



Metminco Limited
ABN 43 119 759 349

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED

30 JUNE 2018



Metminco Limited
ABN 43 119 759 349

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DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the consolidated entity (the 'Group') being Metminco Limited ('Metminco' or the 'Company') and the entities it controlled at the end of, or during, the half year ended 30 June 2018 as well as the Independent Review Report.

Directors

The following persons held the office of director during and since the half year ended on 30 June 2018.

Kevin Wilson	Executive Chairman (appointed 23 March 2018)
Roger Higgins	Non-Executive Director
Glenister Lamont	Non-Executive Director (appointed 28 May 2018)
William Howe	Managing Director (resigned 23 March 2018)
Francisco Vergara-Irarrazaval	Non-Executive Director (resigned 28 May 2018)
Ram Venkat	Non-Executive Director (resigned 19 March 2018)

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

Company Secretary

Graeme Hogan was the Company Secretary and CFO until 28 May 2018. On 26 April 2018 Geoffrey Widmer was appointed Joint Company Secretary alongside Graeme Hogan.

Graeme Hogan resigned as Company Secretary and Chief Financial Officer effective 28 May 2018. On that day Andrew Metcalfe was appointed Joint Company Secretary and CFO. Andrew Metcalfe and Geoffrey Widmer are in office at the date of this report.

Principal Activities

The Group's Quinchia Gold Portfolio encompasses a potential near-term producing asset, the Miraflores Gold Project, as well as assets with substantial upside potential including the significant gold porphyry system targets of Tesorito, Dosquebrados and Chuscal. A Plan of works was submitted to the Colombian Mining Agency in January 2018 for the construction of the proposed Miraflores gold mine.

While the Company also retains its 100% Chilean Projects, the primary focus is on the Miraflores Gold Project and as such the Chilean projects are on care and maintenance. These Chilean projects provide significant exposure to copper through Mollacas on which a mining study announced in 2014 demonstrated robust economics for development of the Mollacas Project, which is subject to resolution of a dispute with the land holder. The Vallecillo Project is a polymetallic deposit with identified resources.

Financial and Operational Review

a) Financial Review

The Consolidated Group reported a loss for the half year ended 30 June 2018 of A\$5,598,767 (2017: loss of A\$30,727,034) after providing for income tax. No dividend was declared for the period.

During the half year ended 30 June 2018 Metminco's cash position increased from A\$834,377 to A\$1,705,998.

Cash outgoings for the period were focused on the continued development of the Quinchia Gold Portfolio and corporate overheads.

DIRECTORS' REPORT (Continued)

Financial and Operational Review (continued)

Details of fundraisings during the half year ended 30 June 2018 follow:

Entitlement offer

On 23 March 2018 the Company announced its intention to raise equity in a fully underwritten renounceable entitlement offer through the issue of 694,831,634 ordinary shares at an issue price of AUD\$0.008 raising \$5,558,653 with one free option of every three shares subscribed for. The options have an exercise price of AUD\$0.011 and an expiry date 1 June 2020. This entitlement offer was successfully completed on 26 April 2018.

Placements

On 28 March 2018 the Company placed 19,080,045 ordinary fully paid shares at AUD\$0.008 and the subscribers received 6,360,015 free options. The gross proceeds were AUD\$152,640. This placement was ratified at the AGM on 28 May 2018. These funds were used to repay debts and relaunch exploration on the Company's high potential Tesorito gold prospect in Colombia.

Derivative asset

On 31 January 2017 the Company entered into a Subscription Agreement, Escrow Agreement and Sharing Agreement with Lanstead Capital L.P regarding an A\$3 million derivative asset facility. Pursuant to these agreements the Company issued 25,316,456 shares at 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 \$A3million in government bonds with an escrow agent as security for the proceeds receivables. A\$0.45 million was received as an advance and the remaining \$A2.55 million was to be received over 18 months.

On 28 March 2018 the Company received a confirmation from Lanstead Capital confirming that the Subscription Agreement, Escrow Agreement and Sharing Agreement with Lanstead Capital L.P will be terminated and the Company received cash amounting to \$44,410.

Convertible notes redemption

In May 2017 the Company entered into an A\$0.75 million unsecured convertible note facility with Redfield Asset Management. The convertible notes have been redeemed by repaying the face value of the notes of A\$750,000 plus interest of A\$92,383 totalling a payment of A\$842,383 on 24 April 2018.

At the end of the period, the Group's net asset position was A\$9,940,819 (31 December 2017: A\$8,591,789) and cash reserves were A\$1,705,998 (31 December 2017: A\$834,377). Of this cash amount 1,528,609 was held in Australian dollars, 138,433 in Colombian Pesos, 23,084 in US dollars, 11,770 in GBP and 4,102 in Chilean Pesos.

Six months ended

	30 June 2018	30 June 2017
	\$'000	\$'000
Net Loss after Income Tax	(5,598)	(30,727)
Basic Loss per share (cents)	(1.44)	(25.38)
Diluted Loss per share (cents)	(1.44)	(25.38)
Dividend per share (cents)	0.00	0.00
Share price at 30 June	0.005	0.011

DIRECTORS' REPORT (Continued)

Financial and Operational Review (continued)

b) Operating Review

Quinchia Gold Portfolio Colombia

In June 2016 the Company completed the acquisition of Miraflores Compania Minera ("Miraflores Compania") from RMB Resources Australia Pty Ltd. Miraflores Compania owns 100% of the Quinchia Gold Portfolio located within Colombia's Middle Cauca Belt approximately 90km WNW of the Colombian capital of Bogota and 55 km to the north of Pereira, the capital of the Department of Risaralda.

The Quinchia Portfolio contains several gold deposits and exploration prospects including Miraflores, Dosquebradas, Tesorito and Chuscal.

A review of the Colombian concessions during the half year, resulted in the decision to relinquish a number of concessions and, in line with the Company's accounting policies, to impair some of the capitalised exploration on certain concessions.

During the half year period a 1,500m diamond drilling program was commenced at Tesorito, part of the Quinchia Gold Portfolio. Results from the program were announced in August 2018 and included best intercept of 64m @ 1.67g/t Au from 144m within 253m @ 1.10 g/t from 2.9m from hole TS-DH-07 (refer ASX announcement of 30 August 2018).

Negotiations commenced with the owner of the Chuscal licence applications to form a joint venture. These discussions are ongoing as at the date of this report.

The Company submitted the Plan of Work ("PTO") to the Colombian Mining Agency for mine development approval for the Miraflores Gold Project in January 2018. Colombian regulations require both the PTO and Environmental Impact Assessment approvals prior to commencement of operations. As at the date of this report, approval of the PTO is awaited.

The critical path for the development of the project remains the completion of the EIA, including the validation of the impacts on the local communities and the gaining of the social licence for the project. Final, seasonal water monitoring was completed during the quarter and will inform the EIA submission.

Mollacas, Vallecillo, Loica Projects, Chile

These projects remained on care and maintenance during the reporting period.

Corporate

During the half year the new management of Company undertook a number of measures to reduce on-going costs, which necessitated some additional short-term expenses. The Company's registered office was moved from Sydney to Melbourne.

DIRECTORS' REPORT (Continued)

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Gavin Daneel, BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy and is engaged as a Consultant in Australia.

Gavin Daneel is a consultant to the Company and has sufficient experience 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results'. Mr Daneel, as Competent Person for this report, 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.

DIRECTORS' REPORT (Continued)**Matters subsequent to the end of the financial period**

Matters that have arisen in the interval between the end of the half year ended 30 June 2018 and the date of this report of a material or unusual nature are as follows:

Appointment of Nick Winer (2 August 2018) as Director of Exploration, based in Medellin, Colombia.

Nick is a geologist with over 30 years' experience in gold, base metals in South America and will lead the Company's activities in Colombia, in particular, the advancement of the portfolio of gold assets in the Quinchia district.

On 13th September 2018, the Company entered into an unsecured loan facility arrangement with private investors to the value of \$500,000 at a 12% coupon rate paid quarterly maturing 6 months from date of issue or earlier by the Company on 30 days' notice or on completion of a proposed capital raising.

On 13th September 2018, the Company entered into a Trading Halt on the ASX pending a corporate transaction and capital raising.

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

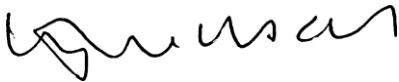
Rounding of amounts

The Company is of the kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Legislative Instrument 2016/191, dated 1 April 2016, and in accordance with that Legislative Instrument amounts in the Directors Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under S307C of the Corporations Act 2001, is included in this financial report, and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.



Kevin Wilson, Director

Dated: 13 September 2018

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 review of Metminco Limited for the half-year ended 30 June 2018. 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner - Audit & Assurance

Melbourne, 13 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2018

	Note	30 June 2018 \$	30 June 2017 \$
Other income		2,496	-
Administration expenses		(122,692)	(288,047)
Corporate expenses		(1,685,036)	(1,267,766)
Occupancy expense		(67,677)	(51,860)
Exploration expenditure written off	9	(2,485,725)	(87,880)
Share based payments expense	12	(781,607)	-
Loss on sale of asset		-	(27,165,722)
Unrealised loss on derivative asset		-	(1,553,481)
Realised loss on derivative asset	5	(228,273)	(106,118)
Profit on disposal of assets		-	23,570
Finance costs		(230,253)	(229,730)
Loss before income tax		(5,598,767)	(30,727,034)
Income tax expense		-	-
Loss for the period from continuing operations		(5,598,767)	(30,727,034)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities		435,451	(1,430,655)
Total comprehensive Loss for the period		(5,163,316)	(32,157,689)
Loss attributable to:			
Members of the parent entity		(5,598,767)	(30,727,034)
		(5,598,767)	(30,727,034)
Total comprehensive (loss) attributable to:			
Members of the parent entity		(5,163,316)	(32,157,689)
		(5,163,316)	(32,157,689)
Loss per share			
From continuing operations:			
Basic loss per share (cents)		(1.44)	(25.38)
Diluted loss per share (cents)		(1.44)	(25.38)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	30 June 2018 \$	31 December 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,705,998	834,377
Trade and other receivables	4	99,502	167,382
Derivative asset	5	-	272,683
Asset held for sale	6	2,726,512	2,586,122
Other assets	7	151,880	48,610
TOTAL CURRENT ASSETS		4,683,892	3,909,174
NON-CURRENT ASSETS			
Property, plant and equipment	8	740,571	569,642
Exploration and evaluation expenditure	9	10,352,562	12,015,128
TOTAL NON-CURRENT ASSETS		11,093,132	12,584,770
TOTAL ASSETS		15,777,024	16,493,944
CURRENT LIABILITIES			
Trade and other payables	10	3,907,227	3,392,074
Provisions	11	214,300	187,214
TOTAL CURRENT LIABILITIES		4,121,527	3,579,288
NON-CURRENT LIABILITIES			
Trade and other Payables	10	1,714,678	4,322,867
TOTAL NON-CURRENT LIABILITIES		1,714,678	4,322,867
TOTAL LIABILITIES		5,836,205	7,902,155
NET ASSETS		9,940,819	8,591,789
EQUITY			
Issued capital	13	338,729,969	332,987,792
Other reserves		(28,685,744)	(29,914,047)
Accumulated losses		(300,103,406)	(294,481,956)
TOTAL EQUITY		9,940,819	8,591,789

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2018

	Issued Capital	Accumulated Losses	Option Reserve	Convertible Note equity reserve	Foreign Currency Translation Reserve	Acquisition Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 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	—	(30,727,034)	—	—	—	—	(30,727,034)
Other comprehensive loss	—	—	—	—	(1,430,655)	—	(1,430,655)
Total comprehensive loss for the period	—	(30,727,034)	—	—	(1,430,655)	—	(32,157,689)
Shares issued during the period	4,375,000	—	—	—	—	—	4,375,000
Transaction costs	(314,703)	—	—	—	—	—	(314,703)
Equity component of convertible note	—	—	—	11,468	—	—	11,468
Options issued during the period	—	—	426,172	—	—	—	426,172
Balance at 30 June 2017	333,092,371	(289,981,617)	480,858	11,468	9,878,634	(41,506,662)	11,975,052
Balance at 1 January 2018	332,987,792	(294,481,956)	480,860	11,448	11,100,307	(41,506,662)	8,591,789
Loss attributable to members of the parent entity	—	(5,598,767)	—	—	—	—	(5,598,767)
Other comprehensive loss	—	—	—	—	435,451	—	435,451
Total comprehensive loss for the period	—	(5,598,767)	—	—	435,451	—	(5,163,316)
Shares issued during the period	6,282,789	—	—	—	—	—	6,282,789
Transaction costs	(540,612)	—	—	—	—	—	(540,612)
Equity component of convertible note	—	—	—	(11,468)	—	—	(11,468)
Options issued during the period	—	—	781,617	—	—	—	781,617
Options expired –prior period adjustment	—	54,687	(54,687)	—	—	—	—
Balance at 30 June 2018	338,729,968	(300,026,036)	1,207,790	—	11,535,758	(41,506,662)	9,940,818

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2018

	Note	30 June 2018 \$	30 June 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,677,704)	(1,573,133)
Interest received		2,496	–
Net cash used in operating activities		(1,675,208)	(1,573,133)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(170,394)	23,570
Payments for exploration expenditure		(712,408)	(1,203,307)
Payment of deferred consideration		(1,000,000)	–
Proceeds from sale of Los Calatos		–	6,601,155
Net cash (used in)/provided by investing activities		(1,882,802)	5,421,418
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		6,282,789	2,020,035
Payments in respect to capital raisings		(540,612)	(314,704)
Cash received from convertible notes		–	750,000
Cash paid for convertible notes redemption		(842,383)	–
Cash received from derivative asset		–	35,549
Cash received from equity swap		44,410	–
Net cash provided by financing activities		4,944,204	2,490,880
Net increase in cash held		1,386,194	6,339,165
Cash and cash equivalents at beginning of financial period		834,377	71,548
Effect of exchange rates on cash holdings in foreign currencies		(514,573)	(60,782)
Cash and cash equivalents at end of financial period		1,705,998	6,349,931

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2018

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

Reporting entity

Metminco Limited is a company domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 30 June 2018 comprises the Company and its controlled entities, and is presented in Australian dollars, which is the functional currency of the parent company.

The consolidated annual financial report of the consolidated entity for the period ended 31 December 2017 is available upon request from the Company's registered office at Suite 3, Level 2, 470 Collins Street, Melbourne, 3000, Australia or from the Company's website at www.metminco.com.au.

The interim financial report has been prepared on an accruals basis and is prepared under historical cost convention, 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 13 September 2018.

Statement of Compliance

This general-purpose financial report for the half year ended 30 June 2018 has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by Metminco Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Significant Accounting Policies

The accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are consistent with those applied by the consolidated entity in its annual financial report for the year ended 31 December 2017 other than as stated below.

Going concern basis of accounting

The Consolidated Group incurred a net loss after tax of \$5,598,767 (30 June 2017: \$30,727,034), has net cash used in operations (including payments for exploration) of \$2,559,922 during the half-year ended 30 June 2018 (30 June 2017: \$1,673,133) and has a cash balance of \$1,705,998 as at that date (30 June 2017: \$6,349,931).

It also has net current assets of \$562,365 (31 December 2017: \$329,866) and net assets of \$9,940,819 (31 December 2017: \$8,591,789).

Although the Group has taken steps to ensure its outgoing expenditure is at the minimum levels required to maintain its projects in good standing and meet its governance, compliance and ASX listing obligations, additional funding will be required within the next 12 months to meet these obligations. The Company reviewed various capital raising options to underpin the continued solvency of the business. It has entered into an unsecured loan facility arrangement on 13th September 2018 with private investors to the value of \$500,000 at a 12% coupon rate paid quarterly maturing 6 months from date of issue or earlier by the Company on 30 days' notice or on completion of a proposed capital raising.

The Company is planning to initiate a placement using its 15% capacity under Listing Rule 7.1 to sophisticated and professional investors. This placement is to be completed after receiving shareholder approval at the Extraordinary General Meeting of Shareholders to be held on 14th September 2018.

Following completion of the placement, the Company will seek further funding to support its working capital and business development.

If these capital raising initiatives do not materialise, then there is possibility that the Group may not be able to raise the additional financing required, which gives rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

Notwithstanding the material uncertainty the Directors are satisfied that the Company and Group have sufficient cash reserves together with its strategies as alluded to above to maintain its current portfolio and meet its debts as and when they fall due. Therefore, these financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 2: SEGMENT REPORTING

The company's primary activity is mineral exploration in the geographical 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.

a. Segment performance	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		Total	
	30 June 2018 \$	30 June 2017 \$	30 June 2018 \$	30 June 2017 \$	30 June 2018 \$	30 June 2017 \$
Revenue	–	–	–	–	–	–
Other income	–	–	2,496	–	2,496	–
Total group Income	–	–	2,496	–	2,496	–
Segment gain/(loss) before tax	(2,762,387)	(108,399)	(2,836,380)	(30,618,635)	(5,598,767)	(30,727,034)
Gain/(loss) before tax from continuing operations	(2,762,387)	(108,399)	(2,836,380)	(30,618,635)	(5,598,767)	(30,727,034)
Depreciation and amortisation expense included in segment result:	(31,024)	(32,025)	(1,049)	(837)	(32,073)	(32,862)
Impairment expense	(2,485,725)	(87,880)	–	–	(2,485,725)	(87,880)

b. Segment assets	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		Total	
	30 June 2018 \$	31 December 2017 \$	30 June 2018 \$	31 December 2017 \$	30 June 2018 \$	31 December 2017 \$
Segment assets	13,353,333	15,286,863	1,609,521	1,207,081	14,962,854	16,493,944
Segment asset increases for the period						
– capital expenditure	712,990	3,113,298	–	–	712,990	3,113,298
– deferred consideration	1,000,000	–	–	–	1,000,000	–
– investment in associates	–	–	–	–	–	–
	1,712,990	3,113,298	–	–	1,712,990	3,113,298
c. Segment liabilities						
Segment liabilities	291,233	379,673	5,544,972	7,522,482	5,836,205	7,902,155
Reconciliation of segment liabilities to group liabilities						
-Total group liabilities	291,233	379,673	5,544,972	7,522,482	5,836,205	7,902,155

d. Total Income by geographical region

Income is disclosed below, based on the location :

	30 JUNE 2018 \$	30 JUNE 2017 \$
Australia	2,496	–
South America	–	–
Total Income	2,496	–

e. Assets by geographical region

The location of non-current assets by geographical location is disclosed below:

	30 JUNE 2018 \$	31 DECEMBER 2017 \$
Australia	2,596	3,063
Colombia	11,090,536	12,555,560
Chile	–	26,147
Total non-current assets	11,093,132	12,584,770

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 3: LOSS FOR THE PERIOD

Expenses:	6 months ended 30 June 2018	6 months ended 30 June 2017
Expenses from continuing operations	\$	\$
<i>Corporate expenses include:</i>		
Employee and directors' benefits expense	(703,250)	(254,712)
Depreciation and amortisation	(32,073)	(32,862)

NOTE 4: TRADE AND OTHER RECEIVABLES

CURRENT	30 June 2018 \$	31 December 2017 \$
Other receivables ¹	99,499	167,382
Total current trade and other receivables	99,499	167,382
NON-CURRENT		
VAT receivables ²	252,261	180,669
Provision for impairment of VAT receivables	(252,261)	(180,669)
Total non-current trade and other receivables	-	-

1 Other receivable include GST receivable and Bonds.

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

NOTE 5: DERIVATIVE ASSET

CURRENT	30 June 2018 \$	31 December 2017 \$
Derivative asset ¹	-	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 an A\$3 million derivative asset facility. Pursuant to these agreements the Company issued 25,316,456 shares at 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 \$A3million in government bonds with an escrow agent as security for the proceeds receivables.

Effective 28 March 2018 the arrangement was terminated, as such the difference between cash received and the derivative asset was realised to profit or loss.

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

	Opening Balance 1 January 2018	Cash received from derivative asset	Loss on Settlement (realized loss)	Fair value adjustment	Closing Balance 30 June 2018
Current derivative asset	272,683	(44,410)	(228,273)	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 6: ASSET HELD FOR SALE

	30 June 2018	31 December 2017
CURRENT	\$	\$
Asset held for sale ¹	2,726,512	2,586,122

1 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. The movement during the interim period is because of foreign currency translation.

NOTE 7: OTHER ASSETS

	30 June 2018	31 December 2017
CURRENT	\$	\$
Prepayments	151,880	48,612

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 8: PROPERTY PLANT & EQUIPMENT

	30 June 2018 \$	31 December 2017 \$
Land		
At cost	652,968	450,032
Total land	652,968	450,032
Plant and equipment		
At cost	1,392,806	1,355,993
Accumulated depreciation	(1,305,203)	(1,236,383)
Total plant and equipment	87,603	119,610
Total property, plant and equipment	740,571	569,642

Reconciliations

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

Land

Carrying amount at beginning of period	450,032	4,409,481
Additions of land	169,812	-
Impairment to fair value	-	(934,037)
Reclasification of land held for resale	-	(2,586,122)
Impact of foreign exchange movement	33,124	(439,290)
Carrying amount of plant and equipment at end of period	652,968	450,032

Plant and equipment

Carrying amount at beginning of period	119,610	128,868
Additions of equipment	582	-
Disposal of equipment	-	(23,181)
Impact of foreign exchange movement	(516)	46,285
Depreciation	(32,073)	(40,282)
Carrying amount of plant and equipment at end of period	87,603	119,610
Carrying amount at end of period	740,571	569,642

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 9: EXPLORATION AND EVALUATION

	30 June 2018 \$	31 December 2017 \$
Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases	9,538,391	12,015,128
Reconciliations		
Carrying amount at the beginning of the period	12,015,128	9,486,691
Expenditure incurred during the period	712,435	2,759,669
Impact of foreign exchange movement during the period	110,751	(182,795)
Exploration expenditure write off ¹	(2,485,725)	(48,437)
Carrying amount at the end of the half year	10,352,589	12,015,128

Exploration and evaluation capitalised at 30 June 2018 represents Miraflores and Tesorito, which are a part of the Quinchia project where management has an active drilling program.

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of ore reserves. Impairment indicators in AASB 6 are considered for each area of interest.

1 Write off

During the six months ended 30 June 2018 the Company undertook a detailed review of its exploration targets in Colombia and due to competing expenditure priorities the Company agreed to write-off expenditure associated with the Dosquebrados and Chuscal exploration targets.

Capitalised costs amounting to \$712,408 for the 6-month period ended 30 June 2018 (for the year ended 31 December 2017: \$1,203,307) have been included in cash flows from investing activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 10: TRADE AND OTHER PAYABLES

CURRENT	30 June 2018 \$	31 December 2017 \$
Trade payables	455,098	780,870
Deferred consideration ¹	2,777,778	962,250
Convertible note payable incl accrued interest ²	-	808,020
Other payables and accrued expenses	674,351	840,934
	3,907,227	3,392,074
NON CURRENT		
Deferred Consideration ¹	1,714,678	4,322,867

1 As part of the Miraflores Compania acquisition, part of the consideration included a maximum of A\$7million in deferred consideration/royalty payments to RMB from operating cashflows. Payment of \$1m occurred in 2017 and a further \$1m payment occurred in June 2018.

	Opening Balance 1 January 2018 \$	Payment during the year \$	Fair value adjustment \$	Closing Balance 30 June 2018 \$
Deferred cash consideration (present value)	5,285,117	(1,000,000)	207,338	4,492,455

1 The deferred cash consideration has been discounted at 8% per annum (2017: 8% per annum)

2 In May 2017 the Company entered an A\$0.75 million unsecured convertible note facility with Redfield Asset Management. The convertible notes have been redeemed by repaying the face value of the notes of A\$750,000 plus interest of A\$92,383 totalling a payment of AUD842,383 on 24 April 2018.

NOTE 11: PROVISIONS

CURRENT	30 June 2018 \$	31 December 2017 \$
Employee benefits	214,300	187,214

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 12: ISSUED CAPITAL

	30 June 2018 \$	31 December 2017 \$
887,232,521 (31 December 2017: 101,883,843) fully paid ordinary shares	335,729,968	330,009,404
25,316,456 (31 December 2017: 25,316,456) partly paid ordinary shares	3,000,000	2,978,388
	338,729,968	332,987,792
a. Movements in fully paid ordinary share capital (No. Shares)	No. Shares	No. Shares
Balance at beginning of the reporting period	101,883,843	90,280,468
<i>Shares issued</i>		
- 31-Jan-17 ¹	–	11,603,375
- 28-Mar-18 ²	19,080,045	–
- 24-Apr-18 ³	694,831,892	–
- 30-Apr-18 ⁴	2,702,152	–
- 22-May-18 ⁵	68,734,589	–
At the end of the reporting period	887,232,521	101,883,843

	30 June 2018 \$	31 December 2017 \$
b. Movements in fully paid ordinary share capital (\$)		
Balance at beginning of the reporting period	329,987,792	329,032,074
<i>Shares issued</i>		
- 31-Jan-17 ¹	–	1,375,000
- 28-Mar-18 ²	152,640	–
- 24-Apr-18 ³	5,558,654	–
- 30-Apr-18 ⁴	21,617	–
- 22-May-18 ⁵	549,877	–
Costs of capital raising	(540,612)	(419,282)
At the end of the reporting period	335,729,968	329,987,792

¹On 31 January 2017 the Company issued 10,970,464 shares to Redfield Asset Management and 632,911 shares to Winic Pty Ltd at A\$0.1185 as share placement to raise A\$1,375,000.

² On 28 March 2018 the Company issued 19,080,045 ordinary shares at A\$0.008 as part of a share placement to raise A\$152,640.

³On 24 April 2018 the Company issued 694,831,892 ordinary shares at A\$0.008 as part of an Entitlement Offer to raise A\$5,558,654.

⁴On 30 April 2018 the Company issued 2,702,152 ordinary shares at A\$0.008 to Lanstead Capital LP to settle fees payable to Lanstead.

⁵On 22 May 2018 the Company issued 68,734,589 ordinary shares at A\$0.008 as part of a share placement to raise A\$549,877.

	30 June 2018 No. Shares	31 December 2017 No. Shares
c. Movements in partly paid ordinary share capital (No. Shares)		
Balance at beginning of the reporting period	25,316,456	25,316,456
<i>Shares issued</i>	–	–
Balance at the end of the reporting period	25,316,456	25,316,456

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 12: ISSUED CAPITAL (continued)

d. Movements in partly paid ordinary share capital (\$)	30 June 2018 \$	31 December 2017 \$
Balance at beginning of the reporting period	3,000,000	3,000,000
Shares issued	-	-
At the end of the reporting period	3,000,000	3,000,000

e. Movement in options and performance rights

30 JUNE 2018

Grant Date	Expiry Date	Exercise Price \$	Outstanding 31 December 2017	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30 June 2018
24 April 2018	1 June 2020	\$0.011	-	231,610,770	-	-	
30 April 2018	1 June 2020	\$0.011	-	9,876,512	-	-	
22 May 2018	1 June 2020	\$0.011	-	22,911,530	-	-	
29 May 2018	1 June 2020	\$0.011	-	237,970,560	-	-	
29 May 2018	31 Dec 2018	\$0.012	-	9,600,000	-	-	
29 May 2018	31 Dec 2019	\$0.016	-	9,600,000	-	-	
29 May 2018	31 Dec 2020	\$0.024	-	9,600,000	-	-	
29 May 2018	31 Dec 2018	\$0.012	-	11,600,000	-	-	
29 May 2018	31 Dec 2019	\$0.016	-	11,600,000	-	-	
29 May 2018	31 Dec 2019	\$0.016	-	11,600,000	-	-	
29 May 2018	31 Dec 2020	\$0.024	-	11,600,000	-	-	
29 May 2018	31 Dec 2020	\$0.024	-	11,600,000	-	-	
29 May 2018	31 Dec 2020	\$0.024	-	11,600,000	-	-	
			24,691,358	589,169,372	-	-	613,860,730

Options issued to advisors in consideration for capital raising fees and Options and Performance Rights issued to related parties under the Company's Long-Term Incentive Plan (following approval at AGM held on 28 May 2018) are as follows.

Recipient	Terms of issue	Options issued	Share based payment value
Redfield Asset Management Pty Ltd	Options exercisable at \$0.011 each on or before 1 June 2020	9,876,512	\$21,234
Patersons Securities Ltd as underwriters or their nominee	Options exercisable at \$0.011 each on or before 1 June 2020	231,610,545	\$669,355
Glensiter Lamont	Options issued under terms of Company's Employee Long Term Incentive Plan	14,400,000	\$7,153
Roger Higgins	Options issued under terms of Company's Employee Long Term Incentive Plan	14,400,000	\$7,153
Kevin Wilson	Performance Rights issued under terms of Company's Employee Long Term Incentive Plan	58,000,000	\$76,712
TOTAL			\$781,607

Options issued to advisers above were fair valued using the Binomial American Tree method of valuing securities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 13: LOSS PER SHARE

	6 months ended 30 June 2018 \$	6 months ended 30 June 2017 \$
a. Reconciliation of loss per share		
Loss	(5,598,767)	(30,727,034)
Loss used in the calculation of basic and dilutive EPS	(5,598,767)	(30,727,034)
	30 June 2018 No.	30 June 2017 No.
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	124,064,642	121,046,994
Weighted average number of dilutive options outstanding	-	-
c. Anti-dilutive options on issue not used in dilutive EPS calculation	613,860,730	100,000

NOTE 14: CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		30 JUNE 2018 %	31 DECEMBER 2017 %
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 Perú Inc.	British Virgin Islands	100	100
North Hill Colombia Inc.	British Virgin Islands	100	100
Minera Hampton Chile Limitada	Chile	100	100
Miraflores Hampton Colombia SAS	Colombia	100	100
Miraflores Compania Minera SAS	Colombia	100	100

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the half year ended 30 June 2018

NOTE 15: CAPITAL AND LEASING COMMITMENTS

	30 June 2018 \$	31 December 2017 \$
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	80,620	52,258
- between 12 months and 5 years	6,975	24,556
- greater than 5 years	—	—
	87,595	76,814

The Group has lease commitments over five premises in Australia and Colombia with terms ranging from 1 to 14 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 license payments)

- not later than 12 months	440,828	347,831
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NOTE 16: CONTINGENT LIABILITIES

The Group is not aware of any contingent liabilities.

NOTE 17: EVENTS AFTER THE END OF THE PERIOD

Matters that have arisen in the interval between the end of the half year ended 30 June 2018 and the date of this report of a material or unusual nature are as follows:

Appointment of Nick Winer (2 August 2018) as Director of Exploration, based in Medellin, Colombia. Nick is a geologist with over 30 years' experience in gold, base metals in South America and will lead the Company's activities in Colombia, in particular, the advancement of the portfolio of gold assets in the Quinchia district.

On 13th September 2018, the Company entered into an unsecured loan facility arrangement with private investors to the value of \$500,000 at a 12% coupon rate paid quarterly maturing 6 months from date of issue or earlier by the Company on 30 days' notice or on completion of a proposed capital raising.

On 13th September 2018, the Company entered a Trading Halt on the ASX pending a corporate transaction and capital raising.

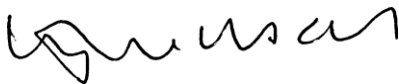
As at the date of this report, the Directors are not aware of any further matters that have arisen that have significantly affected, or may significantly affect, the operations of the Company

DIRECTORS' DECLARATION

In the opinion of the Directors of Metminco Limited:

- 1) The consolidated financial statements of Metminco Limited are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the financial position as at 30 June 2018 and of its performance for the half-year ended on that date.
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Kevin Wilson

Dated: 13 September 2018

Independent Auditor's Review Report

To the Members of Metminco Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Metminco Limited (the 'Company'), which comprises the consolidated statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising both the Company and the entities it controlled at the half-year end or from time to time during the half year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Metminco Limited does not give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 1, in the financial report, which indicates that the consolidated entity incurred a net loss of \$5,598,767 during the half year ended 30 June 2018 and has net cash used in operations (including payments for exploration) of \$2,559,922 during the half-year ended 30 June 2018 and has a cash balance of \$1,705,998, as of that date. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in normal course of business, and at the amounts stated in the financial report. Our report is not modified in relation to this matter.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metminco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 13 September 2018