

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B
3 MONTHS TO 31 DECEMBER 2017

Highlights for the quarter ending 31 December 2017 for Metminco Limited (ASX: MNC, AIM: MNC) (“Metminco” or the “Company”):

Miraflores Gold Project (“Miraflores” or the “Project”)

During the quarter the Company completed the Feasibility Study, announced a maiden Ore Reserve for the Miraflores Project and completed the Social Baseline Study for the Environmental Impact Assessment (Estudio de Impacto Ambiental – “EIA”). Subsequent to the end of the quarter the Company submitted the Plan of Works (Plan de Trabajos y Obras – “PTO”) to the Mining Agency during the quarter.

- The Social Baseline Study: The information collected for the preparation of the social baseline in the socio-economic area of influence of Miraflores Compañía Minera (“MCM”) operations is composed of information from both primary and secondary sources. This information allows the establishment of the current socio-economic characteristics of the area of influence of the Project and is an integral part of the EIA application.
- The Company submitted the PTO to the Colombian Mining Agency for mine development approval in January 2018. Colombian regulations require both the PTO and EIA approvals prior to commencement of operations.
- Completion and announcement of the Miraflores Feasibility Study on 18 October 2017. The Miraflores Feasibility Study has been prepared following the guidelines of the Canadian Securities Administrators’ National Instrument 43-101 and Form 43-101F1 and the JORC code (2012).
- A maiden Ore Reserve Estimate for the 100% owned Miraflores Gold Project was announced on 18 October 2017 and updated on 27 November 2017 (tabled below on a 100% basis):

Reserve Classification	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
Proved + Probable	4.32	3.29	2.77	457	385

Rounding-off of numbers may result in minor computational errors, which are not deemed to be significant. Source: Ausenco, 2017

- Approval was received in September 2017 from the Corporacion Autonoma Del Risaralda (“CARDER”) for the Company to construct up to 2,000m of underground development under the Company’s existing Plan De Manejo Ambiental (“PMA” – Resolution 562 of 21 October 1997 and renewed under Resolution 1619 on 23 June 2009), and the Company is now assessing its options for undertaking this development.

The critical path for the development of the Project remains the completion of the EIA, including the validation of the impacts on the local communities and the gaining of the social licence for the Project. Changes to the Terms of Reference including further water monitoring requirements will delay the completion of the EIA for up to a further 3 to 4 months.

Corporate

The Company's cash position at the end of the quarter (31 December 2017) was approximately AUD \$ 833,000.

Mr William Howe, Managing Director, commented: *"Several significant milestones have been achieved during the quarter. The Company announced a Maiden Ore Reserve for the Miraflores Gold Project and completed a Feasibility Study for the potential development of the Project, completed the PTO and submitted the document to the Mining Agency in Colombia for development approval and completed the Social Baseline Study for inclusion in the EIA application. Although further testing of water for the EIA will delay the submission of the document to the CARDER for approval, the Company is still on track to have all of its approvals for mine development during 2018."*

MIRAFLORES PROJECT – COLOMBIA**Social Baseline study**

The information collected for the preparation of the social baseline in the socio-economic area of influence of Miraflores operations is composed of information from both primary and secondary sources. This information allows the establishment of the current socio-economic characteristics of the area of influence of the Project and is an integral part of the EIA application.

- Primary Data: information collected from the population in the area of influence of the Project; The data was collected through surveys, workshops, and meetings among other methods.
- Secondary Data: this information was obtained from documents such as the Municipal Development Plan 2016-2019 "Quinchía Primero", Basic Plan for Land Use Planning ("PBOT", 1999) and documents held by MCM which complemented the information obtained in the primary data.

The research was carried out directly in the field, gathering information from the families and stakeholders in the area of influence of the Project. From this information an analysis of the current socio-economic conditions of the population was undertaken.

Study area

The study area is made up of 8 population areas and the urban area of Quinchía; although Quinchia is not within the area of influence of the Project, it is the seat of the municipality and has a legal and regulatory relationship to the Project. The communities that are within the area of influence have very important implications for the development of the Project.

Area of influence

The area of influence of the Miraflores Project is 8 districts within the municipality of Quinchía, namely: Aguas Claras, Corozal, El Cedral, Guerrero, La Cumbre, Los Medios, Miraflores and Veracruz (Figure 1).

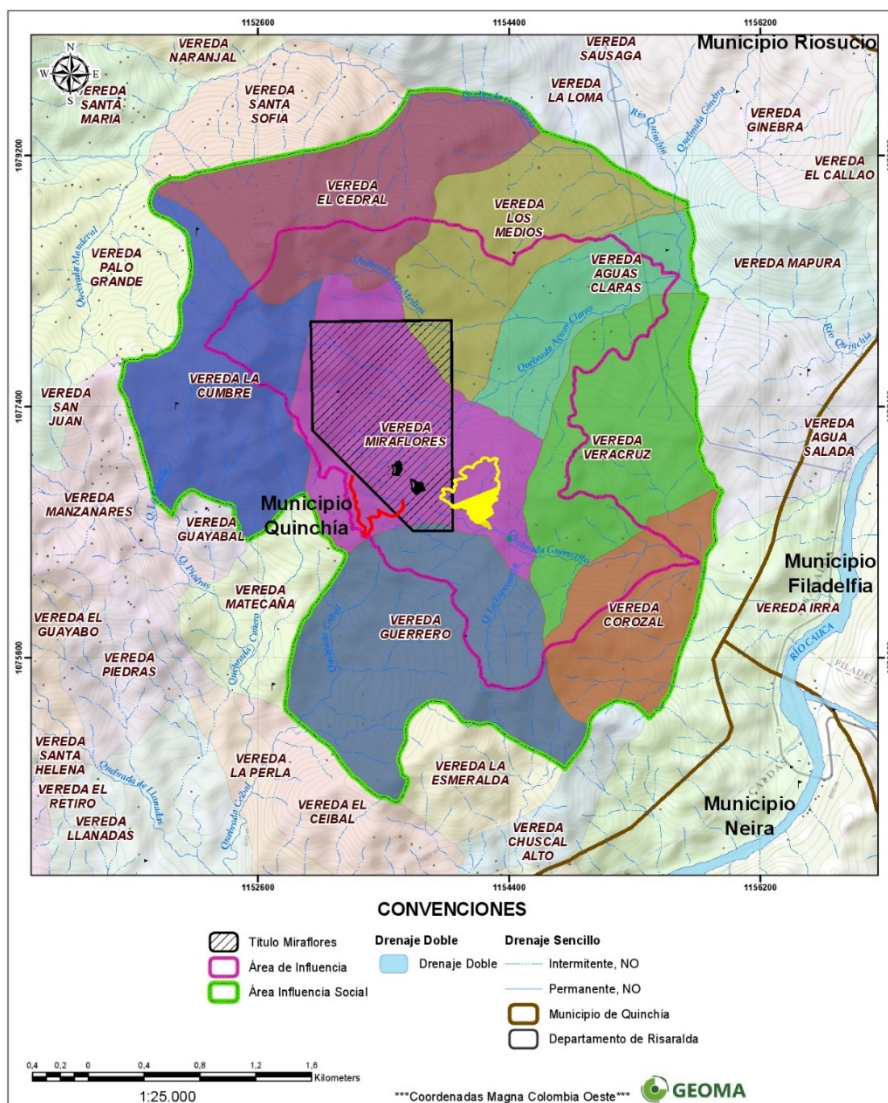


Figure 1. Area of Influence of the Proposed Operations

Source. GEOMA - Miraflores Mining Company

Information Gathering Techniques

Document review

A review was undertaken of various documents that provided general information about the municipality in terms of social, economic and cultural aspects, among others. Following are some of the documents consulted:

- Development Plan 2016-2019: Risaralda Verde y Emprendedora.
- Municipal Development Plan 2016-2019 "Quinchía Primero".
- Basic Plan of Territorial Planning, Municipality of Quinchía.
- Diagnosis of Environmental Risks, Municipality of Quinchía, CARDER.

Plan of Works

The PTO complies with the Colombian Code of Mines (Law 685 of 2001, article 84), which is governed by the Terms of Reference for mine developments, supplied by the Ministry of Mines and Energy of Colombia, and other applicable legislation.

The PTO is based on the provisions in the Mine Code (law 685 of 2001):

- Terms of Reference for the exploration work and Works Program for materials and minerals other than from space and the seabed, Environmental Mining Guides for exploration, exploitation, profit and transformation and owners' methodologies for the successful development of the PTO.
- In addition, two (2) methodological models are developed: the first is the structure of the PTO document, according to article 84 of Law 685 of 2001 (Mining Code), and the second is the systematic stages of the document's construction process.

The structure of the PTO must take into account the application of the principles, criteria and technical rules inherent to engineering, geology and the topography.

The area of exploitation required for the development of the operations must be clearly defined as this will be linked to the construction and operations works and all necessary support services such as internal transport, support services and works of an environmental nature.

Miraflores Feasibility Study

Mineral Resources

An updated Mineral Resource Estimate was completed in March 2017 by Metal Mining Consultants ("MMC") (see announcement of 17 March 2017) in accordance with the guidelines of the JORC Code (2012 Edition). This updated Mineral Resource Estimate provided for the exploitation of the Miraflores deposit via an underground mining operation only, in contrast the the previous estimate by MMC I 2013 which envisaged an open cut and underground operation The Updated Mineral Resource Estimate is summarised in the table below.

Mineral Resource Estimate – Miraflores Gold Project (MMC March 2017, 100% basis)

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
Measured &Indicated	9,269	2.82	2.77	840	825
Inferred	487	2.36	3.64	37	57

Rounding-off of numbers may result in minor computational errors, which are not deemed to be significant. Source: MMC, 2017

Ore Reserves

The Company completed a maiden NI 43-101 and JORC 2012-compliant Ore Reserve for its 100%-owned Miraflores Gold Project in Colombia and announced to the market on 18 October 2017 (updated 27 November 2017).

The Ore Reserve has been estimated using a gold price assumption of US\$1,200/oz and a cut-off grade of 1.53g/t Au. It is contained entirely within the March 2017 Mineral Resource Estimate and is based entirely on the Measured and Indicated Resources.

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

Miraflores Ore Reserve Estimate as at October 2017 (100% basis, updated November 2017)

Reserve Classification	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Contained Metal (Koz Au)	Contained Metal (Koz Ag)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
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Source: Ausenco, 2017

Capital Costs

The capital cost estimate developed for the Feasibility Study is based upon an EPCM approach whereby Miraflores assumes general risk. As a result, the capital estimate does not include a contractor's risk margin (for any portion to be let on a lump sum basis), nor does it include owners' management reserve to cover risk range sensitivities (excluded project-specific risk and low probabilistic risk). The only margin included in the estimate is on EPCM rates for the EPCM contractor.

The total estimated cost of bringing the Project into production is US\$71.8m excluding all contingency.

The overall capital costs for the mining and process plant are summarised in the table below. This cost excludes the sunk costs incurred to date and costs of feasibility studies prior to and leading up to full project approval.

Initial and Sustaining Capital Cost Estimate

Cost Area	Initial Capital (US\$ millions)	Sustaining Capital Cost (US\$ millions)
Mining	14.0	16.5
Process Plant	46.3	1.4
Tailings Storage Facility	2.3	
Owners' Costs	8.4	0.6
Power Line	0.8	
Total Expenditure¹	71.8	18.5

¹ Excludes task specific contingency, taxes, royalties and risk costs

Miraflores owners' capital costs are included with the mining, process plant and infrastructure capital cost estimate. The owners' costs were generated by making provision for all personnel and expenses associated with the Project through pre-operations development up to the point of commissioning of the process plant. A contingency of approximately US\$6,100,000 (7.67% of Initial Capital Estimate) has been estimated for the Project development and is additional to the figure of US\$71.8m above.

Operating Costs

The operating cost estimate is considered to have an accuracy of between -10% and +15%, is presented in US dollars and is based on prices obtained during the second quarter of 2017.

Description	US\$/t-milled	LoM (US\$ millions)
Mining	27.94	120.9
Processing	21.35	91.6
G & A	4.35	18.8
Total	53.64	231.3

Base Case Results - NPV, IRR, Payback

The table below is a summary of the base case financial outcomes for the Project, these calculations exclude contingency and sunk costs.

NPV, IRR and Payback for the base case

After Tax NPV	Value in US\$
LoM After Tax Free Cashflow	150 million
NPV@5%	96 million
NPV@8%	72 million
IRR (%)	25
Payback undiscounted in years	3.6

Environmental Permit - Resolution 1505 (Approved Permit)

MCM received approval from the CARDER to construct up to 2,000m of underground development under the Company's existing PMA covering the Miraflores licence, which is an exploitation licence.

The Company is currently assessing alternatives for the commencement of mining operations under the permit, including options for funding the development.

MOLLACAS PROJECT - CHILE

The Company holds title to 21 Exploitation Concessions covering the Mollacas deposit and surrounding area, and owns 183 ha of land adjacent to the proposed open pit operation.

In addition, Metminco also owns water rights to approximately 175 litres/sec from two canals, albeit that the estimated water usage for the mining operation will only be 40 litres/sec.

The Project is currently on care and maintenance.

CORPORATE**Cash Position and Funding**

As at 31 December 2017, Metminco Limited had approximately AUD \$ 833,000 in cash.

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



William Howe

Managing Director

For further information, please contact:

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Market Abuse Regulation (MAR) Disclosure

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

Competent Persons Statement

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

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

Forward Looking Statement

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Metminco are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Metminco that could cause Metminco's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Metminco does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Metminco Limited

ABN

43 119 759 349

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter A\$'000	Year to date 12 months A\$'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(1,098)	(3,461)
(b) development	-	-
(c) production	-	-
(d) administration	(637)	(3,904)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(1,735)	(7,365)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(1,008)
(b) equity investment	-	-
(b) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	6,624
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	5,616
1.13 Total operating and investing cash flows (carried forward)	(1,735)	(1,749)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,735)	(1,749)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, derivative asset fair value adjustment	-	2,020
	Costs of issue	(35)	(398)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from Convertible Notes	-	750
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other: Cash received from derivative asset	90	194
Net financing cash flows		55	2,566
Net increase (decrease) in cash held		(1,680)	817
1.20	Cash at beginning of quarter/year to date	2,382	72
1.21	Exchange rate adjustments to item 1.20	131	(56)
1.22	Cash at end of quarter	833	833

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

		Current quarter A\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	144
1.24	Aggregate amount of loans to the parties included in item 1.10	-

- 1.25 Explanation necessary for an understanding of the transactions
- | |
|--|
| Item 1.23 includes aggregate amounts paid to directors for the period 01 Oct 17 – 31 Dec 17 for:
Directors' fees: A\$65,625
Directors' services: A\$78,192 |
|--|

Non-cash financing and investing activities

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	A\$'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	700

Reconciliation of cash

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

	Current quarter A\$'000	Previous quarter A\$'000
5.1 Cash on hand and at bank	833	2,382
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	833	2,382

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.3	+Ordinary securities	127,200,299	127,200,299		
7.4	Changes during Quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.5	+Convertible Debt securities unlisted Convertible Notes	12,345,639	12,345,639	Convertible at: A\$0.06075	Expiry date: 17 May 2018
7.6	Changes during quarter: (a) Increases through issues (b) Decreases through Securities matured, converted				
7.7	Options (description and conversion factor)	<u>Unlisted:</u> 12,345,639 12,345,.639		<u>Exercise price:</u> A\$0.081 A\$0.081	<u>Expiry date:</u> 17 May 2019 25 May 2019
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				

+ See chapter 19 for defined terms.

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

Compliance statement

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

Sign here:



Date: 31.01.2018
 Print name: Graeme Hogan
 (Company secretary)

Notes

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

+ See chapter 19 for defined terms.