METMINCO LIMITED

ABN 43 119 759 349

AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED

31 DECEMBER 2017

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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) (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 2017.

Directors

The following persons held the office of director at any time during or since the year ended 31 December 2017 to the date of this report:

Kevin Wilson	Executive Chairman (appointed 23 March 2018)
Roger Higgins	Non-Executive Director
Francisco Vergara-Irarrazaval	Non-Executive Director
Phillip Wing	Non-Executive Director and Chairman (resigned 3 August 2017)
William Howe	Managing Director (resigned 23 March 2018)
Ram Venkat	Non-Executive Director (appointed 20 March 2017, resigned 19 March 2018)

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

Company Secretary

Graeme Hogan was appointed as Company Secretary and Chief Financial Officer (CFO) on 11 December 2017 and is in office at the date of this report. Philip Killen was the Company Secretary and CFO from the beginning of the year until 14 July 2017. Brian Jones was Company Secretary and CFO from 14 July 2017 until his resignation on 11 December 2017.

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 and copper and other base metal projects in Chile.

Operating results

The consolidated loss of the Group for the year was A$35,227,373 after providing for income tax (31 December 2016: loss of A$124,100,870).

DIRECTORS' REPORT

Operations Report

The Company's portfolio of assets includes Quinchia Project in Colombia and the Loica, Vallecillo and Mollacas projects in Chile. The Company focussed its full attention on the Miraflores Project at Quinchia while the Chilean assets remained on care and maintenance throughout 2017.

The Miraflores Project was purchased from RMB Resources Australia Pty Ltd on 20 June 2016. A Scoping Study commissioned by Metminco during the second half of 2016 indicated that the project, developed as an underground mine with processing facilities on site, was the preferred development option given the robust economics indicated for that development option. Based on this work, Metminco commenced with a Feasibility Study on the Miraflores Project late in 2016. The Feasibility Study was completed in October 2017.

Miraflores Feasibility Study

The Miraflores Feasibility Study ("Study") was prepared following the guidelines of the Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F1 and the JORC code (2012). A Mineral Resource Statement was prepared in conformity with generally accepted "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines" (CIM Guidelines) in 2012 and updated in 2016 to comply with the NI 43-101 and the JORC Code (2012 edition) (The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)). A Project Ore Reserve Estimate, classified and reported in accordance with the Canadian Securities Administrators National Instrument 43-101 (NI 43-101) and the corresponding CIM Definition Standards on Mineral Resources and Ore Reserves and the JORC Code (2012) was also issued in Otober 2017 and updated in November 2017.

In summary, the Study considered an underground mining operation generating 4.3Mt of mineralised material at a head grade of 3.3g/t gold over 9.3 years to deliver 421,000ozs recovered gold. Capital costs were estimated at US$72 million and operating costs were estimated at AISC of US$643/oz. At a gold price estimate of US$1,300/oz. over the life of the operation, the Study generated an NPV of US$72 million (at 8% discount rate) and payback of 3.6 years.

Permitting, Environmental and Social studies

Baseline Study and Environmental Impact Assessment programs were recommenced in July 2017 modified in order to meet the data quality objectives associated with the revised mine plan and project layout. The monitoring and environmental inventories consist of fauna and flora characterisation; underground and surface water characterisation; noise, vibration and air pollution; and potential contaminants from extracted minerals and stored tailings.
These data along with the mineralogical, geological, social and economic aspects of the new Project will be used to inform the Environmental Impact Assessment.

The environmental process will include participation of, and provision of information to, all communities in the Project area.

A Plan of works was submitted to the Colombian Mining Agency in January 2018.

Corporate

The Consolidated Group reported an after tax loss for the year ended 31 December 2017 of A$35,227,373 (2016: loss of $124,100,870), including a loss of A$27,228,513 on the sale of the remaining interest in the Los Calatos Project in Peru.

Cash Position and Funding

During the year ended 31 December 2017, Metminco's cash position increased to A$834,377 from $71,548 due to the receipt of A$6.6 million due to the sale of its interest in the Los Calatos Project, additional fund raisings (A$2.2 million net of costs) and convertible notes (A$0.7 million net of costs).

Cash outgoings for the period were focussed on the continued development of the Miraflores Gold Project and corporate overheads. Expenditure for the year was focused on the Miraflores Feasibility Study including an updated JORC 2012 Mineral Resource estimate, the mining study, metallurgical test work, evaluation of processing options, infrastructure work towards completion of the Feasibility Study and the preparation of the EIA (Environmental Impact Assessment).

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. Funds from the sale of the Los Calatos Project have been applied to completion of the Miraflores Feasibility Study and the lodgement of the Environmental Impact Assessment (EIA) leading towards a decision to mine, subject to mine development funding and EIA approval. The release of the Miraflores Feasibility Study on 30 October 2017 confirmed the robust economics of the potential development of the Miraflores Project into a near term cash flow.

Details of fund raising during the year ended 31 December 2017 follow:

Sale of Interest in the Los Calatos Project

As announced 27 June 2017 the Company sold its 49% interest in Los Calatos Holding, owner of the Los Calatos Project, for approximately US$5 million (A$6.6 million) cash consideration net of costs (the LCH Sale). Proceeds from the LCH Sale have provided a non-dilutive form of financing for ongoing work programs towards the development of the Miraflores Gold Project.

Placement and derivative asset

During the year the Company completed a second tranche of the placement announced 17 November 2016 by placing a total of 36,919,831 new fully paid ordinary shares (Shares) and receiving approximately A$1.7 million net of costs. The remaining approximately $2.6 million of the A$3 million Lanstead Capital LP funding facility is to be received over 18 months subject to the Company's measured share price compared to the benchmark price (A$0.158). If the Metminco measured share price exceeds the benchmark price, for that month, the Company will receive more than 100 per cent of the monthly settlement due on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. Should the measured share price be below the benchmark price, the Company will receive less than 100 per cent of the expected monthly settlement on a pro rata basis.

Convertible note facility (Convertible Notes)

In May 2017 the Company entered into an A$0.75 million unsecured convertible note facility with Redfield Asset Management.

The key terms of the convertible notes 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 convert to fully paid ordinary shares (Shares) at the Conversion Price.

Conversion Price: A$0.06075

Options granted: i) 12,345,639 exercisable at $0.081 per Share any time prior to 24 months from date of issue

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 Company's available placement capacity under ASX Listing is refreshed.

Funding: A$750,000 after fees has been received.

Underwriting Fee: 4.5% of Face Value

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.

Small Holding Sale Facility

On 14 July 2017 the Company initiated a 'Small Holding Sale Facility' for shareholders who hold a 'Small Holding' of shares (unmarketable parcels) in the Company. Under ASX Listing Rules and the Company's constitution a 'Small Holding' is defined as:

- a shareholding with a market value of less than A$500, and therefore
- any shareholding of 11,111 shares or less in the Company, based on the closing share price of A$0.045 per share on the Record Date (Monday, 10 July 2017) is deemed to be a 'Small Holding'

On 4 October 2017 the Company completed the buyback. The total number of shares purchased under the facility was 3,875,424 shares representing approximately 3% of the issued capital in Metminco. With the purchase of the small holdings the number of Metminco shareholders has reduced by more than 6,900 to 1,294 shareholders.

Board Changes

Kevin Wilson – Executive Chairman

Kevin Wilson was appointed Executive Chairman on 23 March 2018.

William Howe – Managing Director

William Howe who was appointed a Director Metminco on 17 July 2009 and Managing Director on 8 December 2010 resigned on 23 March 2018.

Ram Venkat – Non-Executive Director

Mr. Ram Venkat was appointed as a Non-Executive Director of the Company effective 20 March 2017 and resigned on 19 March 2018.

Phillip Wing - Chair

Phillip Wing, who held office as a Director of Metminco Limited since 17 July 2009 and as Chair since 27 July 2016 resigned on 3 August 2017.

Philip Killen – Company Secretary and Chief Financial Officer (CFO)

Mr Philip Killen, who has held office as Company Secretary and CFO of Metminco Limited since 31 October 2009 resign on 14 July 2017.

Brian Jones – Company Secretary and Chief Financial Officer (CFO)

Mr Brian Jones was appointed as Company Secretary and Chief Financial Officer on an interim basis on 14 July 2017 until his resignation on 11 December 2017.

Graeme Hogan – Company Secretary and Chief Financial Officer (CFO)

Mr Graeme Hogan was appoined Company Secretary and CFO effective 11 December 2017.

Mr. Hogan has over 25 years' experience as a Company Secretary and CFO with unlisted and other ASX listed resources companies.

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 2017.

Events subsequent to the end of the financial period

Matters that have arisen in the interval between the end of the year ended 31 December 2017 and the date of this report of a material or unusual nature are as follows:

- On 19 March 2018, Mr Ram Venkat resigned as a Director of the Company.
- On 23 March 2018 the Company announced an underwritten Entitlement Issue to raise $5,558,653 through the issue of 694,831,634 ordinary shares at an issue price of 0.8 cent with one free option for every three shares subscribed for.
- On 23 March 2018 Mr Kevin Wilson was appointed Executive Chairman and Mr William Howe resigned as Managing Director and accepted the role of Chief Operating Officer.
- On 28 March 2018 the Company placed 19,080,045 ordinary fully paid shares at 0.8 cents and the subscribers subject to shareholder approval will receive 6,360,015 free options. The placement raised gross proceeds of $152,640.
- 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 becomining 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, and Chile. The Directors are not aware of any breaches of the legislation during the year that are material in nature.

DIRECTORS' REPORT

Information on Directors

Kevin Wilson	Executive Chairman
QUALIFICATIONS	BSC, MBA
EXPERIENCE	Mr Kevin Wilson was appointed Executive Chairman on 23 March 2018. Mr Wilson has over 30 years' experience in the minerals and finance industries. He was the Managing Director of Rey Resources Limited, an Australian energy exploration company, from 2008 to 2016 and the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. He has prior experience as a geologist with the Anglo American Group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA. Mr Wilson is currently also Chairman (non-executive) of Navarre Minerals Limited and non-executive director of Investigator Resources Limited.
INTERSTS IN SHARES AND OPTIONS	Nil. Mr Wilson has agreed to sub-underwrite up to 12.5 million ordinary shares in Metminco in the Entitlement Issue
Roger Higgins	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 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 Socieites 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.

William Howe — 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. Mr Howe resigned on 23 March 2018 and has accepted the position of Chief Operating Officer.

INTEREST IN SHARES AND OPTIONS — 3,365,743 ordinary shares in Metminco Limited (post security consolidation).

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. Mr Venkat resigned on 19 March 2018.

INTEREST IN SHARES AND OPTIONS — 384,000 ordinary shares in Metminco Limited (post security consolidation).

Company Secretary

Graeme Hogan — Chief Financial Officer/Company Secretary

QUALIFICATIONS — B.Com; FCPA, FGIA

EXPERIENCE — Appointed as the Company Secretary/CFO on 11 December 2017, Graeme is a finance professional with over 25 years' experience in the resources sector in various senior executive roles. He has worked with companies in the gold, gold/copper, calcium carbonate, gas, coal & iron ore sectors. He has also held senior roles with companies in the agriculture, FMCG and aged care sectors.

His experience includes IPOs, debt & equity fund raisings, treasury, statutory & ASX reporting compliance plus company secretarial.

INTEREST IN SHARES AND OPTIONS — 100,000 ordinary shares in Metminco Limited.

Meetings of the Board

The Board of Directors held 8 meetings during the year ended 31 December 2017. Attendances of Directors at these meetings are shown in the table below:

DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND BOARD MEETINGS
William Howe	8	8
Francisco Vergara – Irarrazaval	7	8
Roger Higgins	8	8
Ram Venkat (appointed 20 March 2017 & resigned 19 March 2018)	6	7
Philip Wing (resigned 3 August 2017)	4	4

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 2017 were as follows:

	AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE		SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT COMMITTEE	
DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS
Francisco Vergara - Irarrazaval	1	1	1	1	-	-
Philip Wing (resigned 3 August 2017)	1	1	1	1	-	-
Roger Higgins	1	1	-	-	-	-
Ram Venkat (appointed 20 March 2017)	-	-	-	-	-	-

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$32,000 for the year ended 31 December 2017 (for the year ended 31 Dec 2016: A$10,058).

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
17 May 2017	17 May 2019	$0.081	12,345,639
25 May 2017	25 May 2019	$0.081	12,345,639

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.

The following fees were payable to Grant Thornton for non-audit services in Australia provided during the year ended 31 December 2017:

	A$
Independent Experts Report	58,450
	58,450

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 2017 is set out on page 17, 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.

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 perfor.mance 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 policy will be reviewed in 2018

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 will review 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 2017.

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 2017 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	OPTIONS/ RIGHTS	FIXED SALARY/ FEES	TOTAL
			%	%	%	%	%
Group Key Management Personnel							
William Howe	Managing Director	Written Contract (6 months' notice)	–	–	–	100	100
Phillip Wing	Non Executive Chairman (resigned 3 August 2017))	No written contract	–	–	–	100	100
Francisco Vergara-Irarrazaval	Non Executive Director	No written contract	–	–	–	100	100
Philip Killen	CFO and Company Secretary (resigned 14 July 2017)	Written contract (6 months' notice)	–	–	–	100	100
Colin Sinclair	Executive Exploration Manager	Written contract (12 months & no termination notice)	–	–	–	100	100
Stephen Tainton	Project Manager (resigned 15 February 2017)	Written contract (6 months' notice)	–	–	–	100	100
Roger Higgins	Non Executive Director	No written contract	–	–	–	100	100
Ram Venkat	Non Executive Director (resigned 19 March 2018)	Written contract (6months' & 6 weeks' notice)	–	–	–	100	100
Brian Jones	CFO and Company Secretary (appointed 14 July 2017, resigned 11 December 2017)	Written contract (1 months' notice)	–	–	–	100	100
Graeme Hogan	CFO and Company Secretary (appointed 11 December 2017)	Written contract (3 months' notice)	–	–	–	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 months' 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 2017

Mr Ram Venkat resigned as a director on 19 March 2018.

On 23 March 2018, Mr Kevin Wilson was appointed Executive Chairman and Mr William Howe resigned as Managing Director and was appointed Chief Operating Officer.

There were no other changes in Directors or Executives subsequent to 31 December 2017.

Remuneration Details during the year ended 31 December 2017

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.

Table of benefits and payments for key management personnel for the year ended 31 December 2017:

		SHORT–TERM BENEFITS				POST–EMPLOYMENT BENEFITS		LONG–TERM BENEFITS		EQUITY–SETTLED SHARE–BASED PAYMENTS		CASH–SETTLED SHARED–BASED PAYMENTS	TERMIN–ATION BENEFITS	TOTAL
		SALARY, FEES AND LEAVE	PROFIT SHARE AND BONUSES	NON–MONE-TARY	HOUSING ALLOWANCE	PENSION AND SUPER–ANNUATION	OTHER	INCENTIVE PLANS	LSL	SHARES/ UNITS	OPTIONS/ RIGHTS			
Group Key Management Personnel		$	$	$	$	$	$	$	$	$	$	$	$	$
William Howe	Dec 2017	225,000	–	–	–	–	–	–	–	–	–	–	–	225,000
	Dec 2016	207,498	–	–	–	17,502	–	–	–	–	–	–	–	225,000
Tim Read	Dec 2017	–	–	–	–	–	–	–	–	–	–	–	–	–
	Dec 2016	36,456	–	–	–	–	–	–	–	–	–	–	–	36,456
Phillip Wing	Dec 2017	58,333	–	–	–	–	–	–	–	–	–	–	–	58,333
	Dec 2016	63,540	–	–	–	–	–	–	–	–	–	–	–	63,540
Francisco Vergara-Irarrazaval	Dec 2017	37,500 *	–	–	–	–	–	–	–	–	–	–	–	37,500
	Dec 2016	37,500	–	–	–	–	–	–	–	–	–	–	–	37,500
Roger Higgins	Dec 2017	37,500	–	–	–	–	–	–	–	–	–	–	–	37,500
	Dec 2016	37,500	–	–	–	–	–	–	–	–	–	–	–	37,500
Stephen Tainton	Dec 2017	17,667	–	–	–	11,276	–	–	–	–	–	–	–	28,943
	Dec 2016	177,004	–	–	–	35,000	–	–	–	–	–	–	–	212,004
Philip Killen	Dec 2017	88,500	–	–	–	30,002	–	–	–	–	–	–	249,355	367,857
	Dec 2016	177,004	–	–	–	35,000	–	–	–	–	–	–	–	212,004
Colin Sinclair	Dec 2017	150,000	–	–	–	–	–	–	–	–	–	–	–	150,000
	Dec 2016	62,292	–	–	–	–	–	–	–	–	–	–	–	62,292
Graeme Hogan	Dec 2017	8,372	–	–	–	795	–	–	–	–	–	–	–	9,167
	Dec 2016	–	–	–	–	–	–	–	–	–	–	–	–	–
Ram Venkat	Dec 2017	143,743	–	–	–	–	–	–	–	–	–	–	–	143,743
	Dec 2016	–	–	–	–	–	–	–	–	–	–	–	–	–
Brian Jones	Dec 2017	109,000	–	–	–	–	–	–	–	–	–	–	–	109,000
	Dec 2016	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Key Management Personnel	**Dec 2017**	875,615	–	–	–	42,073	–	–	–	–	–	–	249,355	1,167,043
	Dec 2016	798,794	–	–	–	87,502	–	–	–	–	–	–	–	886,296

* At the time of this report the Company has accrued $18,750 in fees to Francisco Vergara for year ended 31 December 2017.

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 2017.

Options and Rights Issued, Granted & Exercised

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

The number of **options** held by each key management personnel of the Group during the full year 2017 were nil.

DIRECTORS' REPORT

The number of **options** held by each key management personnel of the Group during the full year 2016 is as follows:

31 December 16	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
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)	–
Roger Higgins	184,616	–	–	(184,616)	–
	25,317,392	**–**	**(3,492,308)**	**(21,825,084)**	–

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

31 December 2017	BALANCE AT THE BEGINNING OF THE YEAR	BALANCE POST SECURITY CONSOLIDATION 4 JAN 2017	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE 31 DECEMBER 2017
William Howe	136,641,533	2,732,832	–	–	632,911	3,365,743
Phillip Wing	29,229,109	584,583	–	–	-	584,583
Francisco Vergara – Irarrazaval	63,890,000	1,277,800	–	–	–	1,277,800
Philip Killen	29,509,147	590,183	–	–	–	590,183
Stephen Tainton	5,843,594	116,872	–	–	–	116,872
Colin Sinclair	31,925,800	638,213	–	–	(7,400)	630,813
Roger Higgins	13,188,464	263,770	–	–	–	263,770
Graeme Hogan	–	–	–	–	100,000	100,000
Ram Venkat	–	–	–	–	384,000	384,000
Brian Jones	–	–	–	–	–	–
	338,627,647	**6,204,253**	**–**	**–**	**1,109,511**	**7,313,764**

31 December 2016	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
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
	303,332,300	**–**	**3,492,308**	**31,803,039**	**338,627,647**

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 2016 Annual General Meeting (AGM)

The Company received 92% "For" votes on its remuneration report for the 2016 financial year. No other specific feedback was received at the AGM on its remuneration report.

End of audited remuneration report.

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

Kevin Wilson
Executive Chairman
29 March 2018
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 2017, 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, 29 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	CONSOLIDATED GROUP 31 DECEMBER 2017 $	CONSOLIDATED GROUP 31 DECEMBER 2016 $
Revenue	2	–	389
Finance costs	16	(559,484)	(221,057)
Share based payment expense	29	(426,174)	-
Foreign exchange (loss)/gain		(110,185)	16,369
Administration expenses		(792,509)	(65,140)
Employment expenses		(1,295,015)	(503,267)
Corporate expenses		(1,416,089)	(975,800)
Occupancy expense		(161,574)	(199,537)
Exploration and evaluation expenditure written off	15	(48,437)	(407,300)
Loss on loss of control of subsidiary	12	–	(121,540,173)
Impairment – Land Value Chile	14	(934,037)	-
Impairment of non-current receivables		(180,669)	-
Depreciation		(40,282)	(92,156)
Realised loss on derivative asset	11	(797,257)	
Unrealised loss on derivative asset	11	(1,260,330)	
Share of net loss of associate		-	(113,198)
Loss on sale of asset	12	(27,228,513)	–
Profit on disposal of assets		23,182	–
Loss before income tax		**(35,227,373)**	**(124,100,870)**
Income tax expense	4	–	–
Loss for the year	3	**(35,227,373)**	**(124,100,870)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities (net of tax)		(208,982)	423,051
Total Comprehensive Loss for the year		**(35,436,355)**	**(123,677,819)**
Loss for the year attributable to members of the parent entity:		**(35,227,373)**	**(124,100,870)**
Total comprehensive loss attributable to members of the parent entity from continuing operations:		**(35,436,355)**	**(123,677,819)**
Basic loss per share(cents)	7	(28.39)	(169.38)
Diluted loss per share	7	(28.39)	(169.38)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	NOTE	CONSOLIDATED GROUP 31 DECEMBER 2017 $	31 DECEMBER 2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	834,377	71,548
Trade and other receivables	9	167,382	385,827
Derivative asset	11	272,683	–
Asset held for sale	10	2,586,122	–
Other assets		48,610	21,060
TOTAL CURRENT ASSETS		**3,909,174**	**478,435**
NON-CURRENT ASSETS			
Investment in associate	12	–	33,766,877
Property, plant and equipment	14	569,642	4,538,349
Exploration and evaluation expenditure	15	12,015,128	9,486,691
TOTAL NON-CURRENT ASSETS		**12,584,770**	**47,791,917**
TOTAL ASSETS		**16,493,944**	**48,270,352**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	3,392,074	3,425,242
Short term provisions	17	187,214	236,775
TOTAL CURRENT LIABILITIES		**3,579,288**	**3,662,017**
NON-CURRENT LIABILITIES			
Long term provisions	17	–	79,903
Long term payables	16	4,322,867	4,893,628
TOTAL NON-CURRENT LIABILITIES		**4,322,867**	**4,973,531**
TOTAL LIABILITIES		**7,902,155**	**8,635,548**
NET ASSETS		**8,591,789**	**39,634,804**
EQUITY			
Issued capital	18	332,987,792	329,032,074
Reserves	27	(29,914,047)	(30,142,687)
Accumulated losses		(294,481,956)	(259,254,583)
TOTAL EQUITY		**8,591,789**	**39,634,804**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED GROUP	ISSUED CAPITAL $	ACCUMULATED LOSSES $	OPTION RESERVE $	CONVERTIBLE NOTE EQUITY RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACQUISITION RESERVE $	TOTAL $
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**
Total equity as at 1 Jan 2017	**329,032,074**	**(259,254,583)**	**54,686**	**–**	**11,309,289**	**(41,506,662)**	**39,634,804**
Loss attributable to members of the parent entity	–	(35,227,373)	–	–	–	–	(35,227,373)
Other comprehensive income	–	–	–	–	(208,982)	–	(208,982)
Total comprehensive loss	–	(35,227,373)	–	–	(208,982)	-	(35,436,355)
Transactions with owners:							-
Shares issued during the period	4,375,000	–	–	–	–	–	4,375,000
Transaction costs	(419,282)	–	–	–	–	–	(419,282)
Equity component of convertible note	–	–	–	11,448	–	–	11,448
Options issued	–	–	426,174	–	–	–	426,174
Options expired	–	-	-	–	–	–	–
Balance as at 31 December 2017	**332,987,792**	**(294,481,956)**	**480,860**	**11,448**	**11,100,307**	**(40,506,662)**	**8,591,789**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	CONSOLIDATED GROUP 31 DECEMBER 2017 $	31 DECEMBER 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(4,388,346)	(1,121,361)
Interest received		–	389
Net cash used in operating activities	23(b)	**(4,388,346)**	**(1,120,972)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(931)
Payments for exploration expenditure		(2,759,699)	(2,335,294)
Payment against deferred consideration		(1,000,000)	(253,637)
Proceeds from sale of plant & equipment		23,182	-
Proceeds from sale of Los Calatos		6,538,365	–
Net cash provided by/(used in) investing activities		**2,801,848**	**(2,589,862)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,825,000	3,185,207
Payments in respect to capital raisings		(419,282)	(381,677)
Cash received from convertible notes	29	750,000	–
Cash received from derivative asset	10	194,412	–
Net cash provided by financing activities		**2,350,130**	**2,803,530**
Net increase/(decrease) in cash held		**763,632**	**(907,304)**
Cash and cash equivalents at the beginning of the year		71,548	949,790
Effect of exchange rates on cash holdings in foreign currencies		(803)	29,062
Cash and cash equivalents at the end of the year	23(a)	**834,377**	**71,548**

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 2017.

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 29 March 2018.

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 $35,436,355 including a $27,228,513 loss on sale of Los Calatos and realised and unrealised losses on equity facility ($2,057,587). 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 excluding capital raised and proceeds from sale of Los Colatos was $7,627,276 and the cash balance at the end of the year was $834,377. 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.

Nothwithstanding 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 issued 19,080,045 shares on 28 March 2018 to raise gross proceeds of $152,640; and
- On 23 March 2018 the Company announced an underwritten Entitlement Issue to raise gross proceeds of $5,558,653 through the issue of 694,831,634 shares at 0.8 cents per share.

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 13 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 acquire, 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:

Class of Fixed Asset	*Depreciation Rate*
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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.)

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

iii. *Derivitive financial assets*
Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for training or that meet certain conditions and are designated FVTPL upon initial recognition. The derivative financial asset falls into this category, and is measured at fair value with gains or losses recognised in profit or loss. The fair value of the derivative financial asset is determined by reference to the share price of the Company at 31 December 2017.

iv. *Convertible note*
The net proceeds received from the issue of the convertible note is split between a debt component and an equity component at the date of issue. The fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible note and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity and not remeasured. The liability component is carried at amortised cost. The interest expense on the liability component is calculated by applying the prevailing market interest rate, at the time of issue, for similar non-convertible debt to the liability component of the instrument.

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. Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale are not amortised or depreciated. Assets classified as held for sale are presented separately in the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. 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.

l. 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.

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.

m. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. 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.

o. 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.

p. 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).

q. 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.

r. 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.

s. Comparative Figures

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

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.

t. 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 Notes 9 and 15 for details of impairment recorded in the year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 $12,015,128 (see Note 15).

iii. *Valuation methodology used in calcuation 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 volatity), 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.

u. 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

In the financial statements for year ended 31 December 2016 and 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.

In this current year, the Group sold the remaining 49% interest in the Los Calatos asset for a loss of $27,228,513.

v. 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 22.

w. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. 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 2017 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2017 $	31 DECEMBER 2016 $
NOTE 2: REVENUE		
Interest received – other persons	–	389
NOTE 3: LOSS FOR THE YEAR		
This loss for the year is stated after:		
Expenses from continuing operations:		
Other expenses	(792,509)	(65,140)
Employee and directors' benefits expense	(1,295,015)	(503,267)
Depreciation and amortisation expense	(40,282)	(92,156)
Share based payment expense	(426,174)	-
Exploration and evaluation expenditure impaired	(48,437)	(407,300)
Loss on loss of control of subsidiary (Note 12)	-	(121,540,173)
Impairment of non-current asset (Note 14)	(934,037)	-
Loss on sale of assets (Note 12)	(27,228,513)	–
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	35,227,373	124,100,870
Total income tax benefit calculated at 27.5% for Australia, 30% for Peru, 33% for Colombia and at 35% for Chile (2016: 30% for Australia and Peru, 33% for Colombia and 35% for Chile)	(9,588,229)	(37,233,265)
Tax effect of:		
- Foreign exchange (gain)/loss	19,490	(14,315)
- Exploration impaired	13,320	122,190
- Loss of control of subsidiary	-	36,462,052
- Allowable capital raising deductions	(82,377)	(243,570)
- Provisions	(18,549)	(13,389)
- Accruals	30,897	362,028)
	(9,625,448)	**(558,269)**
Deferred tax asset not recognised during the year	9,625,448	558,269
Income tax expense	–	–
Applicable weighted average effective tax rate	0%	0%
Deferred tax assets not recognised	**22,615,288**	**12,989,840**

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 2017.

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

	CONSOLIDATED	
	31 DECEMBER 2017 $	31 DECEMBER 2016 $
Short term employee benefits	875,615	798,794
Post-employment benefits	42,073	87,502
Termination benefits	249,355	–
Total	**1,167,043**	**886,296**

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 2017.

Other KMP Transactions

For details of other transactions with KMP refer to Note 25 Related Party Transactions.

NOTE 6: AUDITORS' REMUNERATION

Audit and review of financial statements		
- Auditors of Metminco Limited by Grant Thornton Australia	144,398	130,953
- Overseas Grant Thornton network firms	-	25,395
Remuneration for audit and review of financial statements	**144,398**	**156,348**
Other services		
Auditors of Metminco Limited by Grant Thornton Australia		
- Advisory services	58,450	–
Total other services remuneration	**58,450**	**-**
Total auditor's remuneration	**202,848**	**156,348**

NOTE 7: LOSS PER SHARE

a. *Reconciliation of earnings to loss*		
Loss	(35,227,373)	(124,100,870)
Loss attributable to minority equity interest	–	–
Loss used in the calculation of basic and dilutive EPS	**(35,227,373)**	**(124,100,870)**

	CONSOLIDATED	
	31 DECEMBER 2017 NO.	31 DECEMBER 2016 NO.
b. *Weighted average number of ordinary shares outstanding during the full year*	4,513,918,626	3,663,300,338
used in calculating basic EPS after 50:1 security consolidation completed on 4 January 2017	90,280,468	73,266,007
Weighted average number of dilutive options outstanding	-	–
c. *Anti-dilutive options on issue not used in dilutive EPS*	15,211,360	5,000,000
after 50:1 security consolidation completed on 4 January 2017	-	100,000

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 DECEMBER 2017 $	31 DECEMBER 2016 $
Cash at bank	834,377	71,548
	834,377	**71,548**

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT		
Other receivables	167,382	385,827
Total current trade and other receivables	**167,382**	**385,827**
NON-CURRENT		
VAT receivables *1	180,669	2,253,626
Provision for impairment of VAT receivables	(180,669)	(2,253,626)
Total non-current trade and other receivables	-	**–**

*1 VAT incurred by Miraflores Compania Minera SAS relating to the Quinchia Gold Project in Colombia.

NOTE 10: ASSET HELD FOR SALE

CURRENT		
Asset held for sale	2,586,122	–
Total asset held for sale	**2,586,122**	–

The Directors have decided that the land at Mollacas is surplus to requirements given the focus of the Company is on advancing its Colombian portfolio of assets & therefore has been offered for sale. An agent has been appointed to sell the land. The directors have recorded the land at the lower valuation as provided by an independent valuer.

NOTE 11: DERIVATIVE ASSET

CURRENT		
Derivative asset *	272,683	–
Total derivative asset	**272,683**	–

*1 On 31 January 2017 the Company entered into a Subscription Agreement, Escrow Agreement and Sharing Agreement with Lanstead Capital L.P regarding a A$3 million funding arrangement Pursuant to these agreements the Company issued 25,316,456 shares at A$0.1158 per share for an aggregate subscription amount of A$3million. As security for the proceeds of these shares the recipient of the shares placed $A3 million in government bonds with an escrow agent as security for the proceeds receivables.

Whilst A$0.45 million was received as an advance the remaining $A2.55 million is to be received over 18 months subject to the Company's measured share price compared to the benchmark price of A$0.158. Over a 18 month period the Company will exchange $A141,667 worth of government bonds per month for a cash payment the amount of which is determined as the difference between the share price of the Company on the day the payment is due and the benchmark price of A$0.158 per ordinary share. If the volume weighted average price of an ordinary share in Metminco for the five dealing days prior to settlement exceeds the benchmark price then the Company will receive more than 100% of the monthly payment due. If the price is less than the benchmark price, the Company will receive less than 100% of the monthly payment due.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: DERIVATIVE ASSET (Continued)

The secured derivative asset settled to date realised a loss of $797,257.

Fair value of derivative asset

The derivate asset is recorded at fair value through profit or loss with the fair value based on the difference between the share price of the Company at 31 December 2017 and the benchmark price of A$0.158. A fair value loss of $2,057,587 has been taken to the consolidated statement of profit and loss and other comprehensive income.

Movement in the fair value of the derivative asset is as follows:

	Opening Balance 1 January 2017	Derivative asset book value	Cash received from derivative asset	Loss on Settlement (realized loss)	Fair value adjustment (unrealized loss)	Closing Balance 31 December 2017
Current derivative asset	–	2,550,000	(219,730)	(797,257)	(1,260,330)	272,683
Non-current derivative asset	–	–	–	–	–	–

NOTE 12: LOSS ON SALE OF ASSET

On 27 June 2017 the Company announced the sale of its Peruvian Los Calatos asset in exchange for cash	31 DECEMBER 2017	31 DECEMBER 2016
	$	**$**
Balance as at the beginning of the year (investment in associate)	33,766,877	–
Sale proceeds received	(6,538,365)	–
Loss on sale	**27,228,513**	–
(b) Disposal of a Controlling Interest in the Los Calatos Holding Group (Minera Hampton Peru SAC and its parent LCH		
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)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 31 DECEMBER 2017 %	31 DECEMBER 2016 %
Controlled Entities consolidated:			
***Subsidiaries of Metminco Limited*:**			
Hampton Mining Limited	Australia	100	100
North Hill Holdings Group Inc	British Virgin Islands	100	100
Wholly owned subsidiaries of North Hill Holdings Group Inc:			
Cerro Norte Mining Inc	British Virgin Islands	100	100
North Hill Ovalle Inc	British Virgin Islands	100	100
North Hill Peru Inc	British Virgin Islands	100	100
North Hill Colombia Inc	British Virgin Islands	100	100
Minera Hampton Chile Limitada	Chile	100	100
Minera Hampton Colombia SAS	Colombia	100	100
Miraflores Compania Minera SAS	Colombia	100	100

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 31 DECEMBER 2017 $	31 DECEMBER 2016 $
Land		
At cost	450,032	4,409,481
Total land	**450,032**	**4,409,481**
Plant and equipment		
At cost	1,355,993	1,661,910
Accumulated depreciation	(1,236,383)	(1,533,042)
Total plant and equipment	**119,610**	**128,868**
Total property, plant and equipment	**569,642**	**4,538,349**

Reconciliations

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

Land		
Carrying amount at beginning of year	4,409,481	3,871,595
Land acquired with acquisition of Miraflores Compania	–	467,762
Impairment to fair value	(934,037)	
Reclasification of land held for resale	(2,586,122)	–
Impact of foreign exchange movement	(439,290)	70,124
Carrying amount of land at end of year	**450,032**	**4,409,481**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (continued)

Plant and equipment

Carrying amount at beginning of year	128,868	714,565
Additions	–	931
Disposal of equipment	(23,181)	–
Acquisition of subsidiary	–	66,070
Loss of control of subsidiary	–	(445,465)
Impact of foreign exchange movement	46,285	(115,077)
Depreciation	(40,282)	(92,156)
Carrying amount of plant and equipment at end of year	**111,690**	**128,868**
Carrying amount at end of year	**569,642**	**4,538,349**

No assets are held as security for any liabilities.

NOTE 15: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases at the end of the year	12,015,128	9,486,691
Reconciliations:		
Carrying amount at the beginning of the year	9,486,691	160,886,215
Acquisition of subsidiary	–	8,029,875
Expenditure incurred during the year	2,759,669	2,977,764
Loss on sale of asset	–	(152,696,422)
Impact of foreign exchange	(182,795)	(9,303,441)
Exploration impaired *1	(48,437)	(407,300)
Carrying amount at the end of the year	**12,015,128**	**9,486,691**

* 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.

NOTE 16: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 DECEMBER 2017 $	**31 DECEMBER 2016 $**
CURRENT		
Trade payables	780,870	901,258
Deferred consideration	962,250	962,250
Convertible note payable incl accrued interest	808,020	-
Other payables and accrued expenses	840,934	1,561,734
	3,392,074	**3,425,242**
NON CURRENT		
Deferred consideration	**4,322,867**	**4,893,628**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: TRADE AND OTHER PAYABLES (continued)

Acquisition of Miraflores Compania Minera SAS

	Opening Balance 1 January 2017	Payment during the year	Fair value adjustment	Closing Balance 31 December 2017
Deferred cash consideration (present value)	5,855,877	(1,000,000)	429,240	5,285,117

The deferred cash consideration of A$6 million at the end of 31 December 2017 has been discounted at 8 % per annum

NOTE 17: PROVISIONS

	SHORT-TERM EMPLOYMENT BENEFITS	
Current provision	**187,214**	**236,775**
	LONG-TERM EMPLOYEE BENEFITS	
Non-current provision	**–**	**79,903**

NOTE 18: ISSUED CAPITAL

	31 DECEMBER 2017 $	31 DECEMBER 2016 $
101,883,843 (31 December 2016: 4,513,918,626) **fully** paid ordinary shares * 1	**330,009,404**	**329,032,074**
25,316,456 (31 December 2016: nil) **partly** paid ordinary shares	**2,978,388**	_
	332,987,792	**329,032,074**

a. Movements in fully paid ordinary share capital (No. Shares)	**No. Shares**	**No. Shares**
Balance at beginning of the reporting period	**4,513,918,626**	**2,975,335,799**
*1 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	**90,280,468**	
Shares issued		
- 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
- 31-Jan-17	11,603,375	–
At the end of the reporting period	**101,883,843**	**4,513,918,626**

NOTE 18: ISSUED CAPITAL (continued)

b. Movements in fully paid ordinary share capital ($)	**$**	**$**
Balance at beginning of the reporting period	**329,032,074**	**324,037,464**
Shares issued		
- 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
- 31-Jan-17	1,375,000	–
Costs of capital raising	(419,282)	(420,632)
At the end of the reporting period	**329,987,792**	**329,032,074**

c. Movements in partly paid ordinary share capital (No. Shares)	**31 December 2017 No. Shares**	**31 December 2016 No. Shares**
Balance at beginning of the reporting period	**–**	**–**
Shares issued		
- 31-Jan-17	25,316,456	–
At the end of the reporting period	**25,316,456**	**–**

d. Movements in partly paid ordinary share capital ($)	**31 December 2017 ($)**	**31 December 2016 ($)**
Balance at beginning of the reporting period	**–**	**–**
Shares issued		
- 31-Jan-17	3,000,000	–
At the end of the reporting period	**3,000,000**	**–**

On 31 January 2017 the Company issued 36,919,831 (25,316,456 shares to Lanstead Capital, 10,970,464 shares to Redfield Asset Management, 632,911 shares to Wilnic Pty) at A$0.1185 as share placement to raise A$4,375,000. The shares issued to Lanstead Capital (25,316,456 shares) have been partly paid.

e. 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 2017 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: ISSUED CAPITAL (continued)

	Note	31 DECEMBER 2017 $	31 DECEMBER 2016 $
Cash and cash equivalents	8	(834,377)	(71,548)
Net debt		(834,377)	(71,548)
Total equity		**8,591,789**	**39,634,804**
Gearing ratio		–	–

NOTE 19: OPTIONS

31 DECEMBER 2017

GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	OUTSTANDING AT 31 DECEMBER 2016	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	OUTSTANDING AT 31 DECEMBER 2017
Unlisted							
1 August 2014 (*)	1 August 2017	$0.0302	5,000,000	–	–	5,000,000	–
17 May 2017 (**)	17 May 2019	$0.081	–	12,345,639	–	–	12,345,639
25 May 2017 (***)	25 May 2019	$0.081	–	12,345,639	–	–	12,345,639
			5,000,000	**24,691,278**	–	**5,000,000**	**24,691,278**

* Following the completion of the security consolidation on 4 January 2017 the 5,000,000 unlisted options were converted to 100,000 unlisted options to acquire one share at an exercise price of A$1.51 per share.

** On 17 May 2017 the Company issued 12,345,639 options at an exercise price of $0.0081 cents expiring 17 May 2019.

*** On 25 May 2017 the Company issued 12,345,639 options at an exercise price of $0.0081 cents expiring 25 May 2019.

All outstanding options above were exercisable as at 31 December 2017.

31 DECEMBER 2016

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
Unlisted							
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
			527,996,459	–	**(11,519,265)**	**(511,477,194)**	**5,000,000**

		CONSOLIDATED 31 December 2017 $	CONSOLIDATED 31 December 2016 $
a)	**Operating Lease Commitments**		
	Non-cancellable operating leases contracted for but not capitalised in the financial statements		
	Payable (minimum lease payments)		
	- not later than 12 months	52,258	42,864
	- between 12 months and 5 years	24,556	56,934
	- greater than 5 years	–	–
		76,814	**99,798**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

The Group has lease commitments over three 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	**347,831**	**41,395**

NOTE 21: 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. Due to payment of A$1 million during the year 2017 royalty payments have been reduced to a maximum of A$6million. 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.

Under the terms of a Memorandum of Understanding with Ausenco Chile Limitada (Ausenco), Ausenco has agreed to defer costs accrued to December 2017 to Metminco for the provision of engineering services in connection with the Miraflores Project (amounting to $559,000) until the construction of the Project. In return for this, Metminco has agreed that Ausenco will provide a Guaranteed Maximum Price and a Lump Sum Turnkey price, and will enter into an Engineering and Procurement Contract, for the development of Miraflores. If Metminco withdraws from this agreement, Metminco has agreed to pay Ausenco $838,500.

The Company has no material commitment other than lease obligations (refer Note 20 of the Annual Report) and mining access rights.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: 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 2017 $	31 DEC 2016 $	31 DEC 2017 $	31 DEC 2016 $	31 DEC 2017 $	31 DEC 2016 $
Other Income	–	–	–	389	–	389
Total segment revenue	–	–	–	389	–	389
Total group revenue	–	–	–	389	–	389
Segment (loss)/profit before tax	(1,048,854)	(122,586,043)	(34,178,519)	(1,514,827)	(35,227,373)	(124,100,870)
Depreciation and amortisation expense included in segment result	38,591	88,479	1,691	3,677	40,282	92,156
Impairment expense included in segment results	48,437	407,300	–	–	48,437	407,300
Segment assets	15,286,863	47,930,212	1,207,081	340,140	16,493,944	48,270,352
Segment asset increases for the period						
– capital expenditure	3,113,298	2,336,225	–	–	3,113,298	2,336,225
– acquisitions	-	8,516,926	–	–	-	8,516,926
– investment in associates	-	33,880,075	–	–	-	33,880,075
	3,113,298	44,733,226	–	–	3,113,298	44,733,226

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: OPERATING SEGMENTS (Continued)

iii. Segment liabilities

Segment liabilities	379,673	657,797	7,522,482	7,959,751	7,902,155	8,635,548
Reconciliation of segment liabilities to group liabilities						
Total group liabilities	**379,673**	**657,797**	**7,522,482**	**7,959,751**	**7,902,155**	**8,635,548**

iv. Revenue by geographical region

Revenue is disclosed below, based on its location:

	31 December 2017 $	31 December 2016 $
Australia	-	389
South America	–	–
Total revenue / other income	**-**	**389**

v. Non Current Assets by geographical region

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

	31 December 2017 $	31 December 2016 $
Australia	3,063	2,043
Colombia	12,555,560	10,022,214
Peru	–	33,766,878
Chile	26,147	4,000,782
Total non current assets	**12,584,770**	**47,791,917**

NOTE 23: NOTES TO THE STATEMENT OF CASH FLOWS

a. Reconciliation of Cash

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:

	CONSOLIDATED	
	31 December 2017 $	31 December 2016 $
Cash and cash equivalents	834,377	71,548
	834,377	**71,548**

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

	CONSOLIDATED	
	31 December 2017 $	31 December 2016 $
Loss after income tax	**(35,227,373)**	**(124,100,870)**
Add/(less) non-cash items:		
Depreciation and amortisation	40,282	92,156
Exchange (gains)/loss	382,912	(29,059)
Impairment of exploration properties	48,437	407,730
Loss on loss of control of subssidiary	-	121,540,173
Share of loss of associate	-	113,198
Loss on sale of asset	27,228,512	-
Profit on sale of plant & equipment	(23,182)	
Impairment of land	934,037	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23: NOTES TO THE STATEMENT OF CASH FLOWS (continued)

Impairment of non-current receivables	180,669	-
Non cash financing charges on deferred consideration	429,240	221,057
Realised loss on derivative asset	797,257	-
Unrealised loss on derivative asset	1,260,330	-
Share based payment expense	426,174	–
Changes in assets and liabilities:		
(Increase)/decrease in receivables	63,094	(227,338)
(Increase)/decrease in prepayments	(27,550)	(874)
Increase /(decrease) in payables	(771,721)	815,595
Increase/(decrease) in provisions	(129,464)	47,260
Net cash used in operating activities	**(4,388,346)**	**(1,120,972)**

c. Financing and Investing Activities

Share issue

During the full year ended 31 December 2017, 11,603,375 ordinary shares and 3,000,000 partly paid shares were issued. Details are set out in Note 18. The Company also issued a $750,000 convertible note.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

Matters that have arisen in the interval between the end of the year ended 31 December 2017 and the date of this report of a material or unusual nature are as follows:

- On 19 March 2018, Mr Ram Venkat resigned as a Director of the Company.
- On 23 March 2018 the Company announced an underwritten Entitlement Issue to raise $5,558,653 through the issue of 694,831,634 ordinary shares at an issue price of 0.8 cent with one free option for every three shares subscribed for.
- On 23 March 2018 Mr Kevin Wilson was appointed Executive Chairman and Mr William Howe resigned as Managing Director and accepted the role of Chief Operating Officer.
- On 28 March 2018 the Company placed 19,080,045 ordinary fully paid shares at 0.8 cents and the subscribers subject to shareholder approval will receive 6,360,015 free options. The placement raised gross proceeds of $152,640.

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 25: 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, Francisco Vergara-Irarrazaval, Roger Higgins and Ram Venkat

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 2017 were $2,716,627 (31 December 2016: $2,035,981).

NOTE 26: 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 2017 $	31 December 2016 $
Cash and receivables			
Cash and cash equivalents	8	834,377	71,548
Trade and other receivables	9	167,382	385,827
Derivative asset	11	272,683	-
Total cash and receivables		**1,274,442**	**457,375**
Financial liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	16	2,429,824	2,462,992
– Deferred consideration	13	5,285,117	5,855,878
Total financial liabilities		**8,357,191**	**8,318,870**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

- 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.

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 2017 $	**31 Dec 2016 $**	**31 Dec 2017 $**	**31 Dec 2016 $**	**31 Dec 2017 $**	**31 Dec 2016 $**	**31 Dec 2017 $**	**31 Dec 2016 $**
Consolidated Group								
Financial liabilities due for Payment								
Trade and other payables	2,429,824	2,462,992	–	–	–	–	**2,429,824**	**2,462,992**
Deferred consideration	962,250	962,250	4,322,867	4,893,628	–	–	**5,285,117**	**5,855,878**
Total contractual outflows	3,392,074	3,425,242	4,322,867	4,893,628	–	–	**7,714,941**	**8,318,870**
Total expected outflows	3,392,074	3,425,242	4,322,867	4,893,628	–	–	**7,714,941**	**8,318,870**
Financial assets - cash flows realisable								
Cash and cash equivalents	834,377	71,548	–	–	–	–	**834,377**	**71,548**
Trade, term and loans receivables	167,382	385,827	–	–	–	–	**167,382**	**385,827**
Derivative asset	272,683	-					**272,683**	**-**
Total anticipated inflows	**1,274,442**	**457,375**	–	–	–	–	**1,274,442**	**457,375**
Net (outflow)/inflow on financial instruments	**(2,117,632)**	**(2,967,867)**	(4,322,867)	(4,893,628)	–	–	**(6,440,499)**	**(7,861,495)**

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.

Iii Other price risk

Exposure to other price risk arises on the derivative asset and may result in the fair value of cash flows from the receipts due to movement in the Company's share price. The future receipts are calculated as the difference between the benchmark share price and the 5 day VWAP of the Company's share price as quoted on the ASX. The movement in the Company's share price cannot be reliably determined.

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 2017 $	**31 December 2016 $**
Cash assets held in Australian dollars and subject to floating interest rate	33,484	36,277
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	780,740	11,014
Australian currency equivalent of cash assets held in UK pounds and subject to floating interest rate	19,170	22,273
Australian currency equivalent of cash assets held in other currencies and subject to floating interest rate	983	1,984
Total cash assets	**834,377**	**71,548**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

	CONSOLIDATED			
	31 December 2017		31 December 2016	
	INTEREST RECEIVED	WEIGHTED AVERAGE	INTEREST RECEIVED	WEIGHTED AVERAGE
Australian dollars and subject to floating interest rate	–	–	389	0.08%
Total interest received	**–**	**–**	**389**	**0.08%**

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 2017, 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 2017 $	31 December 2016 $
Change in profit		
Increase in interest rate by 2%	16,678	1,431
Decrease in interest rate by 2%	(16,678)	(1,431)
Change in equity		
Increase in interest rate by 2%	16,678	1,431
Decrease in interest rate by 2%	(16,678)	(1,431)
Foreign Currency Risk Sensitivity Analysis:		
Change in profit		
Improvement in AUD to USD by 5%	(39,037)	(551)
Decline in AUD to USD by 5%	39,037	551
Change in equity		
Improvement in AUD to USD by 5%	(39,037)	(551)
Decline in AUD to USD by 5%	39,037	551
Change in profit		
Improvement in AUD to GBP by 5%	(959)	(1,114)
Decline in AUD to GBP by 5%	959	1,114
Change in equity		
Improvement in AUD to GBP by 5%	(959)	(1,114)
Decline in AUD to GBP by 5%	959	1,114
Improvement in AUD to CLP by 5%	(25)	(99)
Decline in AUD to CLP by 5%	25	99
Change in equity		
Improvement in AUD to CLP by 5%	(25)	(99)
Decline in AUD to CLP by 5%	25	99

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

	Foot note	31 December 2017 $ Net Carrying Value	31 December 2017 $ Net Fair Value	31 December 2016 $ Net Carrying Value	31 December 2016 $ Net Fair Value
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	834,377	834,377	71,548	71,548
Trade and other receivables	(i)	167,382	167,382	385,827	385,827
Derivative asset		272,683	272,683	-	-
Asset held for sale		2,586,122	2,586,122	-	-
Total financial assets		**3,860,564**	**3,860,564**	**457,375**	**457,375**
Financial liabilities					
Financial liabilities at amortised cost	(i)	2,429,824	2,429,824	2,462,992	2,492,992
Deferred consideration		6,000,000	5,285,117	7,000,000	5,855,878
Total financial liabilities		**8,429,824**	**8,357,191**	**9,462,992**	**8,318,870**

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 derivative asset is categorised as Level1. The fair value is determined based on the share price of the Company.

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 16) is estimated using a present value technique. The fair value of $5,285,117 is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting at 8% ($6,000,000 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.

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

	CONSOLIDATED 31 December 2017 $	CONSOLIDATED 31 December 2016 $
Balance at the beginning of the year	(5,855,878)	-
Acquired through business combination	-	(5,634,821)
Payment during the year	1,000,000	-
Losses recognised in profit or loss under finance costs on deferred consideration	(429,240)	(221,057)
Balance at the end of the reporting period	**(5,285,118)**	**(5,855,878)**
Total amount included in profit or loss for unrealised losses on Level 3 instruments under finance costs	(429,240)	(221,057)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

The asset held for sale is categorised as level 3. The fair value is based on an appraisal value performed by an independent professionally qualified valuer.

As at 31 December 2017, there have been no changes in the estimate of the probable cash outflow but the liability has decreased by $1,000,000 due to payment of an instalment during the year and increased by to $429,240 due to the unwinding of the discount.

NOTE 27: 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 28: PARENT ENTITY INFORMATION

	31 December 2017 $	**31 December 2016 $**
STATEMENT OF FINANCIAL POSITION		
Current assets	1,204,018	338,097
Total assets	16,114,271	47,594,555
Current liabilities	2,879,615	2,986,220
Total liabilities	7,522,482	7,959,751
Issued capital	332,987,792	329,032,074
Retained earnings	(324,888,311)	(289,451,957)
Reserves in relation to option issued	492,308	54,687
	8,591,789	**39,634,804**
STATEMENT OF COMPREHENSIVE INCOME		
Loss for the year	(35,436,354)	(133,500,030)
Total comprehensive loss	**(35,436,354)**	**(133,500,030)**

At the end of 31 December 2017 the parent entity has lease commitments of A$61,390 (31 December 2016: $76,267). The parent entity has not entered into a deed of cross guarantee nor are there any contigent liabilities at the year end.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 29: CONVERTIBLE NOTE FACILITY

In May 2017 the Company entered into an A$0.75 million unsecured convertible note facility with Redfield Advisory Pty Ltd and Redfield Asset Management Pty Limited (together **Redfield**) at a coupon rate of 12.5%pa expiring no later than 17 May 2018. The Convertible Notes and capitalised interest automatically convert to fully paid ordinary shares (Shares) at A$0.06075 per Share on expiry. The holder may elect to convert prior to expiry.

The values of the liability and equity components of the Convertible Notes are calculated as follows:

	$
Present value of principle payable at the end of 1 year ($750,000 discounted at 15%)	652,174
Present value of interest payable in arrears ($99,335 discounted at 15%)	86,378
Total liability component	**738,552**
Proceeds of issue	750,000
Residual – equity component	(11,468)

In subsequent years, the profit and loss account is charged with interest of 15% on the debt instrument. A discount rate of 15% has been applied as the Convertible Notes and capitalised interest automatically convert on expiration. In accordance with the agreement the Convertible Notes are to be converted to equity on or before expiry.

In addition to the unsecured convertible note facility the Company also issued 12,345,639 options for services provided exercisable at $0.081 per Share exercisable any time prior on or before 17 May 2019 and 12,345,639 options exercisable at $0.081 per Share exercisable any time prior on or before 25 May 2019 and paid an underwriting fee of 4.5% to Redfield as fees for the facility. The value of the Options issued in accordance with the Convertible Note agreement was determined to be $426,174 using the binomial method based on the applicable issue date, the Company's current shares price ($0.056 per Share for options expiring 17 May 2019 and $0.057 per Share for options expiring 25 May 2019, interest rate of 1.62% and assuming 80% volatility. As the options vested immediately the value was charged to expense in the current period.

NOTE 30: 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 and Chile, South America.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 50 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 2017 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 2017.

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 12 to 16 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2017, comply with Section 300A of the Corporations Act 2001.

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

Kevin Wilson

Executive Chairman

Dated this 29th day of March 2018

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Sydney NSW 2000

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Independent Auditor's Report to the Members of Metminco Limited

Report on the audit of the consolidated financial report

Opinion

We have audited the consolidated financial report of Metminco Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 consolidated 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 consolidated financial position as at 31 December 2017 and of its consolidated performance and its consolidated cash flows 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 Consolidated Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of 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. 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 $35,227,373 and has net cash used in operations (including payments for exploration) of $7,212,705 during the year ended 31 December 2017. 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 significant 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recoverability of Exploration and Evaluation Assets (notes 1(g), 1(k), 1(t), and 15)	
At 31 December 2017 the carrying value of Exploration and Evaluation Assets was $12,015,128. 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. 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 Australian Accounting Standards Board (AASB) 6: *Exploration for and Evaluation of Mineral Resources*.	Our procedures included, amongst others: • Assessing management's area of interest considerations against AASB 6; • Evaluating management's assessment of each impairment trigger per AASB 6; • Assessing that the Group had the rights to explore in the relevant exploration area, which included obtaining external confirmation of continued rights to tenure; • 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; • 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; • Assessing management's application of AASB 136: *Impairment of Assets* where impairment indicators were identified; and • Assessing the adequacy of the consolidated financial report disclosures.

Key audit matter	How our audit addressed the key audit matter
Accounting for financial instruments (notes 1(i), 11, 16 and 29)	
At 31 December 2017 the Group had a derivative financial asset of $272,683 included within total current assets and a convertible note with a debt component of $738,552 in total current liabilities and an equity component of $11,468 in total equity. The derivative asset and convertible notes are subject to complex accounting, presentation and disclosure requirements under AASB 139: *Financial Instruments: Recognition and Measurement*, AASB 132: *Financial Instruments: Presentation* and AASB 7: *Financial Instruments: Disclosures*. We have determined this as a key audit matter due to the complexity surrounding the accounting and recognition of the derivative asset and convertible note.	Our procedures included, amongst others: • Obtaining and reading the derivative asset and convertible note agreements to gain an understanding of the key terms and conditions of the financial instruments; • Assessing the appropriateness of the inputs and assumptions utilised in determining the value of derivative asset required to be reported at fair value; • Assessing the appropriateness of the inputs and assumptions utilised in determining the value of debt component and the equity component of the convertible note; • Assessing the accounting treatment of the financial instruments in accordance with the recognition and measurement requirements of the relevant Australian Accounting Standards; and • Assessing the adequacy of the consolidated financial report disclosures.
Accounting for asset held for sale (notes 1(j) and 10)	
At 31 December 2017 the Group had classified the land held by Minera Hampton Chile Limitada as held for sale in accordance with AASB 5: *Non-current Assets Held for Sale and Discontinued Operations*. The Group believes that its carrying value will be recovered principally through a sale transactions, rather than continuing use. As part of this reclassification, the Group recognised an impairment of $934,037, writing down the value of the land to its fair value less costs to sell, of $2,586,122. This area was a key audit matter due to the significance of the balance, and the nature of the judgements made by the Group in assessing whether the requirements of AASB 5 have been satisfied. The Group also engaged an external expert to assist in determining the fair value of the land.	Our procedures included, amongst others: • Assessing whether the criteria outlined in the applicable accounting standards was met to classify the land as held for sale, including whether the sale is highly probable to complete within 12 months of the reporting date. This included sighting supporting evidence that the criteria in AASB 5 had been met; • Evaluating the competence, capability and objectivity of the management's external expert and performing a detailed assessment of their report to understand the scope of their engagement and any limitations in the report including assumptions and comparable inputs. This included reviewing alternate evidence to assess the reliability of the report by the external expert; and • Assessing the adequacy of the consolidated financial report disclosures.

Information Other than the Consolidated Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the consolidated financial report and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Responsibilities of the Directors' for the Consolidated Financial Report

The Directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial report.

A further description of our responsibilities for the audit of the consolidated financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.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 in pages 12 to 16 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Metminco Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities of the Directors' for the Remuneration Report

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

Grant Thornton Audit Pty Ltd

Chartered Accountants

C F Farley

Partner – Audit & Assurance

29 March 2018