017. On completion of the consolidation the Company had on issue 90,280,468 Shares and 100,000 unlisted options to acquire one share at A\$1.51 per Share on or before 1 August 2017.
- The Company completed the second tranche of the placement of approximately A\$4.85 million (the Capital Raising) announced 17 November 2016. A total of 41,172,689 Shares were placed in two tranches with institutions and sophisticated and professional investors at a price of A\$0.1185 (£0.07) per Share to raise approximately A\$4.85 million before costs.
- On 14 March 2017 the Company announced an updated and improved mineral resource estimate for the Miraflores gold deposit in Colombia prepared by MMC based in Denver, USA, in accordance with the guidelines of the JORC Code (2012 Edition). This updated mineral resource estimate, which was undertaken to provide the basis of the detailed mine plan for the Miraflores Feasibility Study, replaces the previous JORC (2012) statement completed by MMC that was released to the market on 21 July 2016.

The new JORC 2012 Mineral Resource Estimate represents an increase in gold contained in the measured and indicated ("M&I") resource and inferred resource categories.

- Measured Mineral Resources of 2.95Mt @ 2.98g/t Au and 2.5g/t Ag
  - Indicated Mineral Resources of 6.31Mt @ 2.74g/t Au and 2.9g/t Ag
  - Measured and Indicated Mineral Resources of 9.27Mt @ 2.82g/t Au and 2.77g/t Ag
  - Inferred Mineral Resources of 0.49Mt @ 2.36g/t Au and 3.64g/t Ag
  - Total M&I Resources contain 840,000ozs Au and 826,000ozs Ag (using a 1.2g/t Au cut-off grade)
- Effective 20 March 2017 Mr Ram Venkat was appointed as a Non-Executive Director of the Company, Ram was nominated by Metminco's 8.62% shareholder, Redfield Asset Management Pty Limited. Mr. Venkat is a seasoned capital markets executive who has worked across the Investment Banking, Equity Capital Markets, Mergers & Acquisitions and multi-asset Structuring groups at several global investment banks. Most recently, Ram was a Director at a leading Australian investment bank, and prior to that Citigroup Global Markets where he was responsible for structuring funding solutions and providing capital structuring advice to corporate clients. Ram combines the knowledge and skillset of an engineer, his extensive experience in investment banking and his record of working with companies to achieve sustainable profitability, coupled with his experience in financial structuring and corporate oversight, to bring valuable and differentiated skills to the board room.
- On 31 March 2017 the Company announced that it had signed a binding term sheet with Redfield Asset Management and Redfield Advisory (together Redfield) to provide a convertible note facility of A\$0.75 million (the Convertible Notes). Key terms of the Convertible Notes, which are fully underwritten by Redfield, are:

Face Value:	A\$750,000
Coupon Rate:	12.5% per annum, compounded monthly interest to be capitalised
Conversion:	No later than 12 months from date of issue at which time the Convertible Notes and capitalised interest automatically convert to fully paid ordinary shares (shares) at the Conversion Price
Conversion Price	\$0.06075
Options Granted:	i) 12,345,639 exercisable at \$0.081 per Share any time prior to 12 months from date of issue



## DIRECTORS' REPORT

- ii) 12,345,639 exercisable at \$0.081 per Share any time prior to 12 months from date of issue as soon as the Company's available placement capacity under ASX Listing Rule 7.1 is refreshed

Funding: A\$100,000 to be received by the Company on 3 April 2017, and the remainder to be received in tranches, A\$100,000 on 7 April 2017, \$100,000 on 17 April 2017 and the remainder expected to be received on 24 April 2017 but in any case no later than 12 May 2017 subject to limited due diligence and long form documentation.

Underwriting Fee: 4.5% of Face Value

The proceeds from the Convertible Notes will be applied toward the Miraflores Gold Project Feasibility Study and working capital. Lanstead Capital LP which has a funding facility with the Company in place has consented to this Convertible Notes transaction as set out in the binding term sheet.

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.

### Likely future developments

The Group will continue exploration activities and further advancement of mineralised deposits in South America with a view to becoming a gold producer in the near term.

### Environmental regulations

The Group's operations are subject to significant environmental regulations under the laws of Australia, Colombia, Chile and Peru. The Directors are not aware of any breaches of the legislation during the year that are material in nature.

## DIRECTORS' REPORT

### Information on Directors

<b>Phillip Wing</b>	Non Executive Chairman (appointed Non Executive Chairman effective 27 July 2016)
QUALIFICATIONS	PhD, MEc, BEc, CA
EXPERIENCE	Appointed on 17 July 2009, Phillip is the Executive Chairman of a number of special purpose private equity firms. He is currently Chairman of a family office private equity fund and non-executive Director of six investee companies ranging from mining to medical devices. Until January 2006, Phillip was for 7 years a partner of Technology Venture Partners (TVP), a specialist Institutional Information Technology and Telecommunications venture capital firm, and was an active non-executive director on many of TVP's portfolio companies in Australia and overseas. Prior to joining TVP, Phillip was a senior executive in IBM's global and Asia Pacific management team. He held responsibility for a major industry business unit in Asia and was also General Manager of the IBM (Australia and New Zealand) consulting business. His last role in IBM was as General Manager (Global Services) responsible for strategy, marketing and business development including acquisitions, alliances and business partners. Prior to his career at IBM, Phillip was a partner at Ernst and Young, KPMG Peat Marwick and Touche Ross, specializing in strategy and IT and corporate advisory consulting. Phillip held managing partner roles responsible for the consulting business units and spent two years on secondment as the Chief Information Officer of NSW Health. Phillip has worked extensively in the USA, Asia, and Europe. He has a Bachelor and Masters of Economics and has completed a PhD in Organisational Change. He is a member of the Institute of Chartered Accountants, and also an adjunct lecturer with the Centre for Applied Finance (Macquarie University).
INTEREST IN SHARES AND OPTIONS	584,583 ordinary shares in Metminco Limited (post security consolidation).
SPECIAL RESPONSIBILITIES	Chairman of the Remuneration and Nomination Committee and member of the Audit and Risk Committee and.
<b>William Howe</b>	Managing Director
QUALIFICATIONS	B.Sc. FAusIMM
EXPERIENCE	Appointed as a Director on 17 July 2009 and Managing Director on 8 December 2010. William, the founder of Hampton Mining Limited, has over 30 years experience in the mining industry and has worked in Southern and West Africa, Asia, Australia and the USA. He has been instrumental in the development of a number of new mining operations in Australia and Indonesia including the development and management of the first copper heap leach project in Australia, and an open pit coal mine in South East Kalimantan in Indonesia. He specializes in optimising existing operations and the development of new operations in both underground and open pit mining environments and has extensive experience in mine development, mine management and corporate management. He has worked in many geological and mining environments in several countries around the world and in such commodities as gold, coal, copper, uranium, antimony, chrome and tin. William was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL, Selwyn Mines Limited and Hampton Mining Limited.
INTEREST IN SHARES AND OPTIONS	3,365,743 ordinary shares in Metminco Limited (post security consolidation including shares issued after balance date).
<b>Roger Higgins</b>	Non Executive Director
QUALIFICATIONS	BE, MSc, and PhD
EXPERIENCE	Roger was appointed to the Board in October 2013. He has over 40 years of mining industry experience, which has included environmental, strategy, project development and operational roles.  Roger's earlier career included various hydrology related positions in Papua New Guinea (Australian Government and Bougainville Copper), and four years at the University of New South Wales, where he completed a PhD in water resource economics. He subsequently spent 26 years with BHP including roles as Manager Planning and Development BHP

## DIRECTORS' REPORT

Copper, General Mine Manager Escondida, Managing Director Ok Tedi, Vice President Project Development Chile, and Vice President and Chief Operating Officer Australia, responsible for the Olympic Dam and Cannington mines. Thereafter he spent five years with Teck Resources Limited as Senior Vice President Copper in Vancouver BC where he lead operations and related activities in Canada, Chile and Peru.

He is a non-executive Director of Ok Tedi Mining Ltd, Newcrest Mining, and Minotaur Exploration (Chairman from 1 January 2017), Chairman of the International River Foundation, and an Adjunct Professor with the Sustainable Minerals Institute at the University of Queensland. Professional Societies include Fellow, Institution of Engineers, Australia and Fellow, Australasian Institute of Mining and Metallurgy.

INTEREST IN SHARES AND OPTIONS	263,770 ordinary shares in Metminco Limited (post security consolidation).
SPECIAL RESPONSIBILITIES	Chairman of the Safety, Health and Sustainable Development Committee and Chairman of the Audit and Risk Committee.

### **Francisco Vergara-Irarrazaval**

Non Executive Director

#### QUALIFICATIONS

Law Degree from the Catholic University of Chile.

Fulbright Scholar and undertook graduate studies in the Institute of International and Foreign Trade Law of Georgetown University, Washington D.C. and at the Law School of Cornell University, Ithaca, New York.

#### EXPERIENCE

Appointed on 1 April 2010, Francisco has over 30 years experience in the mining industry in Chile and other Latin American countries where he was Vice President of Compania Minera El Indio and Compania Minera San Jose, subsidiaries of St. Joe Minerals Corporation until 1991. In 1991, he established Vergara & Cia, Law Firm, providing legal services to different mining companies and international engineering firms focused in natural resources, energy, shipping and agriculture. Vergara has also acted for foreign governments through their embassies in Chile and as Director of listed companies and Chairman and Director of a number of unlisted companies.

INTEREST IN SHARES AND OPTIONS	1,277,800 ordinary shares in Metminco Limited (post security consolidation).
SPECIAL RESPONSIBILITIES	Member of the Audit and Risk, Remuneration and Nomination and Safety, Health and Sustainable Development Committees.

### **Ram Venkat**

Non Executive Director

#### QUALIFICATIONS

BASc degree in Electrical & Computer Engineering from the University of Toronto, and an M.B.A. from the Rotman School of Management at the University of Toronto (summa cum laude).

#### EXPERIENCE

Appointed on 20 March 2017, Ram is a seasoned capital markets executive who has worked across the Investment Banking, Equity Capital Markets, Mergers & Acquisitions and multi-asset Structuring groups at several global investment banks. Most recently, Ram was a Director at a leading Australian investment bank, and prior to that at Citigroup Global Markets where he was responsible for structuring funding solutions and providing capital structuring advice to corporate clients. Ram combines the knowledge and skillset of an engineer, his extensive experience in investment banking and his record of working with companies to achieve sustainable profitability, coupled with his experience in financial structuring and corporate oversight, to bring valuable and differentiated skills to the board room.

INTEREST IN SHARES AND OPTIONS	No beneficial interest.
SPECIAL RESPONSIBILITIES	To be determined as at the date of this report Ram had only recently been appointed to the Board.

## DIRECTORS' REPORT

### Company Secretary

**Philip Killen** Chief Financial Officer/Company Secretary

QUALIFICATIONS B.Maths/B.Com, CPA

EXPERIENCE Appointed as the Secretary on 31 October 2009. Philip is a finance professional with over 20 years' experience in the mining and exploration sector in various senior executive roles, including Financial Controller of Plutonic Resources Limited and Chief Financial Officer of Otter Gold Mines Limited. Philip was with the Caltex Group for over 10 years in various senior finance, audit and technology roles located in Australia and overseas. During his time with Caltex Philip was exposed to the coal mining industry through Caltex's ownership of the Bayswater colliery.

His experience includes fund raising, initial public offerings, financial modelling to support bankable feasibility studies, development of funding strategies, treasury, statutory, ASX and AIM compliance reporting, company secretarial, and implementation of commercial systems.

INTEREST IN SHARES AND OPTIONS 590,183 ordinary shares in Metminco Limited (post security consolidation).

### Meetings of the Board

The Board of Directors held 8 meetings during the year ended 31 December 2016. Attendances of Directors at these meetings are shown in the table below:

DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND BOARD MEETINGS
Phillip Wing	7	8
William Howe	8	8
Francisco Vergara – Irarrazaval	7	8
Roger Higgins	8	8
Timothy Read (resigned 27 July 2016)	5	5
Stephen Tainton (resigned 06 September 2016)	5	5

### Meetings of Board Committees

The number of board committee meetings held and the number of meetings attended by each director (who are members of board committees) during the year ended 31 December 2016 were as follows:

DIRECTOR	AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE		SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT COMMITTEE	
	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS
Francisco Vergara - Irarrazaval	2	2	-	-	-	-
Phillip Wing	2	2	-	-	-	-
Roger Higgins	1	1	-	-	-	-
Timothy Read	1	1	-	-	-	-

## DIRECTORS' REPORT

### Indemnification of Directors and Officers

Under the provisions of the Constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all costs expenses and liabilities incurred as an officer providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and is in respect of a liability for costs and expenses incurred in defending proceedings in which judgment is given in favour of the officer or in which the officer is acquitted or is granted relief under the Law.

The Company has paid premiums to insure the Directors and Officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in their capacity as officers of the Company other than conduct involving a wilful breach of duty in relation to the Company. The premiums amounted to A\$10,058 for the year ended 31 December 2016 (for the year ended 31 Dec 2015: A\$11,330).

### Indemnification of Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company.

### Options

At the date of this report, the unissued ordinary shares of Metminco Limited under option are as follows:

#### Unlisted Options

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
1 August 2014	1 August 2017	\$0.0302 (pre-consolidation)	5,000,000 (pre-consolidation)

Option holders do not have any right to participate in any issues of shares or other interests in the Company or any other entity. There have been no unissued shares or interests under option of any controlled entity within the Group during the reporting period. For details of options issued to directors and executives as remuneration, refer to the *Remuneration Report*.

### Non – audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees were paid or are payable to Grant Thornton for non-audit services provided during the year ended 31 December 2016.

### Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 31 December 2016 is set out on page 31, and forms part of this report.

### Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

## DIRECTORS' REPORT

### REMUNERATION REPORT (Audited)

#### Remuneration Policy

The remuneration policy of Metminco has been designed to align remuneration arrangements with strategic business objectives, empowering employees by differentiating top performers, whilst achieving simplicity and transparency in the design and communication of remuneration. Key management personnel are provided with a fixed remuneration component and specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of Metminco believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy is to be developed by the Remuneration and Nomination Committee and approved by the Board. The overriding responsibility of the Remuneration and Nomination Committee is to create the remuneration policies and practices that achieve the best value for shareholders. Pay and incentives have to be set at the right level to attract and retain good management and to fully incentivise outstanding management performance, but at levels that are in line with the sector in general, and that provide a fair return to shareholders.
- The Remuneration and Nomination Committee reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors. For the purposes of assessing the appropriate level of executive remuneration, the Remuneration and Nomination Committee references the McDonald & Company independent remuneration reports on the resources sector companies. The McDonald & Company reports are considered the most relevant source of comparator information as it comprises organisations broadly comparable to Metminco. Additional references are also made to other relevant supplementary comparator groups.

The performance of key management personnel is measured against criteria agreed with each executive. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Australian resident management personnel receive a superannuation guarantee contribution required by the Superannuation Guarantee legislation, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. All remuneration paid to key management personnel is valued at cost to the Company and expensed.

The Board's policy is to seek to remunerate non-executive directors at market rates for time, commitment and responsibilities taking into consideration the Company's financial position.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

There is currently no relationship between remuneration and the entity's performance due to the exploration phase of the entity.

#### Performance based Remuneration

The Company did not pay performance based remuneration to executive, non executive directors or any other key management personnel during 2016.

#### Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

**DIRECTORS' REPORT**

	POSITION HELD AS AT 31 DECEMBER 2016 AND ANY CHANGE DURING THE YEAR	CONTRACT DETAILS (DURATION & TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION RELATED TO PERFORMANCE		PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE		
			NON-SALARY CASH-BASED INCENTIVES	SHARES/ UNITS	OPTI ONS/ RIGH TS	FIXED SALARY/ FEES	TOTAL
			%	%	%	%	%
<b>Group Key Management Personnel</b>							
William Howe	Managing Director	Written Contract (6 months' notice)	–	–	–	100	100
Phillip Wing	Non Executive Chairman (appointed 27 July 2016)	No written contract	–	–	–	100	100
Tim Read	Chairman (resigned 27 July 2016)	No written contract	–	–	–	100	100
Francisco Vergara-Irarrazaval	Non Executive Director	No written contract	–	–	–	100	100
Philip Killen	CFO and Company Secretary	Written contract (6 months' notice)	–	–	–	100	100
Colin Sinclair	Consultant	Written contract (12 months & no termination notice)	–	–	–	100	100
Stephen Tainton	Executive Director (resigned 06 September 2016)	Written contract (6 months' notice)	–	–	–	100	100
Roger Higgins	Non Executive Director	No written contract	–	–	–	100	100

The employment terms and conditions of key management personnel are usually formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive with their contractual entitlements.

A contracted person employed on a permanent basis may terminate their employment in accordance with their contract by giving three month's prior written notice and by the Company by giving six month notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-Executive Directors are not subject to contracts. Termination payments are at the discretion of the Board.

**Changes in Directors and Executives Subsequent to 31 December 2016**

Mr Ram Venkat was appointed as a Non Executive Director on 20 March 2017. There were no other changes in Directors or Executives subsequent to 31 December 2016.

**Remuneration Details during the year ended 31 December 2016**

The following table of benefits and payments, in respect of the financial year details, the components of remuneration for each member of the key management personnel of the Consolidated Group.

**DIRECTORS' REPORT****Table of benefits and payments for key management personnel for the year Ended 31 December 2016:**

		SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		EQUITY-SETTLED SHARE-BASED PAYMENTS		CASH-SETTLED SHARED-BASED PAYMENTS	TERMINATION BENEFITS	TOTAL
		SALARY, FEES AND LEAVE	PROFIT SHARE AND BONUSES	NON-MONETARY	HOUSING ALLOWANCE	PENSION AND SUPER-ANNUATION	OTHER	INCENTIVE PLANS	LSL	SHARES/ UNITS	OPTIONS/ RIGHTS			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Group Key Management Personnel</b>														
William Howe	Dec 2016	207,498	-	-	-	17,502	-	-	-	-	-	-	225,000	
	Dec 2015	302,500	-	-	-	35,000	-	-	-	-	-	-	337,500	
Tim Read	Dec 2016	36,456	-	-	-	-	-	-	-	-	-	-	36,456	
	Dec 2015	93,750	-	-	-	-	-	-	-	-	-	-	93,750	
Phillip Wing	Dec 2016	63,540	-	-	-	-	-	-	-	-	-	-	63,540	
	Dec 2015	56,250	-	-	-	-	-	-	-	-	-	-	56,250	
Francisco Vergara-Irarrazaval	Dec 2016	37,500 *	-	-	-	-	-	-	-	-	-	-	37,500	
	Dec 2015	56,250	-	-	-	-	-	-	-	-	-	-	56,250	
Roger Higgins	Dec 2016	37,500	-	-	-	-	-	-	-	-	-	-	37,500	
	Dec 2015	56,250	-	-	-	-	-	-	-	-	-	-	56,250	
Stephen Tainton	Dec 2016	177,004	-	-	-	35,000	-	-	-	-	-	-	212,004	
	Dec 2015	241,000	-	-	-	35,000	-	-	-	-	-	-	276,000	
Philip Killen	Dec 2016	177,004	-	-	-	35,000	-	-	-	-	-	-	212,004	
	Dec 2015	221,000	-	-	-	35,000	-	-	-	-	-	-	256,000	
Colin Sinclair	Dec 2016	62,292	-	-	-	-	-	-	-	-	-	-	62,292	
	Dec 2015	131,150	-	-	-	-	-	-	-	-	-	-	131,150	
Gavin Daneel	Dec 2016	-	-	-	-	-	-	-	-	-	-	-	-	
	Dec 2015	44,167	-	-	-	5,833	-	-	-	-	-	150,000	200,000	
<b>Total Key Management Personnel</b>	<b>Dec 2016</b>	<b>798,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,502</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>886,296</b>	
	<b>Dec 2015</b>	<b>1,202,317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	<b>1,463,150</b>	

\* At the time of this report the Company has accrued AUD 25,000 in fees to Francisco Vergara for year ended 31 December 2016.

**Securities Received that are not Performance Related**

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

**Cash Bonuses, Performance-related Bonuses and Share-based Payments**

Executive directors and senior executives may be eligible to participate in an annual bonus based on performance of the Company and the executive's contribution thereto, as determined by the Remuneration Committee. The Company has not paid bonuses to executive directors and senior executives in 2016.

**Options and Rights Issued, Granted & Exercised**

There were no options or rights issued or granted as remuneration to directors and employees during the year.



**DIRECTORS' REPORT**

The number of options held by each key management personnel of the Group during the full year is as follows:

	Balance at the beginning of the year	Granted as remuneration during the year	Exercised during the year	Expired during the year	Balance at 31 December 2016
<b>31-December 16</b>					
William Howe	–	–	–	–	–
Philip Wing	6,044,106	–	–	(6,044,106)	–
Francisco Vergara - Irarrazaval	2,500,000	–	–	(2,500,000)	–
Tim Read	3,507,692	–	(3,492,308)	(15,384)	–
Philip Killen	13,080,978	–	–	(13,080,978)	–
Stephen Tainton	–	–	–	–	–
Roger Higgins	184,616	–	–	(184,616)	–
Gavin Daneel	–	–	–	–	–
Colin Sinclair	–	–	–	–	–
	<b>25,317,392</b>	<b>–</b>	<b>(3,492,308)</b>	<b>(21,825,084)</b>	<b>–</b>

	Balance at the beginning of the year	Granted due to participation in the Placing and Rights Issue during the year	Exercised during the year	Expired during the year	Balance at 31 December 2015
<b>31-December 15</b>					
William Howe	–	49,999,933	(28,141,600)	(21,858,333)	–
Phillip Wing	–	9,794,106	(1,041,667)	(2,708,333)	6,044,106
Francisco Vergara - Irarrazaval	–	6,250,000	(3,750,000)	–	2,500,000
Tim Read	2,000,000	13,507,692	(6,250,000)	(5,750,000)	3,507,692
Philip Killen	–	21,414,311	–	(8,333,333)	13,080,978
Stephen Tainton	–	2,271,797	(2,271,797)	–	–
Roger Higgins	–	2,821,156	(2,636,540)	–	184,616
Gavin Daneel	–	–	–	–	–
Colin Sinclair	–	16,666,667	(6,930,000)	(9,736,667)	–
	<b>2,000,000</b>	<b>122,725,662</b>	<b>(51,021,604)</b>	<b>(48,386,666)</b>	<b>25,317,392</b>

**DIRECTORS' REPORT**

The number of shares held by each key management personnel of the Group during the full year is as follows:

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE 31 DECEMBER 2016
<b>31 December 2016</b>					
William Howe	129,141,533	–	–	7,500,000	136,641,533
Phillip Wing	26,729,109	–	–	2,500,000	29,229,109
Tim Read	21,157,692	–	3,492,308	3,750,000	28,400,000
Francisco Vergara – Irarrazaval	60,140,000	–	–	3,750,000	63,890,000
Philip Killen	25,759,147	–	–	3,750,000	29,509,147
Stephen Tainton	4,843,594	–	–	1,000,000	5,843,594
Colin Sinclair	29,872,761	–	–	2,053,039	31,925,800
Roger Higgins	5,688,464	–	–	7,500,000	13,188,464
	<b>303,332,300*</b>	<b>–</b>	<b>3,492,308</b>	<b>31,803,040</b>	<b>338,627,648</b>

\* Different opening balance compared to reported closing balance as at 31 December 2015 due to retirement of Gavin Daneel

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNERATION DURING THE PERIOD	PARTICIPATION IN THE PLACING AND RIGHTS ISSUE DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE 31 DECEMBER 2015
<b>31 December 2015</b>						
William Howe	50,000,000	–	49,999,933	28,141,600	1,000,000	129,141,533
Phillip Wing	15,893,336	–	9,794,106	1,041,667	–	26,729,109
Tim Read	1,400,000	–	13,507,692	6,250,000	–	21,157,692
Francisco Vergara – Irarrazaval	50,140,000	–	6,250,000	3,750,000	–	60,140,000
Philip Killen	4,344,836	–	21,414,311	–	–	25,759,147
Stephen Tainton	300,000	–	2,876,927	1,666,667	–	4,843,594
Gavin Daneel	–	20,045,258	–	–	(3,333,332)	16,711,926
Colin Sinclair	6,276,094	–	16,666,667	6,930,000	–	29,872,761
Roger Higgins	600,000	–	2,636,540	2,451,924	–	5,688,464
	<b>128,954,266</b>	<b>20,045,258</b>	<b>123,146,176</b>	<b>50,231,858</b>	<b>(2,333,332)</b>	<b>320,044,226</b>

**Long-Term Incentive Plan**

A Long-Term Incentive Plan (LTIP) for employees of the Company was approved by shareholders at the 2013 Annual General Meeting held on 29 May 2014. At this stage no entitlements have been issued under the LTIP.

**Use of remuneration consultants**

No remuneration consultants were used during the year.

**Voting and comments made at the company's 2015 Annual General Meeting (AGM)**

The Company received 89% "For" votes on its remuneration report for the 2015 financial year. No other specific feedback was received at the AGM on its remuneration report.

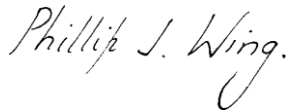
End of audited remuneration report.

## **DIRECTORS' REPORT**

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Phillip J Wing

Chairman

A handwritten signature in black ink that reads "Phillip J. Wing." The signature is written in a cursive style with a prominent flourish at the end.

31 March 2017

SYDNEY

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### **Auditor's Independence Declaration To the Directors of Metminco Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metminco Limited for the year ended 31 December 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

C F Farley  
Partner - Audit & Assurance

Sydney, 31 March 2017

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE	CONSOLIDATED GROUP	
		31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
Revenue	2	389	4,445
Finance costs on deferred consideration	12a)	(221,057)	–
Foreign exchange gain/(loss)		16,369	(74,202)
Administration expenses		(660,563)	(1,152,533)
Corporate expenses		(975,800)	(655,191)
Occupancy expense		(199,537)	(260,984)
Exploration and evaluation expenditure impaired	14	(407,300)	(43,480,520)
Loss of control of subsidiary	12b)	(121,540,173)	–
Exploration, evaluation and due diligence expenses		–	(626,568)
Provision for Chilean VAT receivable	9	–	(2,825,214)
Share of net loss of associate	11	(113,198)	–
<b>Loss before income tax</b>		<b>(124,100,870)</b>	<b>(49,070,767)</b>
Income tax expense	4	–	–
<b>Loss for the year</b>	3	<b>(124,100,870)</b>	<b>(49,070,767)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign controlled entities (net of tax)		423,051	8,617,997
<b>Total Comprehensive Loss for the year</b>		<b>(123,677,819)</b>	<b>(40,452,770)</b>
<b>Loss for the year attributable to members of the parent entity:</b>			
		<b>(124,100,870)</b>	<b>(49,070,767)</b>
<b>Total comprehensive loss attributable to members of the parent entity from continuing operations:</b>			
		<b>(123,677,819)</b>	<b>(40,452,770)</b>
Basic loss per share(cents)	7	(169.38)	(101.75)
Diluted loss per share	7	(169.38)	(101.75)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	NOTE	CONSOLIDATED GROUP	
		31 DECEMBER 2016	31 DECEMBER 2015
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	71,548	949,790
Trade and other receivables	9	385,827	186,858
Other assets	10	21,060	21,815
<b>TOTAL CURRENT ASSETS</b>		<b>478,435</b>	<b>1,158,463</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	9	–	2,180,893
Investment in associate	11	33,766,877	–
Property, plant and equipment	13	4,538,349	4,586,160
Exploration and evaluation expenditure	14	9,486,691	160,886,215
<b>TOTAL NON-CURRENT ASSETS</b>		<b>47,791,917</b>	<b>167,653,268</b>
<b>TOTAL ASSETS</b>		<b>48,270,352</b>	<b>168,811,731</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	3,425,242	317,058
Short term provisions	16	236,775	258,225
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,662,017</b>	<b>575,283</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term provisions	16	79,903	83,155
Long term payables	15	4,893,628	–
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,973,531</b>	<b>83,155</b>
<b>TOTAL LIABILITIES</b>		<b>8,635,548</b>	<b>658,438</b>
<b>NET ASSETS</b>		<b>39,634,804</b>	<b>168,153,293</b>
<b>EQUITY</b>			
Issued capital	17	329,032,074	324,037,464
Reserves	26	(30,142,687)	(18,208,268)
Accumulated losses		(259,254,583)	(137,675,903)
<b>TOTAL EQUITY</b>		<b>39,634,804</b>	<b>168,153,293</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED GROUP	ISSUED CAPITAL \$	ACCUMULATED LOSSES \$	OPTION RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	ACQUISITION RESERVE \$	TOTAL \$
Total equity as at 1 Jan 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	–	(49,070,767)	–	–	–	(49,070,767)
Other comprehensive income	–	–	–	8,617,997	–	8,617,997
Total comprehensive loss	–	(49,070,767)	–	8,617,997	–	(40,452,770)
Transactions with owners:						
Shares issued during the period	5,625,590	–	–	–	–	5,625,590
Transaction costs	(265,162)	–	–	–	–	(265,162)
Options expired	–	185,838	(185,838)	–	–	–
Balance as at 31 December 2015	324,037,464	(137,675,903)	67,756	23,230,638	(41,506,662)	168,153,293
Total equity as at 1 Jan 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	–	(124,100,870)	–	–	–	(124,100,870)
Other comprehensive income	–	–	–	423,051	–	423,051
Total comprehensive loss	–	(124,100,870)	–	423,051	–	(123,677,819)
Transactions with owners:						
Shares issued during the period	5,415,242	–	–	–	–	5,415,242
Transaction costs	(420,632)	–	–	–	–	(420,632)
Loss of control of subsidiary	–	2,509,120	–	(12,344,400)	–	(9,835,280)
Options expired	–	13,070	(13,070)	–	–	–
Balance as at 31 December 2016	329,032,074	(259,254,583)	54,686	11,309,289	(41,506,662)	39,634,804

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

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTE	CONSOLIDATED GROUP	
		31 DECEMBER 2016	31 DECEMBER 2015
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,121,361)	(1,988,210)
Exploration, due diligence and evaluation		–	(626,569)
Interest received		389	4,445
Net cash used in operating activities	22(b)	<u>(1,120,972)</u>	<u>(2,610,334)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(931)	(3,977)
Payments for exploration expenditure		(2,335,294)	(2,928,374)
Recovery of VAT in Peru		–	13,555
Purchase of Miraflores Compania, net of cash acquired*		(253,637)	–
Net cash used in investing activities		<u>(2,589,862)</u>	<u>(2,918,796)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		3,185,207	5,625,590
Payments in respect to capital raisings		(381,677)	(265,162)
Net cash provided by financing activities		<u>2,803,530</u>	<u>5,360,428</u>
<b>Net decrease in cash held</b>		<b>(907,304)</b>	<b>(168,702)</b>
Cash and cash equivalents at the beginning of the year		949,790	1,192,693
Effect of exchange rates on cash holdings in foreign currencies		29,062	(74,201)
Cash and cash equivalents at the end of the year	22(a)	<u><u>71,548</u></u>	<u><u>949,790</u></u>

\* Deferred consideration recorded for acquisition of Miraflores Compania on date of purchase was A\$5,634,821 (A\$7 million payable over 4 years discounted at 8% per annum).

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



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Metminco Limited and controlled entities ("Consolidated Group" or "Group") for the full year ended 31 December 2016.

#### Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Metminco Limited is a for profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, 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 31 March 2017.

#### a. Going concern basis of accounting

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Consolidated Group has made a loss for the year of \$124,100,870 including a \$121,540,173 loss on loss of control of subsidiary and write-off of exploration expenditure, primarily in Chile (\$407,300). Metminco is an exploration Company currently without an operating cash inflow and the net cash position of the Group will continue to decrease until such time as the Group has an operating cash inflow. The net cash outflow for the year including payments for exploration and excluding capital raised was \$3,456,266 and the cash balance at the end of the year was \$71,548. Although the Group has taken steps to ensure its ongoing expenditure is at the minimum levels required to maintain its projects in good standing and meet its governance, compliance and ASX and AIM listing obligations, additional funding will be required within the next 12 months to meet these obligations. The possibility that the Group may not be able to raise the additional financing required gives rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

Notwithstanding the material uncertainty the Directors are of the opinion, having made due and careful enquiry, that there are reasonable grounds to form the view that the Company will have sufficient working capital for its present requirements.

In forming this view the Directors have considered in detail a number of potential scenarios including funding alternatives as well as other strategies in play including the following:

- The Company has in place a funding facility with Lanstead which over the 18 month period commencing April 2017 is anticipated to provide approximately A\$2.6 million subject to the Company's prevailing share price.
- On 30 March 2017 the Company entered into a binding term sheet in relation to a convertible note facility of A\$0.75 million underwritten by Redfield. On signing the term sheet the Company received A\$100,000 and will receive the remaining funds no later than 30 April 2017.
- The Company expects to finalise the the Feasibility Study for the Miraflores Gold Project in the first half of 2017 which when completed is anticipated to support the development of the project and in turn raising of additional funding.
- The Company has non core assets which could potentially be monetised to repay outstanding creditors and contribute funding for the development of the Miraflores Gold Project (a potential near term cash flow opportunity).

The financial statements have been prepared on the going concern basis for the above reasons. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Metminco at the end of the reporting period. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Consolidated Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### c. Business Combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

#### d. Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. Investments in associates are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

#### e. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit and loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### f. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### *Plant and equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of property and plant constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

##### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Land	Nil
Plant and equipment	20% to 33% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### g. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit and loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

#### h. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### i. Financial Instruments

##### *Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

##### **Classification and subsequent measurement**

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less, for financial assets any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

##### *i Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ii. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### **Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. Impairment losses are recognised in profit or loss.

#### **De-recognition**

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### **j. Impairment of Non-Financial Assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. This includes considering the requirements set out in AASB 6 *Exploration for and Evaluation of Mineral Resources*. In respect of the capitalised exploration and development expenditure. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Plant and equipment, and capitalised exploration and development expenditure, are assessed for impairment on a cash generating unit ("CGU") basis. A cash generating unit is the smallest grouping of assets that generates independent cash flows, and generally represents an individual project. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the unit on a pro-rata basis. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior year. A reversal of an impairment loss is recognised in profit or loss immediately.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

#### **k. Foreign Currency Transactions and Balances**

##### *Functional and presentation currency*

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

##### *Foreign operations*

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

#### **i. Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

#### **m. Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### **n. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

#### **o. Revenue and Other Income**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

#### **p. Equity settled compensation**

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where equity is used to pay service providers the Group measures the goods or services received and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

#### **q. Goods and Services Tax (GST) / Value Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the respective Tax Office. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

#### **r. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

#### s. Key estimates

##### i. Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. These assumptions are disclosed in each of the notes to the financial report where applicable. Refer to Note 14 and Note 9 for details of impairment recorded in the year.

##### ii. Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted and capitalised expenditure is being carried forward by the Group, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$9,486,691 (see Note 14).

##### iii. Valuation methodology used in calculation of share options

The Binomial method has been used to value shares options in respect of the optionality underlying the share options issued in lieu of consulting fees and share options issued to directors and employees. The Company has used a 75% - 80% volatility (based on historical volatility), the share price on the applicable date (being either the date of issue or the balance date) and an option life based on the Company's best estimate of the expected exercise patterns which may not eventuate in the future.

#### t. Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

##### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

##### Going concern basis of accounting

As noted in note 1(a), there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The Directors have determined that the going concern basis remains appropriate as stated in note 1(a) however this represents a significant management judgement.

##### Accounting for loss of control of subsidiary and fair value of associate

As disclosed in note 12, the Company lost control of the Los Calatos Holding Group. Management have used judgement in electing to account for the loss of control in accordance with AASB 10: Consolidated Financial Statements. AASB 10 requires the investment retained in the former subsidiary (being the Company's 49% share in associate) be measured at fair value, and management have used judgement in applying the principles set out in AASB 13: Fair Value Measurement. Management assessed fair value by reference to the transaction with CD Capital, which resulted in a fair value of the Company's remaining 49% share of \$33,880,075. This resulted in a loss on loss of control of \$121,540,173.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### u. Operating segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating segments are disclosed in Note 21.

#### v. Changes in accounting policies

The Group adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

#### w. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### AASB 9: Financial Instruments (December 2014)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI'); and
  - the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 (i.e. the Group's 31 December 2018 year-end). Management's assessment of these amendments is that they will have no material impact on the Group's transactions or balances recognised in the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### AASB 15: Revenue from Contracts with Customers

AASB 15 replaces AASB 118: Revenue, AASB 111: Construction Contracts and some revenue-related Interpretations:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time;
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing); and
- expands and improves disclosures about revenue.

AASB 15 is applicable to annual reporting periods beginning on or after 1 January 2018 (i.e. the Group's 31 December 2018 year-end). Management's assessment of these amendments is that they will have no material impact on the Group's transactions or balances recognised in the financial statements.

#### AASB 16: Leases

AASB 16 replaces AASB 117: Leases, was issued in February 2016 and is effective for periods beginning on or after 1 January 2019. AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019 (i.e. the Group's 31 December 2019 year-end). Management's assessment of these amendments is that they will have no material impact on the Group's transactions or balances recognised in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS****CONSOLIDATED**

	31 DECEMBER 2016	31 DECEMBER 2015
	\$	\$

**NOTE 2: REVENUE**

Interest received – other persons	389	4,445
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**NOTE 3: LOSS FOR THE YEAR**

This loss for the year is stated after:

Expenses from continuing operations:

Other expenses	(65,140)	(261,188)
Employee and directors' benefits expense	(503,267)	(736,291)
Depreciation and amortisation expense	(92,156)	(155,057)
Exploration and evaluation expenditure impaired	(407,300)	(43,480,520)
Loss on loss of control of subsidiary	(121,540,173)	–
Provision for Chilean VAT receivable	–	(2,825,214)

**NOTE 4: INCOME TAX EXPENSE**

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

Loss before tax	124,100,870	49,070,767
Total income tax benefit calculated at 30% for Australia and Peru, 33% for Colombia and at 35% for Chile (2015: 30% for Australia and Peru and 35% for Chile)	(37,233,265)	(16,519,292)
Tax effect of:		
– Foreign exchange (gain)/loss	(14,315)	41,223
– Exploration impaired	122,190	14,803,881
– Loss on loss of control of subsidiary	36,462,052	–
– Allowable capital raising deductions	(243,570)	(520,181)
– Options issued	–	–
– Provisions	(13,389)	(6,840)
– Accruals	362,028	(37,943)
	<b>(558,269)</b>	<b>(2,239,152)</b>
Deferred tax asset not brought to account	558,269	2,239,152
Income tax expense	–	–
Applicable weighted average effective tax rate	0%	0%
Deferred tax assets not taken to account	<b>12,989,840</b>	<b>14,943,921</b>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet considered probable that future taxable income will be available to utilise them. The Group does not have any capital losses.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2016.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	CONSOLIDATED	
	31 DECEMBER 2016	31 DECEMBER 2015
	\$	\$
Short term employee benefits	798,794	1,202,317
Post-employment benefits	87,502	110,833
Termination benefits	–	150,000
<b>Total</b>	<b>886,296</b>	<b>1,463,150</b>

#### *KMP Options and Rights Holdings*

Refer to the Remuneration Report contained in the Directors' Report for details of the number of options over ordinary shares held by each KMP of the Group for the year ended 31 December 2016.

#### *Other KMP Transactions*

For details of other transactions with KMP refer to Note 24 Related Party Transactions.

### NOTE 6: AUDITORS' REMUNERATION

Audit services provided by Grant Thornton:

Parent	130,953	89,653
Subsidiaries		
Miraflores Compania, Minera Hampton Chile Limitada and Minera Hampton Peru SAC	25,395	17,528
	<b>156,348</b>	<b>107,181</b>
Non audit services	–	–
	<b>156,348</b>	<b>107,181</b>

### NOTE 7: LOSS PER SHARE

#### a. *Reconciliation of earnings to loss*

Loss	(124,100,870)	(49,070,767)
Loss attributable to minority equity interest	–	–
Loss used in the calculation of basic and dilutive EPS	<b>(124,100,870)</b>	<b>(49,070,767)</b>

	CONSOLIDATED	
	31 DECEMBER 2016	31 DECEMBER 2015
	NO.	NO.
b. <i>Weighted average number of ordinary shares outstanding during the full year</i>	3,663,300,338	2,411,232,735
<i>used in calculating basic EPS after 50:1 security consolidation completed on 4 January 2017</i>	73,266,007	48,224,655
<i>Weighted average number of dilutive options outstanding</i>	–	–
c. <i>Anti-dilutive options on issue not used in dilutive EPS</i>	5,000,000	527,996,459
<i>after 50:1 security consolidation completed on 4 January 2017</i>	100,000	10,559,929

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 8: CASH AND CASH EQUIVALENTS**

	<b>CONSOLIDATED</b>	
	<b>31 DECEMBER 2016</b>	<b>31 DECEMBER 2015</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	71,548	949,790
	<b>71,548</b>	<b>949,790</b>

**NOTE 9: TRADE AND OTHER RECEIVABLES****CURRENT**

Other receivables	385,827	163,132
IGV receivables *1	–	23,726
Total current trade and other receivables	<b>385,827</b>	<b>186,858</b>

**NON-CURRENT**

VAT receivables *1	2,253,626	5,006,107
Provision for impairment of VAT receivables *2	(2,253,626)	(2,825,214)
Total non-current trade and other receivables	<b>–</b>	<b>2,180,893</b>

\*1 IGV (Peruvian equivalent of VAT) incurred by Hampton Peru relating to the Los Calatos Project which has been approved by the Peruvian Mining Department to recover IGV paid on direct expenditure relating to the Los Calatos Project incurred until 31 December 2018 has been deconsolidated following loss of control (refer Note 12).

\*2 Following an adverse ruling by the Supreme Court of Chile, which has resulted in delaying mining access for the Mollacas Project in the prior year, the Company has provided in full for recoverable Chilean VAT. For further details refer to Note 14.

**NOTE 10: OTHER ASSETS****CURRENT**

Prepayments	21,060	21,815
Total current other assets	<b>21,060</b>	<b>21,815</b>

**NOTE 11: INTEREST IN ASSOCIATE**

Under an agreement dated 27 July 2016 between CD Capital and the Company, CD Capital committed an equity investment of up to US\$45 million over the next 3 – 4 years to complete the planned Pre-feasibility and Feasibility Studies on the Los Calatos Project. In accordance with the agreement Los Calatos Holding Limited (LCH) was incorporated in Canada as a wholly owned subsidiary of the Group.

Late October 2016 the Group transferred its interest in Hampton Peru to LCH and subsequently CD Capital subscribed for US\$16 million worth of new shares in LCH equivalent to 51% of LCH (Tranche 1) reducing the Group's interest in LCH to 49%. At that time LCH and Hampton Peru ceased to be controlled entities of the Group.

Under the subscription agreement CD Capital will have the option to subscribe for additional shares in LCH over two additional Tranches of US\$14.5 million each, which, subject to being exercised in full would increase CD Capital ownership of LCH to 65% after Tranche 2 and 70% after Tranche 3.

As LCH and Hampton Peru are separate legal entities the accounting treatment for the CD Capital Transaction has been determined by reference to the implied value of the CD Capital Transaction in accordance with AASB 10 Consolidated Financial Statements), AASB 13 (Fair Value Measurement) and AASB 128 (Investments in Associates and Joint Ventures).

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 11: INTEREST IN ASSOCIATE (Continued)**

Interests are held in the following:

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below.

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				31 December 2016	31 December 2015	31 December 2016	31 December 2015
Unlisted:							
Los Calatos Holding Limited *1	Exploration	Canada	Ordinary	49%	–	\$33,880,075	–

\*1 Hampton Peru, owner of the Los Calatos Project is a wholly subsidiary of LCH.

	CONSOLIDATED	
	31 DECEMBER 2016	31 DECEMBER 2015
	\$	\$
<b>a. Movements during the year in equity accounted investment associate:</b>		
Balance as at the beginning of the year	–	–
Loss of control of subsidiary – fair value of investment retained (Note 12)	33,880,075	–
Share of loss of associate	(113,198)	–
Balance as at the end of the year	<b>33,766,877</b>	–

\* During the year ended 31 December 2016 LCH completed an assessment of work undertaken to date work in preparation for the pre-feasibility and feasibility studies.

<b>b. Summarised presentation of aggregate assets, liabilities and performance of associate:</b>		
Current assets	19,193,506	–
Non-current assets	50,254,041	–
Total assets	69,447,547	–
Current liabilities	256,574	–
Non-current liabilities	47,963	–
Total liabilities	304,537	–
Net assets	69,143,010	–
Loss after income tax	231,016	–

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		31 DECEMBER 2016 %	31 DECEMBER 2015 %
<b>Controlled Entities consolidated:</b>			
<b>Subsidiaries of Metminco Limited:</b>			
Hampton Mining Limited	Australia	100	100
North Hill Holdings Group Inc	British Virgin Islands	100	100
<b>Wholly owned subsidiaries of North Hill Holdings Group Inc:</b>			
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 *b)	Peru	-	100
Minera Hampton Chile Limitada	Chile	100	100
Minera Hampton Colombia SAS	Colombia	100	100
Miraflores Compania Minera SAS *a)	Colombia	100	-

#### a) Acquisition with respect of controlled entities

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

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

- (i) Initial payment of A\$1.0 million on 20 June 2017;
- (ii) Second payment of A\$1.0 million on 20 June 2018;
- (iii) Third payment of A\$3.0 million on the earlier of (a) a decision to mine at the Quinchia Gold Portfolio; and (b) on 20 June 2019;
- (iv) Fourth payment of A\$2.0 million on the earlier of (a) a decision to mine at the Quinchia Gold Portfolio; and (b) 20 June 2020; and
- (v) A maximum of A\$7 million in royalty payments to RMB from operating cashflows.

#### Acquisition of Miraflores Compania Minera SAS

	FAIR VALUE \$
Purchase consideration	
Ordinary shares in Metminco Limited	2,000,000
Reimbursement to 20 June 2016	467,605
Acquisition expenses (charged to expenses)	414,500
Deferred cash consideration (present value) *	5,634,821
	<b>8,516,926</b>
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)
	<b>8,516,926</b>

Miraflores Compania incurred a loss of \$208,518 for the period from 30 May to 31 December 2016. If Miraflores Compania had been acquired on 1 January 2016 the loss for the year of the Group would have increased by a further \$105,863.

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: CONTROLLED ENTITIES (Continued)

Miraflores Compania incurred a loss of \$208,518 over the period from 30 May to 31 December 2016. If Miraflores Compania had been acquired on 1 January 2016 the loss for the year would have increased to \$314,381.

#### b) Disposal of a Controlling Interest in the Los Calatos Holding Group (Minera Hampton Peru SAC and its parent LCH)

	FAIR VALUE \$
Carrying value of identifiable assets and liabilities disposed	
Cash	176,799
Receivables	64,631
Property, plant and equipment	445,465
Long term receivables	2,253,626
Exploration expenditure	152,696,422
Creditors	(170,286)
Employee entitlements	(46,409)
Carrying value of identifiable assets and liabilities disposed	155,420,248
Fair value of investment retained	33,880,075
Loss on loss of control of subsidiary	(121,540,173)

Management assessed the fair value by reference to the transaction with CD Capital whereby CD Capital would acquire up to 70% of LCH for an investment of up to US\$45 million implying a valuation of US\$51.4 million after allowing for a control premium of 20% in accordance with AASB 13. The fair value of the 49% investment retained was therefore calculated as being US\$25,200,000 (A\$33,880,075).

### NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
<b>Land</b>		
At cost	4,409,481	3,871,595
Total land	4,409,481	3,871,595
<b>Plant and equipment</b>		
At cost	1,661,910	2,604,674
Accumulated depreciation	(1,533,042)	(1,890,109)
Total plant and equipment	128,868	714,565
Total property, plant and equipment	4,538,349	4,586,160

#### Reconciliations

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

<b>Land</b>		
Carrying amount at beginning of year	3,871,595	3,464,309
Acquisition of subsidiary	467,762	-
Impact of foreign exchange movement	70,124	407,286
Carrying amount of land at end of year	4,409,481	3,871,595

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 13: PROPERTY, PLANT AND EQUIPMENT (continued)**

	<b>CONSOLIDATED</b>	
	<b>31 DECEMBER 2016 \$</b>	<b>31 DECEMBER 2015 \$</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	714,565	659,826
Additions	931	3,977
Acquisition of subsidiary	66,070	–
Loss of control of subsidiary (refer Note 12 b)	(445,465)	–
Impact of foreign exchange movement	(115,077)	205,819
Depreciation	(92,156)	(155,057)
Carrying amount of plant and equipment at end of year	<b>128,868</b>	<b>714,565</b>
Carrying amount at end of year	<b>4,538,349</b>	<b>4,586,160</b>
No assets are held as security for any liabilities.		

**NOTE 14: EXPLORATION AND EVALUATION EXPENDITURE**

Costs carried forward in respect of areas of interest in:

– exploration and evaluation phases at the end of the year	9,486,691	160,886,215
Reconciliations		
Carrying amount at the beginning of the year	160,886,215	193,531,440
Acquisition of subsidiary	8,029,875	–
Expenditure incurred during the year	2,977,764	2,563,547
Loss of control of subsidiary (refer Note 12)	(152,696,422)	–
Impact of foreign exchange	(9,303,441)	8,271,748
Exploration impaired *1	(407,300)	(43,480,520)
Carrying amount at the end of the year	<b>9,486,691</b>	<b>160,886,215</b>

\* 1 Impairment indicators in AASB 6 are considered on a project by project basis. Under AASB 6 the Company would need to be planning to undertake active and significant operations at these projects. Due to competing expenditure priorities the Company has no plans at this stage to undertake significant expenditure on its Chilean assets and therefore care and maintenance and legal costs incurred have been fully written off.

*Prior Year Impairment.*

During 2015, management assessed the carrying value of the Mollacas Project. 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 are in the process of evaluating other alternatives to secure mining access rights. Whilst the Directors still believe the 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 have considered the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources and have determined that there are impairment indicators. As a result, the Directors have 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.

In looking at the fair value, because the Directors are still evaluating other alternatives to secure mining access rights, there are a number of critical assumptions where the Directors are unable, at this stage, to accurately make an assessment (for example, on the timing and cost of the other alternatives). Therefore, the Directors are unable to measure the recoverable amount, other than for the value of the land, and have therefore 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).



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15: TRADE AND OTHER PAYABLES

	<b>CONSOLIDATED</b>	
	<b>31 DECEMBER 2016</b>	<b>31 DECEMBER 2015</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade payables	901,258	86,699
Deferred consideration (refer Note 12 a)	962,250	–
Other payables and accrued expenses	1,561,734	230,359
	<b>3,425,242</b>	<b>317,058</b>
<b>NON CURRENT</b>		
Deferred consideration (refer Note 12 a)	<b>4,893,628</b>	<b>–</b>

### NOTE 16: PROVISIONS

	<b>SHORT-TERM EMPLOYMENT BENEFITS</b>	
Balance at beginning of the year	258,225	308,888
(Provisions utilised)	(21,450)	(50,663)
<b>Balance at the end of the reporting period</b>	<b>236,775</b>	<b>258,225</b>
	<b>LONG-TERM EMPLOYEE BENEFITS</b>	
Balance at the beginning of the reporting period	83,155	47,224
(Provisions utilised) / Additional Provisions	(3,252)	35,931
<b>Balance at the end of the reporting period</b>	<b>79,903</b>	<b>83,155</b>

### NOTE 17: ISSUED CAPITAL

	<b>\$</b>	<b>\$</b>
4,513,918,626 (31 December 2015: 2,975,335,799) fully paid ordinary shares	<b>329,032,074</b>	<b>324,037,464</b>

#### a. Movements in ordinary share capital (No. Shares)

	<b>No. Shares</b>	<b>No. Shares</b>
Balance at beginning of the reporting period	<b>2,975,335,799</b>	<b>1,855,516,023</b>

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 17: ISSUED CAPITAL (continued)

-	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	—
-	04-Oct-16	422,222,222	—
-	23-Nov-16	107,142,857	—
-	12-Dec-16	105,500,000	—
<b>At the end of the reporting period</b>		<b>4,513,918,626</b>	<b>2,975,335,799</b>

### b. Movements in ordinary share capital (\$)

	\$	\$
Balance at beginning of the reporting period	<b>324,037,464</b>	<b>318,677,036</b>
<i>Shares issued</i>		
-	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
-	04-Oct-16	951,429
-	23-Nov-16	252,867
-	12-Dec-16	250,035
Costs of capital raising	(420,632)	(265,162)
<b>At the end of the reporting period</b>	<b>329,032,074</b>	<b>324,037,464</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 17: ISSUED CAPITAL (continued)

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.

On 4 October 2016 the Company issued 422,222,222 shares at A\$0.00237 (GBP£0.00135) as share placement to raise A\$951,429.

On 23 November 2016 the Company issued 107,142,857 shares at A\$0.00237 (GBP£0.00135) as share placement to raise A\$252,867.

On 12 December 2016 the Company issued 105,500,000 shares at A\$0.00237 (GBP£0.00135) as share placement to raise A\$250,035.

#### c. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital and debt includes ordinary share capital and cash assets respectively.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains below 10%. The gearing ratios for the full year ended 31 December 2016 are as follows:

	Note	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
Cash and cash equivalents	8	(71,548)	(949,790)
Net debt		(71,548)	(949,790)
Total equity		<b>48,104,823</b>	<b>168,153,293</b>
Gearing ratio		-	-

### NOTE 18: OPTIONS

GRANT DATE	EXPIRY DATE	EXERCISE PRICE \$	OUTSTANDING AT 31 DECEMBER 2015	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	OUTSTANDING* 31 DECEMBER 2016
<b>31 December 2016</b>							
<b>Unlisted</b>							
28 January 2013	28 January 2016	\$0.075	250,000	-	-	(250,000)	-
28 January 2013	28 January 2016	\$0.089	250,000	-	-	(250,000)	-
15 May 2015 (*)	15 May 2016	\$0.005	522,496,459	-	(11,519,265)	(510,977,194)	-
1 August 2014	1 August 2017	\$0.0302	5,000,000	-	-	-	5,000,000
			<b>527,996,459</b>	<b>-</b>	<b>(11,519,265)</b>	<b>(511,477,194)</b>	<b>5,000,000</b>

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 18: OPTIONS (Continued)**

On 15 May 2015 the Company issued 565,631,686 options as part of a rights issue at an exercise price of \$0.005 cents expiring 15 May 2016.

All outstanding options above were exercisable as at 31 December 2016.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE \$	OUTSTANDING AT 31 DECEMBER 2014	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	OUTSTANDING AT 31 DECEMBER 2015
<b>31 December 2015</b>							
<b>Unlisted</b>							
15 June 2012	15 June 2015	\$0.175	2,000,000	–	–	(2,000,000)	–
15 June 2012	15 June 2015	\$0.210	2,000,000	–	–	(2,000,000)	–
28 January 2013	28 January 2016	\$0.075	250,000	–	–	–	250,000
28 January 2013	28 January 2016	\$0.089	250,000	–	–	–	250,000
1 August 2014	1 August 2017	\$0.0302	5,000,000	–	–	–	5,000,000
20 February 2015	20 May 2015	\$0.006	–	75,335,833	–	(75,335,833)	–
27 March 2015	27 June 2015	\$0.006	–	103,855,318	(33,358,334)	(70,496,984)	–
15 May 2015	15 May 2016	\$0.005	–	565,631,686	(43,135,227)	–	522,496,459
			<b>9,500,000</b>	<b>744,822,837</b>	<b>(76,493,561)</b>	<b>(149,832,817)</b>	<b>527,996,459</b>

**NOTE 19: CAPITAL AND LEASING COMMITMENTS**

	CONSOLIDATED	
	31 December 2016 \$	31 December 2015 \$
<b>a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable (minimum lease payments)		
- not later than 12 months	42,864	54,664
- between 12 months and 5 years	56,934	–
- greater than 5 years	–	–
	<b>99,798</b>	<b>54,664</b>

The Group has lease commitments over seven premises in Australia, and Colombia with terms ranging from 1 to 22 months. Rent is payable monthly in advance.

**b) Exploration Tenement Licence Commitments**

Mining and exploration licence fees for tenements held by the Group but not yet capitalised in the financial statements

Payable (minimum licence payments)

- not later than 12 months	<b>41,395</b>	<b>268,606</b>
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**NOTE 20: OTHER COMMITMENTS AND CONTINGENT LIABILITIES****Royalty Payments**

As part of the Miraflores Compania acquisition, part of the consideration included a maximum of A\$7 million in royalty payments to RMB from operating cashflows. At this stage management are unable to assess the payment as being probable, and therefore the payment is included as a contingent liability rather than a provision.

The Company has no material commitment other than lease obligations (refer Note 19 of the Annual Report) and mining access rights.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 21: OPERATING SEGMENTS

The Company'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.

#### Basis of accounting for purposes of reporting by operating segments

##### a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual and half yearly financial statements of the Group.

##### b. Inter-segment transactions

There are no inter segment transactions.

##### c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

##### d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

##### e. Non-Core Reconciling Items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Head office income / expenses and related assets / liabilities

##### i. Segment performance

	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		TOTAL	
	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015	31 DEC 2016	31 DEC 2015
	\$	\$	\$	\$	\$	\$
Other Income	–	–	389	4,445	389	4,445
Total segment revenue	–	–	389	4,445	389	4,445
Total group revenue	–	–	389	4,445	389	4,445
Segment (loss)/profit before tax	(122,586,043)	(47,077,284)	(1,514,827)	(1,993,483)	(124,100,870)	(49,070,767)
(Loss)/profit before tax from continuing operations	(122,586,043)	(47,077,284)	(1,514,827)	(1,993,483)	(124,100,870)	(49,070,767)
Depreciation and amortisation expense included in segment result	88,479	122,342	3,677	32,715	92,156	155,057
Impairment expense included in segment results	407,300	43,480,520	–	–	407,300	43,480,520

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 21: OPERATING SEGMENTS (Continued)**

	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		TOTAL	
	31 DEC 2016 \$	31 DEC 2015 \$	31 DEC 2016 \$	31 DEC 2015 \$	31 DEC 2016 \$	31 DEC 2015 \$
Segment assets	47,930,212	167,853,245	340,140	958,486	48,270,352	168,811,731
Segment asset increases for the period						
– capital expenditure	2,336,225	2,563,547	–	3,977	2,336,225	2,567,524
– acquisitions	8,516,926	–	–	–	8,516,926	–
– investment in associates	33,880,075	–	–	–	33,880,075	–
	<b>44,733,226</b>	<b>2,563,547</b>	<b>–</b>	<b>3,977</b>	<b>44,733,226</b>	<b>2,567,524</b>
<i>iii. Segment liabilities</i>						
Segment liabilities	657,797	204,232	7,959,751	454,206	8,635,548	658,438
<i>Reconciliation of segment liabilities to group liabilities</i>						
Total group liabilities	<b>657,797</b>	<b>204,232</b>	<b>7,959,751</b>	<b>454,206</b>	<b>8,635,548</b>	<b>658,438</b>

*iv. Revenue by geographical region*

Revenue is disclosed below, based on its location:

	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
Australia	389	4,445
South America	–	–
Total revenue / other income	<b>389</b>	<b>4,445</b>

*v. Non Current Assets by geographical region*

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

	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
Australia	2,043	5,722
Colombia	10,022,214	–
Peru	33,766,878	163,629,218
Chile	4,000,782	4,018,328
Total non current assets	<b>47,791,917</b>	<b>167,653,268</b>

**NOTE 22: NOTES TO THE STATEMENT OF CASH FLOWS**

	CONSOLIDATED	
	31 Dec 2016 \$	31 Dec 2015 \$
<b>a. Reconciliation of Cash</b>		
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	71,548	949,790
	<b>71,548</b>	<b>949,790</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 22: NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

#### b. Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities

Loss after income tax	<b>(124,100,870)</b>	<b>(49,070,767)</b>
Add/(less) non-cash items:		
Depreciation and amortisation	92,156	155,057
Exchange (gains)/loss	(29,059)	74,202
Impairment of exploration properties	407,730	43,480,519
Loss on loss of control of subsidiary	121,540,173	–
Share of loss of associate	113,198	–
Non cash financing charges on deferred consideration	221,057	–
Provision for Chilean VAT	–	2,825,214
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(227,338)	23,011
(Increase)/decrease in prepayments	(874)	9,175
Increase /(decrease) in payables	815,595	(92,010)
Increase/(decrease) in provisions	47,260	(14,735)
Net cash used in operating activities	<b>(1,120,972)</b>	<b>(2,610,334)</b>

#### c. Financing and Investing Activities

##### Share issue

During the full year ended 31 December 2016, 1,538,582,827 ordinary shares were issued. Details are set out in Note 17.

### NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

Matters that have arisen in the interval between the end of the year ended 31 December 2016 and the date of this report of a material or unusual nature are as follows:

- The consolidation of the Company securities on the basis of 50:1 was completed on 4 January 2017. On completion of the consolidation the Company had on issue 90,280,468 Shares and 100,000 unlisted options to acquire one share at A\$1.51 per Share on or before 1 August 2017.
- The Company completed the second tranche of the placement of approximately A\$4.85 million (the Capital Raising) announced 17 November 2016. At total of 41,172,689 Shares were placed in two tranches with institutions and sophisticated and professional investors at a price of A\$0.1185 (£0.07) per Share to raise approximately A\$4.85 million before costs.
- On 14 March 2017 the Company announced an updated and improved mineral resource estimate for the Miraflores gold deposit in Colombia prepared by Metal Mining Consultants (“MMC”) based in Denver, USA, in accordance with the guidelines of the JORC Code (2012 Edition). This updated mineral resource estimate, which was undertaken to provide the basis of the detailed mine plan for the Miraflores Feasibility Study, replaces the previous JORC (2012) statement completed by MMC that was released to the market on 21 July 2016.

The new JORC 2012 Mineral Resource Estimate represents an increase in gold contained in the measured and indicated (“M&I”) resource and inferred resource categories.

- Measured Mineral Resources of 2.95Mt @ 2.98g/t Au and 2.5g/t Ag
  - Indicated Mineral Resources of 6.31Mt @ 2.74g/t Au and 2.9g/t Ag
  - Measured and Indicated Mineral Resources of 9.27Mt @ 2.82g/t Au and 2.77g/t Ag
  - Inferred Mineral Resources of 0.49Mt @ 2.36g/t Au and 3.64g/t Ag
  - Total M&I Resources contain 840,000ozs Au and 826,000ozs Ag
- (using a 1.2g/t Au cut-off grade)

- Effective 20 March 2017 Mr Ram Venkat was appointed as a Non-Executive Director. Ram was nominated by Metminco’s 8.62% shareholder, Redfield Asset Management Pty Limited. Mr. Venkat is a seasoned capital markets executive who has worked across the Investment Banking, Equity Capital Markets, Mergers & Acquisitions and multi-asset Structuring groups at several global investment banks. Most recently, Ram was a Director at a leading Australian investment bank, and prior to that Citigroup Global Markets where he was responsible for structuring funding solutions and providing capital structuring advice to corporate clients.

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE (Continued)

- On 31 March 2017 announced that the Company has signed a binding term sheet with Redfield Asset Management and Redfield Advisory (together Redfield) to provide a convertible note facility of A\$0.75 million (the Convertible Notes).

Key terms of the Convertible Notes, which are fully underwritten by Redfield, are:

Face Value:	A\$750,000
Coupon Rate:	12.5% per annum, compounded monthly interest to be capitalised
Conversion:	No later than 12 months from date of issue at which time the Convertible Notes and capitalised interest automatically convert to fully paid ordinary shares (shares) at the Conversion Price
Conversion Price	\$0.06075
Options Granted:	<ul style="list-style-type: none"> <li>i) 12,345,639 exercisable at \$0.081 per Share any time prior to 12 months from date of issue</li> <li>ii) 12,345,639 exercisable at \$0.081 per Share any time prior to 12 months as soon as the Company's available placement capacity under ASX Listing Rule 7.1 is refreshed</li> </ul>
Funding:	A\$100,000 to be received by the Company on 3 April 2017, and the remainder to be received in tranches, A\$100,000 on 7 April 2017, \$100,000 on 17 April 2017 and the remainder expected to be received on 24 April 2017 but in any case no later than 12 May 2017 subject to limited due diligence and long form documentation.
Underwriting Fee:	4.5% of Face Value

The proceeds from the Convertible Notes will be applied toward the Miraflores Gold Project Feasibility Study and working capital. The Feasibility Study, which is anticipated to be completed by the end of May 2017, is targeting annual gold production of approximately 50,000 ozs/Au per annum for 9 years with all in sustaining costs forecast to be around US\$650 per oz (refer the Company's announcement dated 8 September 2016).

Lanstead Capital LP which has a funding facility with the Company in place has consented to this Convertible Notes transaction as set out in the binding term sheet.

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.

### NOTE 24: RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### *Directors*

The names of each person holding the position of Director of Metminco Limited during the full year are:

Phillip Wing, William Howe, Timothy Read, Francisco Vergara-Irarrazaval, Stephen Tainton and Roger Higgins

Details of Key Management Personnel remuneration including deferred payments are set out in Note 5 and the Directors' report.

#### **a. Directors**

Apart from the details disclosed in the Directors' Report, no Directors entered into a material contract with the Company or the Consolidated Group since the end of the previous financial year and, there were no material contracts involving Directors' interests existing at year end.

#### *Directors' and Executive Officer's holdings of shares and options*

The aggregate interests of Directors and the Executive Officers of the reporting entity and their Director-related entities in shares and share options of entities within the Consolidated Group at year end are set out in the Directors' Report.

#### **b. Subsidiaries**

Advances by Metminco are in AUD and are non interest bearing with no fixed repayment terms. Total advances to the subsidiary companies during the year ended 31 December 2016 were \$2,035,981 (31 December 2015: \$2,515,140).



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 25: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	CONSOLIDATED	
		31 December 2016 \$	31 December 2015 \$
<b>Cash and receivables</b>			
Cash and cash equivalents	8	71,548	949,790
Trade and other receivables	9	385,827	163,132
<b>Total cash and receivables</b>		<b>457,375</b>	<b>1,112,922</b>
Financial liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	16	2,462,992	317,058
– Deferred consideration	15	5,855,878	–
<b>Total financial liabilities</b>		<b>8,318,870</b>	<b>317,058</b>

#### Financial Risk Management Policies

The Board of Directors is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the credit risk policies and future cash flow requirements.

#### Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

##### a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss by the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the regular monitoring of exposures and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound.

##### *Credit Risk Exposures*

The maximum exposure to credit risk by class of recognised financial assets at reporting date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to South America given the substantial operations in those regions.

Trade and other receivables are neither past due nor impaired and are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9. No impairment has been applied to trade and other receivables.

##### b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 25: FINANCIAL RISK MANAGEMENT (continued)**

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

*Financial Liability and Financial Asset Maturity Analysis*

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Group</b>								
<b>Financial liabilities due for Payment</b>								
Trade and other payables	2,462,992	317,058	-	-	-	-	2,462,992	317,058
Deferred consideration	962,250	-	4,893,628	-	-	-	5,855,878	-
Total contractual outflows	3,425,242	317,058	4,893,628	-	-	-	8,318,870	317,058
Total expected outflows	3,425,242	317,058	4,893,628	-	-	-	8,318,870	317,058
<b>Financial assets - cash flows realisable</b>								
Cash and cash equivalents	71,548	949,790	-	-	-	-	71,548	949,790
Trade, term and loans receivables	385,827	163,132	-	-	-	-	385,827	163,132
Total anticipated inflows	457,375	1,112,922	-	-	-	-	457,375	1,112,922
Net (outflow)/inflow on financial instruments	(2,967,867)	795,864	(4,893,628)	-	-	-	(7,861,495)	795,864

**c. Market Risk****i. Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

**ii. Foreign exchange risk**

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Consolidated Group is exposed to interest rate and foreign exchange risk through cash assets held and financial liabilities owed as at the reporting date.

	CONSOLIDATED	
	31 December 2016	31 December 2015
	\$	\$
Cash assets held in Australian dollars and subject to floating interest rate	36,277	240,625
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	11,014	595,215
Australian currency equivalent of cash assets held in UK pounds and subject to floating interest rate	22,273	91,737
Australian currency equivalent of cash assets held in Peruvian soles and subject to floating interest rate	-	13,738
Australian currency equivalent of cash assets held in Chilean pesos and subject to floating interest rate	1,984	8,475
Total cash assets	71,548	949,790

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 25: FINANCIAL RISK MANAGEMENT (continued)**

	INTEREST RECEIVED	WEIGHTED AVERAGE	INTEREST RECEIVED	WEIGHTED AVERAGE
Australian dollars and subject to floating interest rate	389	0.08%	4,225	0.39%
Australian currency equivalent in US dollars and subject to floating interest rate	–	–	220	0.02%
<b>Total interest received</b>	<b>389</b>	<b>0.08%</b>	<b>4,445</b>	<b>0.41%</b>

**Sensitivity Analysis**

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

**Interest Rate Sensitivity Analysis**

At 31 December 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	CONSOLIDATED	
	31 December 2016	31 December 2015
	\$	\$
<b>Change in profit</b>		
Increase in interest rate by 2%	1,431	18,996
Decrease in interest rate by 2%	(1,431)	(18,996)
<b>Change in equity</b>		
Increase in interest rate by 2%	1,431	18,996
Decrease in interest rate by 2%	(1,431)	(18,996)

**Foreign Currency Risk Sensitivity Analysis**

	CONSOLIDATED	
	31 December 2016	31 December 2015
	\$	\$
<b>Change in profit</b>		
Improvement in AUD to USD by 5%	(551)	(29,761)
Decline in AUD to USD by 5%	551	29,761
<b>Change in equity</b>		
Improvement in AUD to USD by 5%	(551)	(29,761)
Decline in AUD to USD by 5%	551	29,761
<b>Change in profit</b>		
Improvement in AUD to GBP by 5%	(1,114)	(4,587)
Decline in AUD to GBP by 5%	1,114	4,587
<b>Change in equity</b>		
Improvement in AUD to GBP by 5%	(1,114)	(4,587)
Decline in AUD to GBP by 5%	1,114	4,587
<b>Change in profit</b>		
Improvement in AUD to PEN by 5%	–	(687)
Decline in AUD to PEN by 5%	–	687
<b>Change in equity</b>		
Improvement in AUD to PEN by 5%	–	(687)
Decline in AUD to PEN by 5%	–	687
<b>Change in profit</b>		
Improvement in AUD to CLP by 5%	(99)	(424)
Decline in AUD to CLP by 5%	99	424
<b>Change in equity</b>		
Improvement in AUD to CLP by 5%	(99)	(424)
Decline in AUD to CLP by 5%	99	424

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 25: FINANCIAL RISK MANAGEMENT (continued)

#### Net Fair Values

##### *Fair value estimation*

Financial assets and financial liabilities are presented at fair value or at amortised cost in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

	Foot note	31 December 2016		31 December 2015	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
<b>Consolidated Group</b>					
<b>Financial assets</b>					
Cash and cash equivalents	(i)	71,548	71,548	949,790	949,790
Trade and other receivables	(i)	385,827	385,827	163,132	163,132
<b>Total financial assets</b>		<b>457,375</b>	<b>457,375</b>	<b>1,112,922</b>	<b>1,112,922</b>
<b>Financial liabilities</b>					
Financial liabilities at amortised cost	(i)	2,462,992	2,492,992	317,058	317,058
Deferred consideration		7,000,000	5,855,878	–	–
<b>Total financial liabilities</b>		<b>9,462,992</b>	<b>8,318,870</b>	<b>317,058</b>	<b>317,058</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value approximates to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

#### Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The contingent consideration is categorised as Level 3. The fair value of contingent consideration related to the acquisition of Miraflores Compania Minera SAS (see Note 12b) is estimated using a present value technique. The fair value of \$5,634,821 is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting at 8% (\$7,000,000 undiscounted). The effects on fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 25: FINANCIAL RISK MANAGEMENT (continued)

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	CONSOLIDATED	
	31 December 2016	31 December 2015
	\$	\$
Balance at 1 January 2016	-	-
Acquired through business combination	(5,634,821)	-
Losses recognised in profit or loss under finance costs	(221,057)	-
Balance at 31 December 2016	<b>(5,855,878)</b>	-
Total amount included in profit or loss for unrealised losses on Level 3 instruments under finance costs	(221,057)	-

As at 31 December 2016, there have been no changes in the estimate of the probable cash outflow but the liability has increased to \$5,855,878 due to the unwinding of the discount.

### NOTE 26: RESERVES

*a. Foreign Currency Translation Reserve*

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

*b. Option Reserve*

The option reserve records items recognised as expenses on valuation of share options.

*c. Acquisition Reserve*

The acquisition reserve records items recognised on the subsequent acquisition of the Hampton minority interest.

### NOTE 27: PARENT ENTITY INFORMATION

	31 December 2016	31 December 2015
	\$	\$
STATEMENT OF FINANCIAL POSITION		
Current assets	338,097	952,765
Total assets	47,594,555	168,607,499
Current liabilities	2,986,220	411,850
Total liabilities	7,959,751	454,206
Issued capital	329,032,074	324,037,464
Retained earnings	(289,451,957)	(155,951,927)
Reserves in relation to option issued	54,687	67,756
	<b>39,634,804</b>	<b>168,153,293</b>
STATEMENT OF COMPREHENSIVE INCOME		
Loss for the year	(133,500,030)	(40,266,929)
<b>Total comprehensive loss</b>	<b>(133,500,030)</b>	<b>(40,266,929)</b>

The parent entity has lease commitments of A\$76,267. The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

### NOTE 28: SHARE BASED PAYMENTS

A total of 7,662,759 Shares equivalent to A\$30,000 were issued to LinQ Corporate Pty Ltd in settlement of corporate consulting fees.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 29: COMPANY DETAILS**

Metminco Limited is a company domiciled in Australia and its principal and registered office is located at:

Suite 401, Level 4

6 Help Street

Chatswood NSW 2067

Australia.

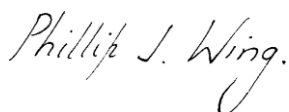
The Group's principal activities are exploration and development of mineral prospects primarily located in Colombia, Chile and Peru, South America.

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 32 to 65, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 31 December 2016 and of the performance for the full year ended on that date of the Consolidated group; and
  - c. comply with International Financial Reporting Standards as discussed in Note 1.
2. the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 31 December 2016.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. the remuneration disclosures included in pages 25 to 29 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2016, comply with Section 300A of the Corporations Act 2001.

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



Phillip J Wing

Chairman

Dated this 31<sup>th</sup> day of March 2017

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METMINCO LIMITED**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Metminco Limited (the Company), and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 1(a) in the financial statements, which indicates that the Group incurred a net loss of \$124,100,870 and has net cash used in operations (including payments for exploration) of \$3,456,266 during the year ended 31 December 2016, and as of that date, has a cash balance of \$71,548 and net current liabilities of \$3,183,582. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial report of the current period. These matters were addressed in the context of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Recoverability of Exploration and Evaluation Assets (notes 1(g), 1(j), 1(s), and 14)</b></p> <p>At 31 December 2016 the carrying value of Exploration and Evaluation Assets was \$9,486,691.</p> <p>As the carrying value of these Exploration and Evaluation Assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to the evaluation for any impairment indicators, in accordance with AASB 6: Exploration for and Evaluation of Mineral Resources.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• evaluating management's assessment of each impairment trigger per AASB 6: Exploration for and Evaluation of Mineral Resources;</li> <li>• assessing that the Group had the rights to explore in the relevant exploration area, which included obtaining external confirmation of continued rights to tenure;</li> <li>• enquiring that management had the intention to carry out exploration and evaluation activity in the relevant exploration area. We also assessed management's cash-flow forecast models to assess the level of the budgeted expenditure on these areas;</li> <li>• assessing whether any data exists to suggest that the carrying value of these exploration and evaluation assets is unlikely to be recovered through development or sale;</li> <li>• assessing management's application of AASB 136: Impairment of Assets where impairment indicators were identified; and</li> <li>• assessing the adequacy of the financial report disclosures.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p><b>Acquisition of Miraflores Compania Minera SAS (notes 1(c), 12 and 15)</b></p> <p>On 30 May 2016 the Group acquired a 100% ownership interest in Miraflores Compania Minera SAS.</p> <p>This acquisition is a key audit matter due to judgements and estimates required in determining the appropriate accounting, including estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• reviewing and assessing management's accounting entries with reference to the acquisition agreements;</li> <li>• evaluating the methodology applied by management to identify and value the assets and liabilities;</li> <li>• evaluating the methodology applied by management to calculate the contingent consideration;</li> <li>• assessing the amount and accounting treatment of acquisition costs; and</li> <li>• assessing the adequacy of the financial report disclosures.</li> </ul>
<p><b>Accounting for Los Calatos transaction (notes 1(d), 1(t), 11 and 12)</b></p> <p>During the current financial year the Group signed an agreement with CD Capital Natural Resources Fund III ("CD Capital") whereby CD Capital subscribed for US\$16 million worth of new shares in Los Calatos Holding Limited to obtain a 51% interest, with an option to subscribe for a further US\$29 million worth of new shares to obtain a further 19% interest.</p> <p>The transaction resulted in a loss of control of subsidiary, and is a key audit matter due to the judgements and estimates required in determining the appropriate accounting, including estimating the fair value of the retained investment in Los Calatos Holding Limited.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• reviewing and assessing management's accounting entries with reference to the funding agreements;</li> <li>• assessing management's application of AASB 10: Consolidated Financial Statements in relation to accounting for a loss of control of subsidiary;</li> <li>• assessing management's application of AASB 13: Fair Value Measurement in relation to the fair value of the retained investment in Los Calatos Holding Limited;</li> <li>• assessing management's application of AASB 128: Investments in Associates and Joint Ventures in relation to accounting for the remaining interest in Los Calatos Holding Limited; and</li> <li>• assessing the adequacy of the financial report disclosures.</li> </ul>

### **Information other than the financial report and auditor's report thereon**

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Directors' responsibilities for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary

to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_files/ar2.pdf](http://www.auasb.gov.au/auditors_files/ar2.pdf). This description forms part of our auditor's report.

#### **Report on the remuneration report**

##### **Opinion on the remuneration report**

We have audited the remuneration report included on pages 25 to 29 of the directors' report for the year ended 31 December 2016. In our opinion, the remuneration report of Metminco Limited, for the year ended 31 December 2016, complies with section 300A of the Corporations Act 2001.

##### **Responsibilities**

The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

C F Farley  
Partner - Audit & Assurance

Sydney, 31 March 2017

**SHAREHOLDER'S INFORMATION****1. Shareholding****a. Distribution of shareholders**

SIZE OF HOLDING	Category		Ordinary
	SECURITIES	%	NO OF HOLDERS
100,001 and Over	109,010,305	85.70	104
10,001 to 100,000	12,923,817	10.16	424
5,001 to 10,000	2,046,504	1.61	277
1,001 to 5,000	2,158,318	1.70	856
1 to 1,000	918,356	0.03	2,329
Total	127,200,299	100.00	8,423
Unmarketable Parcels	3,946,249	3.10	7,743

**b. The names of the substantial shareholders listed in the holding company's register as at 07 April 2017 are:**

Category	Ordinary
SHAREHOLDER	NUMBER
CITICORP NOMINEES PTY LIMITED	18,837,955
REDFIELD ASSET MANAGEMENT PTY LIMITED	10,970,464
RMB AUSTRALIA HOLDINGS LIMITED	8,000,000

**c. Voting Rights**

The voting rights attached to each class of equity security are as follows:

**Ordinary shares**

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

**d. 20 Largest shareholders – Ordinary shares**

	NAME	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1	COMPUTERSHARE CLEARING PTY LTD	24,761,358	19.47
2	CITICORP NOMINEES PTY LIMITED	18,837,955	14.81
3	REDFIELD ASSET MANAGEMENT PTY LIMITED	10,970,464	8.62
4	RMB AUSTRALIA HOLDINGS LIMITED	8,000,000	6.29
5	BNP PARIBAS NOMINEES PTY LTD	5,438,819	4.28
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,602,203	3.62
7	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	3,391,210	2.67
8	WILNIC PTY LTD	2,270,742	1.79
9	P G HOWARTH PTY LTD	1,630,000	1.28
10	BARRICK GOLD CORPORATION	1,500,000	1.18
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,487,535	1.17
12	HUMBER RESOURCES INC	1,075,000	0.85
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	985,448	0.77
14	FINHILL CAPITAL PTY LTD	974,702	0.77
15	ALCARDO INVESTMENTS LIMITED	880,000	0.69
16	RSFT MANAGEMENT PTY LTD	830,000	0.65
17	MINING INVESTMENT SERVICES PTY LTD	809,300	0.64
18	ZTAK HOLDINGS PTY LTD	800,000	0.63
19	TANGARRY PTY LTD	694,026	0.55
20	DR RONNY MARKS & MRS DANA MARKS	632,000	0.5

## SHAREHOLDER'S INFORMATION

TOTAL	90,570,762	71.20%
Balance of register	36,629,537	28.80%
Grand total	127,200,299	100%

Percentage holding of twenty largest shareholders is 71.20%  
Total ordinary fully paid shares on issue: 127,200,299 shares.

- e. As at 07 April 2017 the Company had on issue:  
100,000 unlisted options @A\$1.51 expiring 1 August 2017.

**2. The name of the company secretary is Mr Philip Killen.**

**3. The registered office and principal place of business in Australia is:**

Suite 401, Level 4

6 Help Street

Chatswood NSW 2067

Australia

Phone: + 61 (0) 2 9460 1856, Fax: + 61 (0) 2 9460 1857

**4. Registers of securities are held at the following address:**

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

**5. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all member exchanges of the Australian Stock Exchange and AIM Market of the London Stock Exchange.

**6. Unquoted Securities**

Options over Unissued Shares

A total of 100,000 options are held by no holders of fully paid ordinary shares.

## CORPORATE DIRECTORY

### Directors

Dr Phillip John Wing (*Chairman*)  
William James Howe (*Managing Director*)  
Dr Phillip John Wing (*Non Executive Director*)  
Roger John Higgins (*Non Executive Director*)  
Francisco Vergara-Irarrazaval (*Non Executive Director*)  
Ram Venkat (*Non Executive Director*)

### Registered Office

Suite 401 Level 4, 6 Help Street  
Chatswood  
New South Wales 2067  
Australia

### Website

[www.metminco.com.au](http://www.metminco.com.au)

### Share Registry

Link Market Services Limited  
Level 12  
680 George Street  
Sydney NSW 2000

### Auditor

Grant Thornton Corporate Finance Pty Limited  
Level 17  
383 Kent Street  
Sydney NSW 2000  
Australia

### Solicitors

#### Australia

Dentons Lawyers  
Skygarden Building  
77 Castlereagh Street  
Sydney, New South Wales 2000 Australia

### Company Secretary

Philip Killen

### Principal Place of Business

SYDNEY, AUSTRALIA  
Suite 401 Level 4, 6 Help Street  
Chatswood NSW 2067  
Australia  
Ph: +61 (0) 2 9460 1856  
Fax: +61 (0) 2 9460 1857

### ASX and AIM Code

MNC

### Depository

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZZ  
UK

#### UK

Reed Smith LLP  
The Broadgate Tower  
20 Primrose Street  
London EC2A 2RS