

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B
3 MONTHS TO 31 DECEMBER 2015

Highlights of the activities for the Quarter ending 31 December 2015 included:

Los Calatos

- A detailed surface mapping program of the TD2 and TD3 targets adjacent to the main Los Calatos deposit, and further assessment of the available soil geochemical and geophysical surveys, demonstrates that both the TD2 and TD3 targets share many similarities with the key features that characterise the presence of mineralisation within the Los Calatos Porphyry Complex.
- The TD2 and/or TD3 targets could have a significant positive impact on the development options and potential economics of the broader Los Calatos Project.
- The planned drill hole at TD2 is expected to confirm the presence of mineralisation at depth of the hydrothermal breccia mapped at surface.
- Civil works for the drilling of TD2 has commenced with drilling anticipated to be completed in February 2016.

Mollacas

- The Chilean Supreme Court upheld a prior ruling by the Court of Appeal of Region IV, Chile, which overturned a decision granting access for mining purposes to Minera Hampton Chile Limitada ("MHC"), a wholly owned subsidiary of Metminco and the owner of the Mollacas copper project, from a lower court.
- The Company and MHC are assessing all options for gaining mining access to its Exploitation Concessions at Mollacas.

Corporate

- Cash position as at 31 December 2015 was approximately A\$0.95 million.
- The Company continues to receive expressions of interest with respect to its Los Calatos Project with a number of these parties having entered a due diligence process.

Mr William Howe, Managing Director, commented: "During the quarter, detailed surface mapping work completed at the TD2 and TD3 targets supports the view that there is significant upside potential at the Los Calatos Project.

The surface mapping at TD3 has demonstrated that the Los Calatos Porphyry Complex may well extend to the southeast of the currently defined limits. This, together with the previously defined TD2 target, present real exploration upside to the Los Calatos Project.

Following completion of the recent Strategic Mining Study, the Company continues to be approached by interested parties who are currently undertaking due diligence on the Los Calatos data set in order to make a decision on their possible involvement in the Project. Although the process is taking longer than initially anticipated, and the macro-environment and associated falling commodity prices continue to present headwinds for the sector, the supply and demand fundamentals for copper remain robust and attractive for the next cycle of low cost copper projects. Los Calatos represents one of these very projects, and we are pleased that this view is shared by those parties currently undertaking due diligence and encouraged by the level of interest."

LOS CALATOS PROJECT

Los Calatos Partnership Process

As announced 21 October 2016, a number of parties have entered into a process with a view to forming an alliance with the Company for the development of its 100% owned Los Calatos Project ("the Process").

While the Company has endeavoured to constrain the timeframe for the Process, this has been extended to accommodate those interested parties who entered the process in early 2016.

The Company for commercial and confidentiality reasons is not at liberty to disclose further information at this stage.

Status of Project

In early 2015, the Company completed a detailed drill core re-logging program aimed at mapping the geological features that control the distribution of the high-grade mineralisation developed within the Los Calatos Porphyry Complex, and to produce a more comprehensive 3D Geological Model for resource estimation purposes. The ultimate aim of this program was to constrain the high grade mineralisation, which would form the subject of a low tonnage (± 6 Mtpa), high grade ($\pm 0.90\%$ Cu) mining operation with a substantially lower pre-production capital expenditure.

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

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

The data set relating to the updated mineral resource and RPM Strategic Mining Study, has been made available to all interested parties.

Mineral Resource Estimate (June 2015)

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

At a cut-off grade of 0.50% Cu, the Measured and Indicated Mineral Resource is 137 million tonnes at 0.73% Cu and 434 ppm Mo, with an Inferred Mineral Resource of 216 million tonnes at 0.78% Cu and 244 ppm Mo (Table 1).

Table 1: Mineral Resource Statement* for the Los Calatos Copper - Molybdenum Project, Peru. SRK Consulting (Chile) S.A., June 15, 2015.

Resource Classification	Tonnage (metric)	Cu (%)	Mo (ppm)
Measured	72,824,639	0.734	513
Indicated	63,700,257	0.733	345
Total Measured & Indicated	136,524,896	0.734	434
Inferred	215,769,978	0.776	244

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

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

RPM Strategic Mining Study

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

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

Key operating parameters and financial returns, based on the planned production / milling rates and operating and capital cost estimates are summarised in Table 2 below.

Table 2: Key Operating Parameters & Financial Returns – Life of Mine.

Economic Analysis	Units	Amount
Mine Physicals		
Milled Grade Cu	%	0.89%
Recovery	%	92.50%
Milled Grade Mo	%	0.036%
Recovery	%	68.00%
Mineable Quantity	Mt	134.3
Production Rate	Mtpa	6.5
Life of Mine	Years	22
Product		
Copper in Concentrate	Kt	1,101
Payable Copper	Kt	1,062
Payable Molybdenum	Kt	28
Gold	Koz	106
Silver	Koz	1,699
Rhenium	(000's kg)	17
Revenue ¹		
Copper	US\$ million	7,031
Molybdenum	US\$ million	678
Other Commodities	US\$ million	262
Total Revenue	US\$ million	7,971
Operating Costs		
Mining	US\$ million	1,917
Milling	US\$ million	813
G&A	US\$ million	180
Treatment & Transport	US\$ million	936
Subtotal - Operating Costs	US\$ million	3,845
Unit Operating Cost ²	US\$/t milled	28.63
Royalties	US\$ million	305
Cash Flow		
EBITDA	US\$ million	3,820
Capital Expenditure ³	US\$ million	1,043
Unlevered Cash Flow (before tax)	US\$ million	2,541
Unlevered Cash Flow (after tax)	US\$ million	1,774
NPV₈ (post-tax, ungeared)	US\$ million	447
IRR (ungeared)	%	16.6
NPV₈ (post-tax, geared assuming 60% gearing and US LIBOR of 0.33% plus 4% per annum)	US\$ million	456
IRR (geared)	%	20.0
Payback	Years	4.85

- ¹ *Street Consensus long term commodity prices used (circa median price beyond 2019) sourced from BMO, encompassing up to 40 Institutions: Copper US\$3.00/lb; Au US\$1,250/oz; Ag US\$19/oz; Mo US\$11.16/lb; Re US\$5,773/kg (Re price from MNC).*
- ² *C1 Cash Operating Cost after by-product credits of US\$1.29/lb Cu.*
- ³ *Pre-production capital expenditure of US\$655 million.*

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

Exploration Targets

Model for the development of the Los Calatos Porphyry Complex

Based on the detailed re-logging program that was conducted on the Los Calatos drill core in late 2014 and early 2015, a comprehensive geological model was developed that not only formed the basis for the June 2015 Mineral Resource Estimate, but contributed to developing an improved understanding of the evolution of the Los Calatos Porphyry Complex and associated mineralisation. This improved understanding has had a significant positive effect on the understanding of the exploration potential of those targets immediately adjacent to the known Los Calatos deposit.

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

Magmatic Phases

Five magmatic phases are identified, namely:

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

Stages of mineralisation

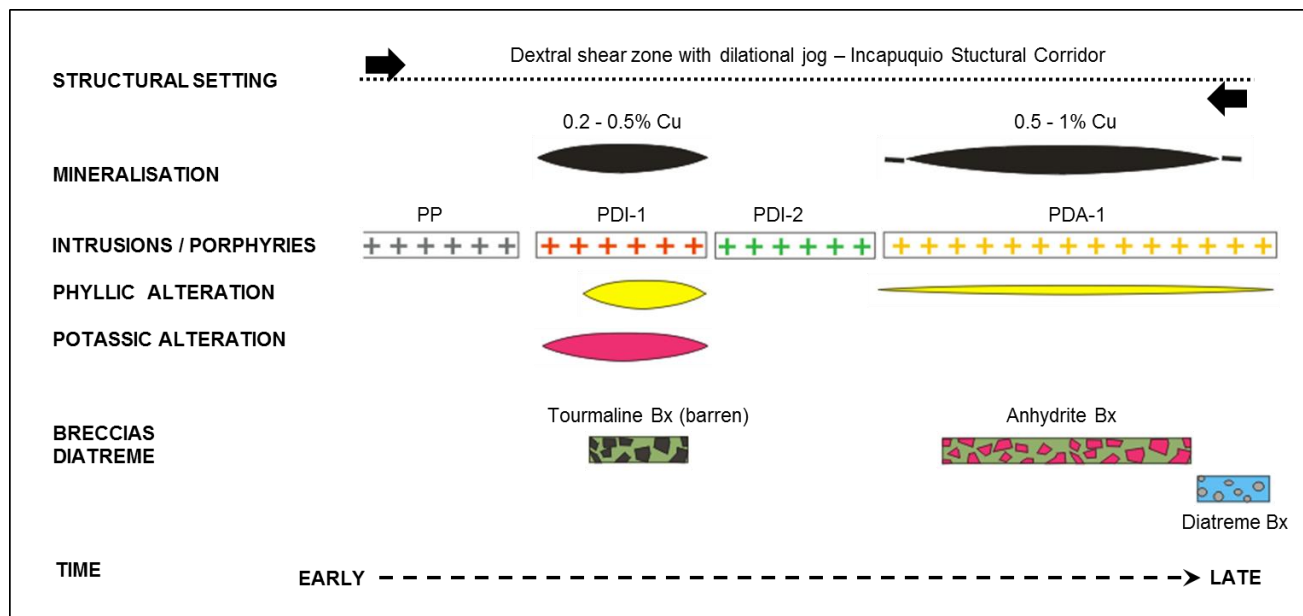
Four main stages of Cu and Mo mineralisation have been recognised at Los Calatos, as summarised below:

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

Chronology – Magmatic phases and mineralisation stages

Figure 1 below graphically represents the development of the main magmatic phases of the Los Calatos Porphyry Complex, and associated hypogene stages of mineralisation.

Figure 1: Schematic representation – development of the Los Calatos Porphyry Complex and associated mineralisation.



Key Components of the Los Calatos Porphyry Complex from a mineralisation perspective

The regional and local structural setting has been of fundamental importance in the location and development of the Los Calatos Porphyry Complex. The regional structure is dominated by the Incapuquio Structural Corridor that hosts the major porphyry Cu-Mo deposits in southern Peru. In the context of Los Calatos, this resulted in a dextral shear zone with the development of a transtensive jog that controlled the emplacement of the various magmatic phases identified.

From a mineralisation perspective, and with reference to Figure 1, the Porphyritic Diorite (PDI-1) and Porphyritic Dacite (PDA-1) host the majority of the Cu-Mo mineralisation, with the former being more extensive, but hosting lower grades in the range 0.2 to 0.5% Cu. However, the PDA-1 is most important from an economic perspective, as it resulted in the development of the higher grade (0.50% to 1.0% Cu) hydrothermal (anhydrite) breccias.

The first phase of porphyritic dacites (PDA-1) was accompanied by de-volatilisation, which led to the formation of extensive, vertical, anhydrite breccias with high Cu and Mo grades. As the dacite porphyry evolved into a multi-staged diatreme breccia, some of the late stage porphyritic dacites rose sufficiently close to the paleosurface culminating in phreatomagmatic events with the formation of diatremes.

Therefore, from an exploration point of view, any potential target should have one or more of the following key components present:

- Located within a wrench fault system with associated dilational jogs;
- Geochemical anomalies (Cu, molybdenum, gold and silver);
- Geophysical anomalies (magnetotelluric resistivity and induced polarity anomalies [viz. sub-surface conductors]);
- Phyllic alteration;
- Porphyritic dacites;
- Hydrothermal breccias; and
- Diatreme breccia

Exploration Targets TD2 and TD3

Two priority targets, namely TD2 and TD3 (Annexures 1 and 2) have been the subject of a recent surface geological mapping program, which identified a number of the key components listed above.

TD2 Target

As can be seen from Annexure 1, the TD2 Target is located to the southwest of the main Los Calatos deposit on a 'structural bend' of the southernmost bounding fault that constrains the extent of the Los Calatos Porphyry Complex.

Whilst a large percentage of the target is covered by younger volcanic (Miocene) cover, surface mapping has identified the presence of porphyritic dacites and copper oxide within hematite tourmaline breccias, which occur within an older diorite pluton (viz. precursor pluton) (Annexure 3). The identified breccias occur over a strike extent in excess of 250 metres.

Soil geochemical sampling has identified a well-developed copper anomaly (>300ppm) related to the copper oxides developed within the quartz tourmaline breccia.

In 2010 a Titan-24 geophysical survey was completed over parts of the Los Calatos Project area. Two of these lines (L10300W and L11100W) traverse the TD2 Target area (Annexure 2) which have identified sub-surface magnetotelluric (MT) anomalies that persist below the main Los Calatos deposit. There is also a ground magnetic anomaly that is coincident with both the Los Calatos deposit and TD2 Target.

Hence, the TD2 Target shares many similarities with the key features that characterise the Los Calatos Porphyry Complex, which in turn supports the basis for the planned drilling program.

Following the extended Christmas break in Peru, a drill rig has now been mobilised which is expected to commence drilling in early February 2016. A single drill hole has been scheduled to intersect the mapped breccia zone at a drill depth of ± 200 metres. In the interim, the earth works for the access road and drill pad have commenced.

TD3 Target

The TD3 Target is located to the southeast of the main Los Calatos deposit, along the strike projection of the wrench fault system that controlled the emplacement of the Los Calatos Porphyry Complex (Annexure 1).

The recent surface mapping program has identified the presence of porphyritic dacites and a diatreme breccia that have intruded the older andesites of the Toquepala Formation. Furthermore, an analysis of the soil geochemistry conducted over this area indicates the presence of anomalous Cu, Mo, Au and Ag soil geochemical values, while the geophysical survey (line L77000W) has identified a sub-surface MT anomaly (Annexure 4).

In terms of the geological model developed for the main Los Calatos deposit, it was established that the diatreme breccia represents one of the final stages in the evolution of the Los Calatos Porphyry Complex, and more specifically of the porphyritic dacites that resulted in the development of the mineralised hydrothermal breccias. Hence, the presence of the dacites and the diatreme breccia in conjunction with anomalous Cu values and a sub-surface geophysical (MT) anomaly (that persists to the northwest into the main Los Calatos deposit) (Annexures 2 and 4), supports the theory that the Los Calatos Porphyry Complex continues beyond the current interpreted limits into the TD3 Target area and further to the southeast.

The objective of any future drilling would be to establish the mineralisation potential of any breccias developed at the interface between the diatreme breccia and the older volcanics of the Toquepala Formation.

Objective of exploration drilling programs

The geological model that has been developed for Los Calatos has achieved two key outcomes, namely:

- a) The model has assisted in better constraining the high grade Cu and Mo mineralisation that would be the target of a low tonnage, higher grade, underground mining operation (viz. June 2015 Mineral Resource Estimate and RPM Strategic Mining Study).

- b) The model has resulted in the development of a useful exploration tool that would assist in defining exploration targets when used in conjunction with the exploration data that has been acquired over the period 2009 to present.

In the case of b) above, and with the definition of the TD2 and TD3 Targets, any drilling of the two targets would serve to confirm the applicability of the model as an exploration tool, and if successful, potentially lead to the identification of additional targets.

As has been reported previously, two mining studies have been completed over the period 2013 to 2015, evaluating two very different mining development opportunities at Los Calatos, namely;

- a high tonnage, low grade opportunity ($\pm 24\text{Mtpa}$ – open pit / underground block cave operation); and
- a low tonnage, higher grade opportunity ($\pm 6.5\text{Mtpa}$ – underground sub-level cave operation).

With reference to Figure 1, it is important to note that the high tonnage mining scenario incorporates mineral resources associated with both the low grade PDI-1 and the higher grade PDA-1 phases, whereas the low tonnage scenario predominantly includes mineral resources from the PDA-1 phase.

Common to both of these mining studies is the fact that if additional mineral resources are identified in close proximity to the main Los Calatos deposit, particularly near surface (<500 metres), these mineral resources could have a significant (positive) impact on a centralised mining and processing operation at Los Calatos.

Way Forward

Drilling of an exploration hole into the TD2 Target is scheduled for February 2016, with preparatory work for the drill site having commenced. The drilling will be conducted in parallel with the current process to secure a funding partner for the Los Calatos Project. Costs relating to the drilling of a single drill hole will be kept to a minimum, whilst ensuring that the objective of the drill hole is achieved.

MOLLACAS PROJECT

In early January 2016 the Chilean Supreme Court upheld a prior ruling by the Court of Appeal of Region IV, Chile, which overturned a decision granting access for mining purposes to Minera Hampton Chile Limitada ("MHC"), a wholly owned subsidiary of Metminco and the owner of the Mollacas copper leach project, from a lower court.

This ruling does not affect MHC's mining concession rights or the existing access rights previously granted.

Land holdings and mining rights

The Company holds title to 21 Exploitation Concessions covering the Mollacas deposit and surrounding area, and owns 179 ha of land adjacent to the proposed open pit operation. It is proposed that the infrastructure for the planned mining operation will be located on Company owned land.

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

Way forward

The decision of the Supreme Court is disappointing as it will delay development of the Project.

The Company and MHC are assessing all options for gaining mining access to its Exploitation Concessions at Mollacas.

CORPORATE

Placement

A total of 250,000,000 new fully paid ordinary shares of the Company ("Shares") were placed by SPAngel at a price of A\$0.00433 (£0.002) per Share under ASX Listing Rule 7.1 and 7.1A, raising approximately A\$1.1 (£0.50) million before costs ("the Placing"). Funds from the Placing were applied to advancement of the

Company's wholly owned Los Calatos Project, including work in relation to a hydrothermal breccia target adjacent to the main Los Calatos deposit (TD2) and working capital.

Exercise of Options

During the quarter option holders exercised 40,694,249 options at A\$0.005 (£0.0026) per Share expiring 15 May 2016 to raise approximately A\$0.2 million.

Shares Issued in lieu of fees

A total of 28,458,120 Shares were issued in lieu of fees (21,156,558 to LinQ Corporate Pty Ltd in settlement of corporate consulting fees and 7,301,562 to Slipstream Resources Pty Ltd for investor relations related services).

Cash Position

As at 31 December 2015 Metminco had cash reserves of A\$0.95 million.

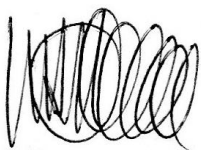
Expenditure for the quarter was focussed on the Company's 100% owned Los Calatos copper project, with the completion of a detailed surface mapping program at the TD2 and TD3 targets adjacent to the main Los Calatos deposit, as well as the assessment of the available soil geochemical and geophysical results associated with these targets. The Company incurred care and maintenance costs in relation to its Chilean projects (Mollacas, Vallecillo and Loica) and costs associated with corporate governance, compliance, and maintenance of ASX and AIM listings.

The Company remains focussed on maximising the value of expenditure incurred, while at the same time maintaining capacity to progress the Los Calatos Project and to pursue the acquisition of a near term cash flow opportunity.

Strategic Alliance

Following the release of the recent Strategic Mining Study, the Company commenced a process seeking to secure a strategic partner for the Los Calatos Project with a number of parties working through their due diligence. The process is taking longer than anticipated, mainly due to current market conditions.

Until the Company secures an offer that secures real value for shareholders, there is a need to maintain the Los Calatos Project in good standing. Against a global backdrop of robust long term copper demand, depleting copper reserves, and given both its location and environmental disposition, the Los Calatos Project is a valuable asset which has the potential to be an important future copper producer.



William Howe
Managing Director

Company Background

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

Projects and Mineral Resources

The Los Calatos Project, located in southern Peru, has a total estimated mineral resource of 352 million tonnes at 0.76% Cu and 318 ppm Mo at a cut-off grade of 0.50% Cu, comprising a Measured Mineral Resource of 73 million tonnes at 0.73% Cu and 513 ppm Mo, an Indicated Mineral Resource of 64 million tonnes at 0.73% Cu and 345 ppm Mo, and an Inferred Mineral Resource of 21 million tonnes at 0.78% Cu and 244 ppm Mo.

The Chilean assets include the Mollacas Copper Project with a Mineral Resource of 15.5 million tonnes consisting of a Measured Resource of 11.2 million tonnes at 0.55% Cu and 0.12g/t Au and an Indicated Resource of 4.3 million tonnes at 0.41% Cu and 0.14g/t Au (at a 0.2% copper cut-off); and the Vallecillo Project with a Mineral Resource of 8.9 million tonnes consisting of a Measured Resource of 5.5 million tonnes at 0.84g/t Au, 9.99g/t Ag, 1.12% Zn and 0.32% Pb, an Indicated Resource of 2.6 million tonnes at 0.80g/t Au, 10.23g/t Ag, 0.94% Zn and 0.35% Pb and an Inferred Resource of 0.8 million tonnes at 0.50g/t Au, 8.62g/t Ag, 0.48% Zn and 0.17% Pb (at a cut-off grade of 0.2g/t Au).

The Company also has an early stage exploration project in Chile where initial exploration activities have identified a porphyry system with anomalous copper, molybdenum and gold values.

Competent Persons Statement

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

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

Forward Looking Statement

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

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

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

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JOINT BROKER

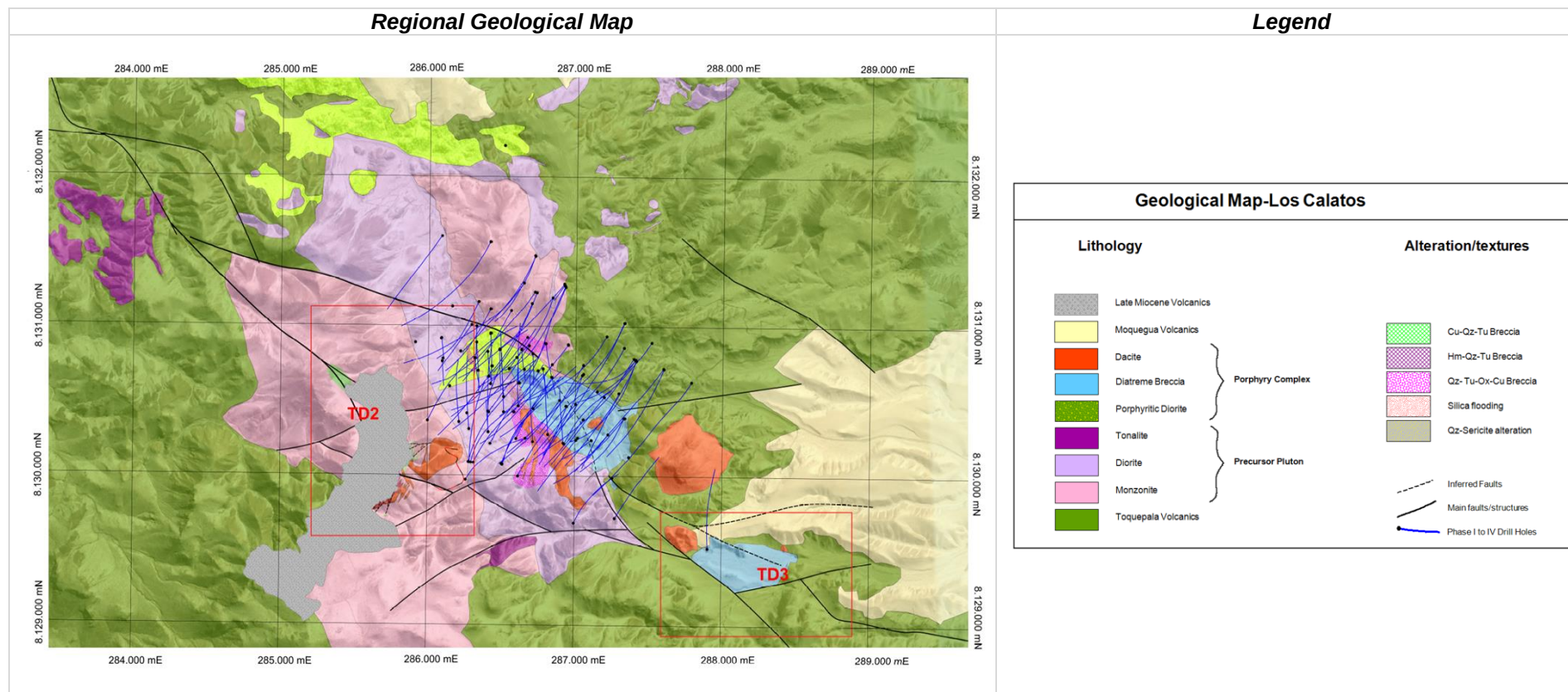
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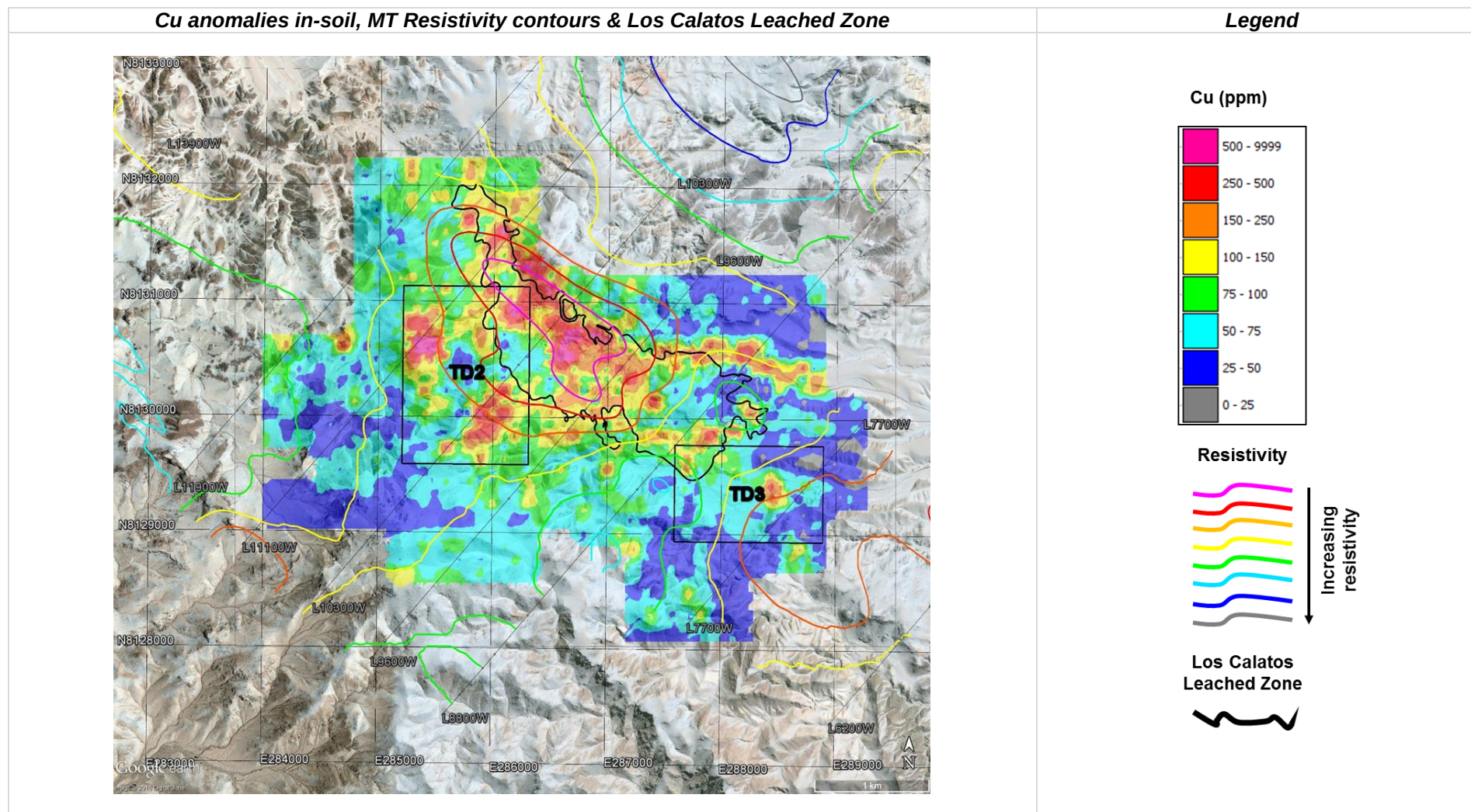
ANNEXURE 1

Los Calatos - Geological Map showing position of the TD2 and TD3 Target areas



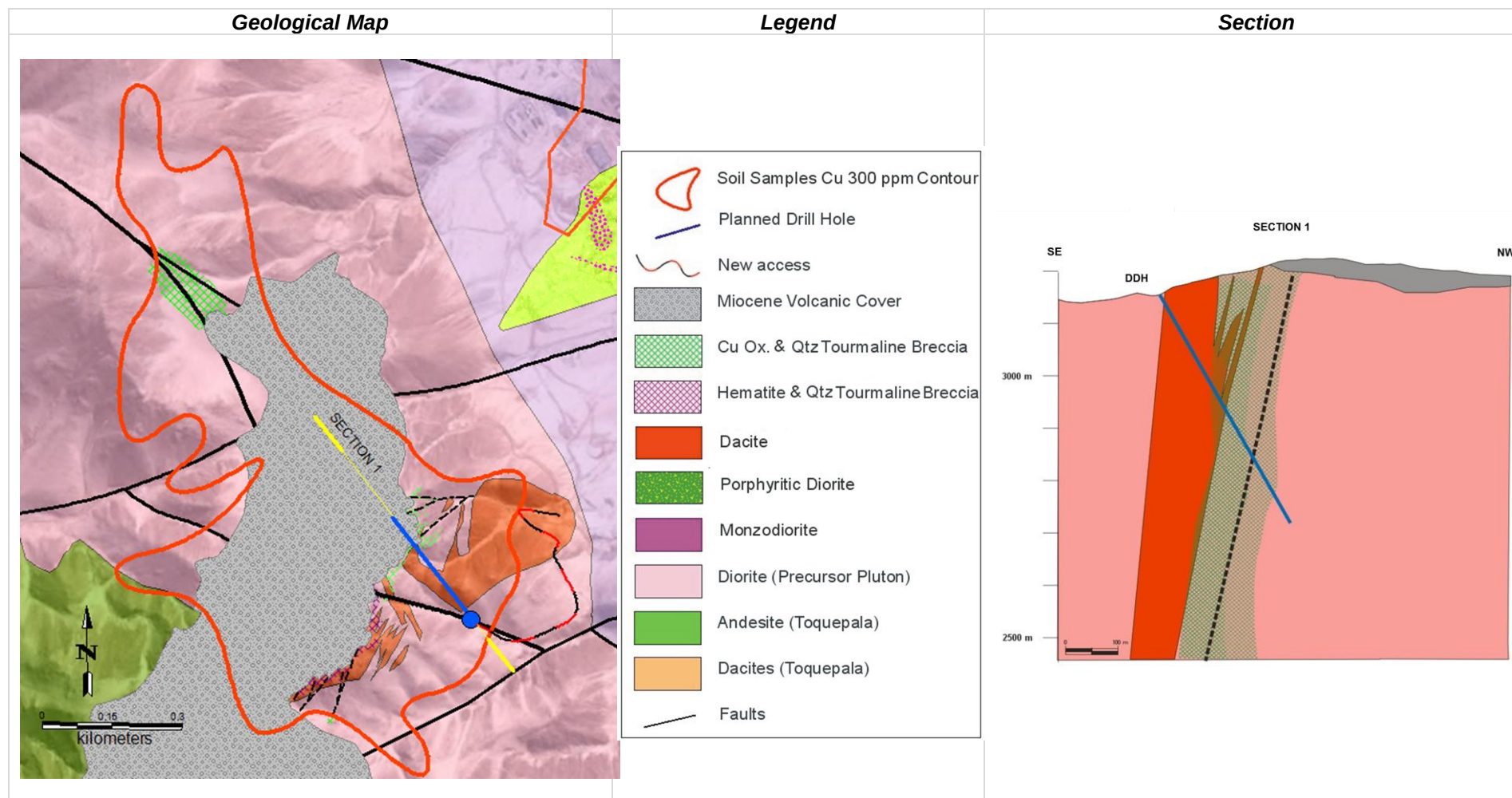
ANNEXURE 2

Los Calatos – Regional map showing the distribution of Cu anomalies & MT resistivity contours



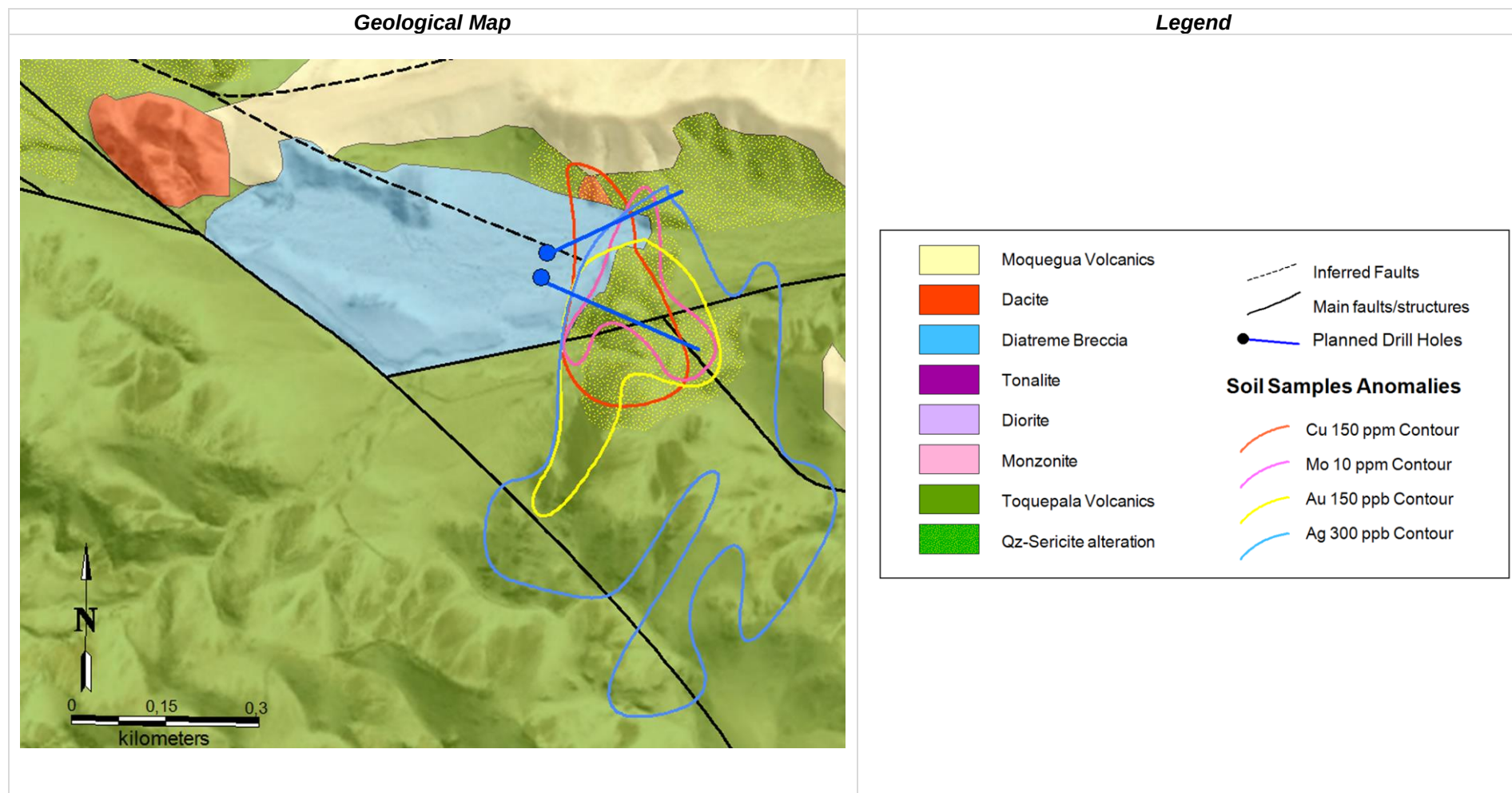
ANNEXURE 3

Geological Map and Drill Section – TD2 Exploration Target



ANNEXURE 4

Geological Map – TD3 Exploration Target



Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Metminco Limited

ABN

43 119 759 349

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter A\$'000	Year to date 12 months A\$'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration and evaluation	(637)	(3,541)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(527)	(1,988)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Peruvian IGV (GST) recovery)	-	-
	Net Operating Cash Flows	(1,164)	(5,525)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) other fixed assets	-	(4)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
	Net investing cash flows	-	(4)
1.13	Total operating and investing cash flows (carried forward)	(1,164)	(5,529)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,164)	(5,529)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1394	5,620
	Costs of issue	(94)	(260)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (proceeds from equity swap)	-	-
	Net financing cash flows	1,300	5,360
	Net increase (decrease) in cash held	136	(169)
1.20	Cash at beginning of quarter/year to date	845	1,192
1.21	Exchange rate adjustments to item 1.20	(32)	(74)
1.22	Cash at end of quarter	949	949

Payments to directors of the entity and associates of the directors

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

		Current quarter A\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	134
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors for the period
01 Oct 15 – 31 Dec 15 for:
Directors' fees: A\$134,251

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

-

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	A\$'000
4.1 Exploration and evaluation	650
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	950

Reconciliation of cash

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

	Current quarter A\$'000	Previous quarter A\$'000
5.1 Cash on hand and at bank	949	845
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	949	845

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)				
7.2	Changes during quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions				
7.3	+Ordinary securities	2,975,335,799	2,975,335,799		
7.4	Changes during Quarter: (a) Increases through Issues (b) Decreases through returns of capital, buy backs, redemptions	14,104,372 40,694,249 250,000,000 7,052,186 7,301,562	14,104,372 40,694,249 250,000,000 7,052,186 7,301,562	Shares issued at A\$0.004254 per share Exercise of 15 May 2016 Options A\$0.005 (£0.0026) per share Shares issued at A\$0.0043 per share Shares issued at A\$0.0043 per share Shares issued at A\$0.0041 per share	Fully paid Fully paid Fully paid Fully paid Fully paid
7.5	+Convertible Debt securities (description)				
7.6	Changes during quarter: (a) Increases through issues (b) Decreases through Securities matured, converted				

+ See chapter 19 for defined terms.

		<u>Unlisted:</u>		<u>Exercise price:</u>	<u>Expiry date:</u>
7.7	Options (description and conversion factor)	250,000 250,000 5,000,000 522,496,459		A\$ 0.075 A\$ 0.089 A\$0.0302 A\$0.005 (£0.0026)	28 Jan 2016 28 Jan 2016 01 Aug 2017 15 May 2016
7.8	Issued during quarter				
7.9	Exercised during quarter	<u>Unlisted:</u> 40,694,249		Exercise price: A\$0.005 (£0.0026)	Expiry date: 15 May 2016
7.10	Expired during quarter				
7.11	Debentures(totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

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



Sign here:

Date: 31.1.2016
(Company secretary)

Print name: Philip Killen

Notes

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