



ASX ANNOUNCEMENT

SUMMARY

- Metminco Limited (Metminco or the Company) subscribes in full to Hampton Mining Limited (Hampton) rights issue.
- Period for exercise of the Option for Metminco to purchase Junior Investment Company's ('JIC') 31.9% interest in Hampton extended to 17 March 2010.
- General Meeting of shareholders called for 12 March 2010.

Hampton Mining Rights Issue

On 22 January 2010, Hampton announced a pro-rata rights issue to raise \$1.4 million at an issue price of \$0.28 per fully paid ordinary share. Hampton advised that the funds will be primarily applied to advancing Hampton's Los Calatos Project located in southern Peru and for funding corporate overheads.

Metminco subscribed for 1,825,152 shares, its full entitlement under the pro rata rights issue, at a cost of A\$511,043.

Extension of JIC option

In September 2009 Metminco, signed an option agreement to purchase Junior Investment Company's ('JIC') 31.9% interest in Hampton for up to US\$12 million in cash and up to 132.8 million fully paid ordinary shares in Metminco ('Shares'). Metminco has paid US\$200,000 to extend the term of the option, currently expiring 17 February 2010 to 17 March 2010.

Notice of General Meeting

Metminco announces that a General Meeting of the Company will be held on Friday 12 March 2010 for shareholders to consider the following resolutions:

- Ratification of the prior issue and allotment of 7,400,529 fully paid ordinary shares in the Company (Shares).
- Approval to issue and allot a minimum of 66,666,667 Shares and a maximum of 120,000,000 Shares at an issue price of not less than A\$0.15 to raise a minimum of A\$10 million and a maximum of A\$18 million
- Approval to issue and allot up to 132,787,500 Shares to JIC on exercise of the JIC Option.
- Approval to issue and allot 150,000,000 Shares to Highland Holding Resources Inc as consideration for the purchase of North Hill Holdings Group Inc (beneficial owner of the Alfa, Gamma and Nelson tenements located at the Los Calatos project in southern Peru).

A Notice of Meeting, Explanatory Memorandum and Independent Expert's Report (refer attached) have been dispatched to all shareholders regarding the meeting.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'Philip W Killen'.

Philip W Killen
Company Secretary

Metminco Limited
(ASX Code: MNC)

Level 2 224 Queens St
Melbourne,
Victoria 3000

Tel No: 61 2 9965 3743
Fax No: 61 2 9439 2157



CHAIRMAN'S LETTER TO SHAREHOLDERS

Notice for a General Meeting of Metminco Limited

10 February 2010

Dear Fellow Shareholder,

Enclosed are the Notice of General Meeting, Explanatory Memorandum, Proxy Form and Independent Experts Report with supporting Independent Technical Assessment Report.

The Meeting will be held on 12 March 2010 commencing at 10.00 am (Sydney Time) at 220 Pacific Highway, Crows Nest, New South Wales.

Your Directors unanimously recommend that you vote to approve the resolutions and intend to vote their personal holdings in favour of all the resolutions.

I encourage you to read the enclosed documents in full and to vote on all the resolutions either in person at the Meeting 12 March 2010 or by returning the enclosed Proxy Form by 10.00 am on 10 March 2010.

You may wish to contact your legal, financial or other professional adviser.

Should you have any queries or if you require any assistance in completing or lodging your proxy form, please contact our information line on 61- (0)- 2- 9965 3743 or by email on pwkillen@metminco.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John A Fillmore', with a stylized flourish at the end.

John A Fillmore
Chairman, Metminco Limited

Metminco Limited

ACN 119 759 349

(Company)

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the members will be held at the time and location and to conduct the business specified below:

Date 12 March 2010

Time 10.00 am Sydney time

Location 220 Pacific Highway Crows Nest, NSW 2065

The accompanying Explanatory Memorandum and Independent Expert's Report provide additional information relating to matters to be considered at the meeting, and form part of this notice of general meeting.

Business

A. Ordinary Resolutions

To propose and, if thought fit, to pass the following resolutions as ordinary resolutions with or without amendment:

Resolution 1 – Ratification of prior share issues

“That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the prior allotment and issue of a total of 7,400,529 shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Resolution 2 – Approval for the issue of shares

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to be authorised to issue and allot a minimum of 66,666,667 shares and a maximum of 120,000,000 shares in the Company at an issue price of not less than A\$0.15 to raise a minimum of A\$10 million and a maximum of A\$18 million on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice”.

Resolution 3 – Approval for acquisition of shares

“That, for the purposes of Listing Rule 7.1 and section 611, item 7 of the *Corporations Act* 2001 (Cth), and for all other purposes, approval is given for the Company to be authorised to issue and allot up to 132,787,500 shares in the Company to Junior Investment Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Resolution 4 – Approval for the issue of shares to acquire an interest in the Los Calatos Project

“That, subject to the passing of Resolution 3, for the purposes of Listing Rule 7.1 and section 611, item 7 of the *Corporations Act* 2001 (Cth), and for all other purposes, approval is given for the Company to be authorised to issue and allot up to 150,000,000 shares in the Company to Highland Holding Resources Inc in consideration for the acquisition of shares in North Hill Holdings Inc, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion

The Company will disregard any votes cast on the resolutions as follows:

Resolution 1	The Company will disregard any votes cast on this Resolution 1 by any person who have participated in the issue of securities identified in this resolution or any person who may obtain a benefit from the issue of securities identified in this resolution or any associate of such a person.
Resolution 2	The Company will disregard any votes cast on this Resolution 2 by any person who may participate in the issue of securities identified in this resolution or any person who may obtain a benefit from the issue of securities identified in this resolution or any associate of such a person.
Resolution 3	The Company will disregard any votes cast on this Resolution 3 by any person who may participate in the issue of securities identified in this resolution or any person who may obtain a benefit from the issue of securities identified in this resolution or any associate of such a person.
Resolution 4	The Company will disregard any votes cast on this Resolution 4 by any person who may participate in the issue of securities identified in this resolution or any person who may obtain a benefit from the issue of securities identified in this resolution or any associate of such a person.

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

Appointment of proxies

A member entitled to attend and vote at the general meeting may appoint an individual or a body corporate as a proxy to attend the meeting and on a poll vote on the member's behalf. A proxy need not be a member of the Company.

If a member appoints the Chairman of the meeting as the member's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that member, in favour of that item on a poll.

Dated 10 February 2010

By order of the Board

A handwritten signature in black ink, appearing to be 'P. Killen', written over a horizontal line.

Philip Killen
Company Secretary

Questions

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

Proxy Form

METMINCO LIMITED

ACN 119 759 349

Lodge your vote:

By Mail:

Metminco Limited,
119 Willoughby Road,
Crows Nest 2065

By Facsimile:

(within Australia) : (02) 9439 2157
(outside Australia) : 61-2-9439 2157

For all enquiries call:

(within Australia) : (02) 9956 3845
(outside Australia) : 61-2-9956 3845

Proxy Form

For vote to be effective it must be received by 10 am 10 March 2010.

How to Vote on proposed resolutions

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each proposed resolution. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on a resolution your vote will be invalid on that resolution.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a security holder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the security holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

Attending the meeting

Bring this form to assist with registration. If a representative of a corporate security holder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" to the registry. A form of the certificate may be obtained online at www.securitytransfer.com.au

Comments and Questions: If you have any comments or questions for the company or the Auditor of the Company, please write them on a separate sheet of paper and return with this form.

TURN OVER TO COMPLETE THE FORM

Proxy Form

STEP 1:

Appoint a Proxy to Vote on Your Behalf (if you cannot attend in person)
I/We being a member/s of Metminco Limited hereby appoint

☐

The Chairman
of the meeting

OR

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 10.00 am (AEST), on 12 March 2010 at 220 Pacific Highway, Crows Nest 2065 and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions

STEP 2:

Items of Business- Please NOTE: IF you mark Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will be counted in computing the required majority.

	For	Against	Abstain
1. To ratify the prior allotment and issue of a total of 7,400,529 shares in the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the issue and allotment of a minimum of 66,666,667 shares and a maximum of 120,000,000 shares in the Company at an issue price of not less than A\$0.15 per share.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the issue and allotment of up to 132,787,500 shares in the Company to Junior Investment Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the issue and allotment of 150,000,000 shares in the Company to Highland Holding Resources Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3

Signature of Securityholder(s): This section *must* be completed.

Individual or Shareholder

Joint Shareholder 2

Joint Shareholder 3

Sole Director & Sole Company

Director

Director / Company Secretary

Contact _____

Contact _____

Date ____/____/____

Name

Daytime

Metminco Limited
ACN 119 759 349

EXPLANATORY MEMORANDUM

IMPORTANT NOTICE

This Explanatory Memorandum is an explanation of, and contains information about, the resolutions to be considered at the General Meeting, which are set out in the accompanying Notice of Meeting dated [*insert date*] (**Notice**), to assist shareholders to determine how they wish to vote on the resolutions.

Shareholders should read this Explanatory Memorandum and the accompanying Independent Expert's Report (**IER**) in full because individual sections do not give a comprehensive review of the resolutions.

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

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

This Explanatory Memorandum is dated [*insert date*].

Capitalised terms used in this Explanatory Memorandum have the meaning given to them in the Glossary of this Independent Experts Report (IER) attached to this Explanatory Memorandum.

FORWARD LOOKING STATEMENTS

Certain statements in this Explanatory Memorandum relate to the future.

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

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

Reasons to Support the Resolutions

1. Advantages of Approving the Placement of a minimum of A\$10 up to A\$18million

The placement of between A\$10 million and A\$18 million in accordance with Resolution 2 would (together with the issue of shares to Junior Investment Corporation) enable Metminco to increase its interest in Hampton and secure the Los Calatos Project, and/or to continue exploration, seeking to increase shareholder value.

2. Broader Shareholder Base with Increased Financial Capacity

The placement of shares to sophisticated and professional investors would significantly broaden the Metminco Shareholder base which may result in increased market interest in Metminco and market support for Metminco Shares.

This wider pool of shareholders and market exposure may increase Metminco's capability to obtain future equity funding to progress development of the Company's interests adding shareholder value.

3. Increased Interest in Hampton Mining Limited in accordance with Resolution 3

Metminco interest's in Hampton would increase from 36.5% to a minimum of 53.6% (if other Hampton Shareholders exercise their Hampton Pre-Emptive Rights in rights in full) and up to 68.4% (if all other Hampton Shareholders do not exercise their rights) .

Control of Hampton would be a positive development for the Company.

It would allow Metminco to provide further assistance to Hampton in developing its projects and growing value for shareholders.

4. Secure the Los Calatos Project in accordance with Resolution 4

Hampton's flagship project is the Los Calatos Project, located in far south Peru in a major copper porphyry belt which includes three nearby major existing Cu-Mo mines, and a fourth project seeking permitting to be developed.

In September 2009 Metminco announced updated resources for the Los Calatos Project, and approval by the Peruvian Government for the next phase of drilling, which will comprise a further 20,000 metres, through 26 diamond core holes. This drilling at the Los Calatos Project is now underway.

Hampton's interest in the Los Calatos Project is an option to purchase the North Hill Owned Tenements (on which all drilling has occurred to date) and Hampton Owned Tenements, adjacent to the North Hill Owned Tenements (taken up by Hampton following the results of the initial drilling program on the North Hill Owned Tenements). If Hampton does not exercise its option to acquire the North Hill Owned Tenements then Hampton would in effect forgo its interest in the Los Calatos Project.

There is a risk that Hampton may decide not to exercise its option under its Hampton Los Calatos Option.

Metminco is therefore safeguarding its interest in the Los Calatos Project through the Proposed North Hill Agreement (Resolution 4) whereby Metminco proposes to purchase the company which ultimately owns the North Hill Owned Tenements without affecting Hampton's rights under the Hampton Los Calatos Option.

5. Independent Expert's Report

Grant Thornton have prepared an Independent Expert Report in connection with the Proposed JIC Transaction and the Proposed North Hill Agreement.

Grant Thornton has concluded that the Proposed Transactions are fair and reasonable.

A full copy of that report is attached to this Explanatory Statement.

6. Directors Unanimous Recommendation

The Metminco Board unanimously recommends that eligible Metminco Shareholders vote in favour of all resolutions. Each Director intends to vote all shares they own or control the right to vote in favour of all Resolutions.

Disadvantages of Supporting the Resolutions

MNC Shareholders are advised that they should balance the reasons to support the Resolutions against the potential disadvantages of supporting the Resolutions.

Shareholders attention is drawn to the assessment of the Proposed JIC Transaction and the Proposed North Hill Agreement conducted by the Independent Expert and set out in the Independent Expert Report.

The risks to MNC Shareholders and disadvantages of approving the issue of the Metminco Shares, as described by the Independent Expert, include:

1. Dilution

Existing Shareholders will be diluted.

The extent of the dilution will vary depending upon a number of factors including the number of Metminco Shares placed under Resolution 2 and the extent to which other Hampton Shareholders exercise their Hampton Pre-Emptive Rights in respect of the Proposed JIC Transaction. Assuming all resolutions are approved by Metminco Shareholders and no other Hampton Shareholders exercise their Hampton Pre-Emptive Rights then:

The issue of 120,000,000 Metminco Shares would dilute existing Shareholder by approximately 15.3 %.

The issue of up to 132,787,500 Metminco Shares by Metminco to JIC would dilute existing shareholders collectively by approximately 16.9%.

The issue of 150,000,000 Metminco Shares to HHR by Metminco will dilute existing shareholders collectively by approximately 19.1%

2. Significant Shareholder with Board Representation

JIC will be entitled to nominate two directors on the Metminco Board if JIC interest's in Metminco is more than 20% and nominate one director on the Metminco Board if JIC interest's in Metminco is more than 10% and less than 20% of the issued capital of Metminco.

HHR would hold Metminco Shares representing between 19.1% and 22.4 % , subject to completion of a capital raising of \$18 million of voting power.

3. Issue Price of Placement may be at a Discount

It is proposed that the placement of Metminco Shares in accordance with Resolution 2 would be at a minimum issue price of A\$0.15 per Metminco Share which potentially represents a discount of up to 12% on the 30 day VWAP as at the date of this Notice.

However, the actual issue price may be higher than the 30 day VWAP which would represent a premium.

Background

Metminco currently holds a 36.5% interest in Hampton, an unlisted Australian public company with a significant portfolio of exploration projects located in Chile and Peru. Hampton's projects are focused mainly on copper but also includes significant exposure to gold. In terms of stage of development, Hampton's projects range from mine pre-feasibility (Mollacas), through advanced exploration (Los Calatos and Vallecillo) to grassroots exploration (Camaron and Isidro).

Hampton Shareholders and their respective shareholdings are summarized in the table below.

Shareholders	Number of Shares	Ownership %
Metminco Limited	75,922,683	36.5%
Junior Investment Company	66,393,750	31.9%
Takoradi Limited	56,511,906	27.2%
Minority Shareholders	9,165,379	4.4%
TOTAL	207,993,718	100%

During late September 2009, Metminco entered into an option agreement with JIC (holder of a 31.9% interest in Hampton, as at the date of the Notice) (JIC Option Agreement) which if exercised would increase Metminco's interest in Hampton from 36.5% to a minimum of 53.6% and up to a maximum of 68.4%, depending on the extent to which other Hampton Shareholders exercise their Hampton Pre-Emptive Rights. Refer to Glossary of the IER for further details on Hampton Pre-Emptive Rights.

Hampton's premier project is the Los Calatos Project with an initial resource estimate based on approximately 12,500 metres of drilling of 262 million tonnes broken down into:

- Indicated Resources of 69.2 million tonnes @ 0.44% Cu and 510ppm Mo; and
- Inferred Resources of 192.4 million tonnes @ 0.42% Cu and 382ppm Mo, (at cut-off grade of 0.2% copper).

The Los Calatos Project consists of the North Hill Owned Tenements (approximately 28 sq kms in area) on which all the Los Calatos Project resources as at the date of the Explanatory Memorandum are located, and the Hampton Owned Tenements (approximately 149 sq kms in area) which were taken up by Hampton after the completion of an initial drilling program.

The North Hill Owned Tenements are indirectly owned by Highland Holding Resources Inc (HHR) through a chain of wholly owned subsidiary companies. A structure diagram showing the ownership of the North Hill Owned Tenements is set out in the IER.

On 5 September 2007, Hampton entered into a Unilateral Purchase Promise and Option Agreement with North Hill Holdings Inc, a wholly owned subsidiary of HHR (Hampton Los Calatos Option). Under the Hampton Los Calatos Option, Hampton has the option to acquire 100% of the shares in Cerro Norte Mining Inc which are currently held by North Hill Holdings Inc. The option expires on 1 August 2010.

Hampton's right to acquire the North Hill Owned Tenements, having satisfied other conditions including completion of a 9000 metre drilling program, is also subject to:

- (a) payment of US\$0.5 million on or before 1 August 2010; and
- (b) a resource based payment of US\$ 0.005 /lb equivalent copper (including copper, molybdenum or other economic metals) on or before 30 September 2010. The resource based payment is based on reserves in the ground, as calculated by an independent expert appointed by the parties, to undertake a scoping study to be funded by Hampton. If the scoping study is not completed prior to 30 September 2010 then an interim payment, based on resources in the ground, must be made prior to 30 September 2010, to be adjusted when the scoping study is completed.

A bonus payment of US\$1.5 million on a decision to mine is payable.

On 6 December 2009, Metminco announced that it had entered into an agreement with HHR to acquire 100% of the issued capital of North Hill Holdings Inc for US\$0.5 million and the issue of 150 million Metminco Shares on completion, with a further payment of US\$1.5 million payable on or before 1 August 2010 (Proposed North Hill Agreement).

The Proposed North Hill Agreement is subject to:

- (a) Metminco exercising its rights under the JIC Option Agreement; and;
- (b) Metminco Shareholder approval of the issue of 150 million Metminco Shares to HHR.

If Hampton exercises its option to acquire the North Hill Owned Tenements then the 2% NSR royalty payable on production held by North Hill will be assigned to HHR. If Hampton does not exercise its option to acquire the North Hill Owned Tenements then a 2% NSR royalty payable on production will be payable by Metminco to HHR.

The Hampton Los Calatos Option remains in place and is not affected by the Proposed North Hill Agreement.

Metminco is seeking to increase its interest in Hampton (through the exercise of its rights under the JIC Option Agreement).

As an alternative strategy, Metminco is seeking to secure its interest in the North Hill Owned Tenements (Hampton's most prospective property) by acquiring all of the issued capital of North Hill. This will ensure that Metminco's interests in the Los Calatos Project are maintained in the event that Hampton does not exercise its option under the Hampton Los Calatos Option.

Resolution 1

Resolution 1 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of a total of 7,400,529 Metminco Shares.

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

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

By shareholders approving the prior issue of securities, the Company is given flexibility to issue further securities up to the 15% limit over the next 12 month period. Once the issue of 7,400,529 ordinary shares is approved, these securities will not be counted as a new issue for the purposes of the 15% limit set out in Listing Rule 7.1.

The purpose of the share issue was to raise funds for working capital.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- a) the total number of securities issued under the share placement was 7,400,529 fully paid ordinary shares;
- b) the issue price of the securities was A\$0.17 per fully paid ordinary share;
- c) the securities rank equally with the existing ordinary shares on issue;
- d) the securities were allotted to “sophisticated” or “professional” investors under sections 708(8) or 708(11) of the Corporations Act;
- e) the securities were issued as follows:
 - 60,000 fully paid ordinary shares were issued on 1 October 2009;
 - 7,140,529 fully paid ordinary shares were issued on 10 December 2009; and
 - 200,000 fully paid ordinary shares were issued on 19 January 2010.

The Metminco Board unanimously recommends that eligible Metminco Shareholders vote in favour of Resolution 1.

Resolution 2

The Company proposes to issue a minimum of 66,666,667 Metminco Shares and a maximum of 120,000,000 Metminco Shares to raise a minimum of A\$10 million, and a maximum of A\$18 million. This issue is intended to take place before 15 March 2010, but in any event will occur no later than three months after the date of the General Meeting. The Metminco Shares will be issued at an issue price of no less than A\$ 0.15 per Metminco Share. The issue will be made by way of a placement to sophisticated and professional investors in accordance with sections 708(8) and 708(10) of the *Corporations Act 2001* (Cth) (Corporations Act). The Company may, in its absolute discretion, issue an over-allotment of shares. Shares issued under the placement will rank equally in all respects with existing Metminco Shares on issue.

Under Listing Rule 7.1, the prior approval of shareholders is required in respect of the proposed issue of shares because the securities to be issued will exceed 15% of the number of securities on issue at the commencement of the previous 12 months.

Funds raised under the placement will be used, depending on the amount raised, to fund the Company’s obligations under the JIC Option Agreement and the Proposed North Hill Agreement (as described below) or, alternatively, to fund exploration activities.

As shareholder approval is only being sought under Listing Rule 7.1, placement shares cannot be issued to related parties of the Company, as defined in Listing Rule 10.11, including (but not limited to) Directors and their spouses, entities controlled by Directors and controlling shareholders of the Company.

The Metminco Board unanimously recommends that eligible Metminco shareholders vote in favour of Resolution 2.

Resolution 3

On 17 September 2009, Metminco entered into the JIC Option Agreement. Under the JIC Option Agreement, JIC agreed to provide Metminco with an irrevocable option to acquire JIC's 31.9% interest in Hampton in consideration for the issue of shares in Metminco, subject to Metminco Shareholder approval, in conjunction with a cash component. The key commercial terms of the JIC Option Agreement are summarised in Attachment 1.

As discussed above, the acquisition of JIC's 31.9% interest in Hampton may take Metminco's holding in Hampton to 68.4% (assuming other Hampton Shareholders do not exercise their Hampton Pre-Emptive Rights).

The number of Hampton Shares which JIC can transfer to Metminco is subject to the exercise of the Hampton Pre-Emptive Rights as set out in Hampton's Constitution. Accordingly the number of Metminco Shares issued to JIC will range between 132,787,500 and 71,197,638 shares.

If JIC is allotted Metminco Shares there are various provisions under Chapter 6 of the Corporations Act which may apply. Section 606(1) of the Corporations Act provides that a person must not acquire a relevant interest in the issued voting shares of a company if it would have the effect of increasing that person's voting shares from 20% or below to more than 20% or from a starting point that is over 20% and below 90%. JIC currently holds no shares in Metminco. However, depending on the number of Metminco Shares actually issued to JIC under the JIC Option Agreement, JIC may acquire a relevant interest in Metminco greater than 20% of Metminco's voting shares.

Please refer to the table set out below which describes the range of JIC's potential holding in the capital of Metminco at the time of issue.

JIC Option Exercise	Shares Issued	Base (total shares on issue)	Percentage of voting shares held
MAXIMUM Where the maximum number of Metminco Shares are issued to JIC (i.e. other Hampton Shareholders do not exercise their Hampton Pre-Emptive Rights) and Metminco Shareholders do not approve Resolution 4.	132,787,500	633,735,433	21.0%
MINIMUM Where the minimum number of Metminco Shares are issued to JIC (i.e. other Hampton Shareholders exercise their Hampton Pre-Emptive Rights) and Metminco Shareholders approve Resolution 4.	71,197,638	668,812,238	10.6%

As the number of Metminco Shares issued to JIC may result in a holding of greater than 20%, Metminco is seeking shareholder approval for the issue of the maximum number of shares which may be issued to JIC in accordance with the JIC Option Agreement.

Section 606(1A) of the Corporations Act states that if one of the exemptions under section 611 of the Corporations Act applies, then JIC may be issued shares without breaching section 606(1) of the Corporations Act. In this case, the Company seeks to rely upon an exemption under item 7 of section 611 of the Corporations Act by obtaining Metminco Shareholder approval for the intended issue of Metminco Shares to JIC. If Metminco Shareholders approve this issue by passing an ordinary resolution then the exemption applies and the issue of Metminco Shares to JIC will not contravene section 606(1) of the Corporations Act.

Metminco therefore seeks shareholder approval to allot the maximum number of Metminco Shares to JIC which may be allotted under the JIC Option Agreement.

Metminco intends to fund the cash consideration required to exercise its option to acquire JIC's Hampton Shares through a placement of shares to sophisticated and professional investors (as per Resolution 2). JIC is a private investment company registered in the Cayman Islands of Zephyr House, 122 Mary Street, Grand Cayman KY-1107, Cayman Islands. JIC is a wholly owned subsidiary of the Benjamain Group owned by Mr Isidoro Quiroga, a private Chilean investor. JIC is not an associate of Metminco for the purposes of the Corporations Act.

Under the terms of the JIC Option Agreement, JIC will be entitled to nominate up to two directors to represent JIC on Metminco's board where their holding in Metminco exceeds 20% and one director where JIC's holding in the Company falls between 10% and 20%. At this stage, JIC has not provided information as to who it is likely to nominate as potential directors of Metminco. Appointment of the director(s) nominated by JIC will require shareholder approval or ratification (if appointed by the Metminco Board to fill a casual vacancy) in accordance with the Corporations Act and constitution of Metminco.

JIC, to the extent it may have the capacity to do so, does not have any intention to change the business of Metminco, to inject further capital into Metminco or to alter Metminco's employment arrangements with its present employees. Further, there is no proposal that any property will be transferred between Metminco and JIC or to any person associated with either of the companies and JIC has no intention to otherwise redeploy the fixed assets of Metminco. Additionally, JIC does not have any present intention to significantly change the financial or dividend policies of Metminco.

In any event, it would be for the Metminco Board to determine the extent to which any intentions of JIC are implemented, if at all. The intentions of JIC may only be implemented in accordance with applicable law and regulatory requirements including the provisions of the Corporations Act, the ASX Listing Rules and Metminco's Constitution. Further, the Directors may only implement those intentions if they consider them to be in the best interests of Metminco Shareholders.

The Metminco Board unanimously recommends that eligible Metminco Shareholders vote in favour of Resolution 3.

Resolution 4

On 1 December 2009, Metminco entered into a contract on purchase and sale of shares with Highland Holding Resources Inc (HHR) (Proposed North Hill Agreement). Under the Proposed North Hill Agreement, Metminco has the option to acquire 100% of the issued share capital in North Hill from HHR. A component of the consideration is the issue to HHR of 150 million Metminco Shares, subject to Metminco Shareholder approval. There is also a cash component to the value of US\$2 million, payable by Metminco in installments. A 2% NSR royalty payable on production to North Hill will either be transferred to HHR (if Hampton exercises its option to acquire the North Hill Owned Tenements) or be

payable by Metminco to HHR (if Hampton does not exercise its option to acquire the North Hill Owned Tenements).

The purpose of the Proposed North Hill Agreements is to secure Metminco's interest in the Los Calatos Project. Refer to section 13 of the IER for further details. The key commercial terms of the Proposed North Hill Agreement are summarised in Attachment 2.

HHR currently holds no shares in Metminco. The issue of 150 million Metminco Shares to HHR in accordance with the Proposed North Hill Agreement will result in HHR holding between 19.1% and 22.4% of the voting shares in the Company assuming a capital raising of A\$18 million and A\$10 million, respectively as per Resolution 2.

If HHR is allotted the shares there are various provisions under Chapter 6 of the Corporations Act which apply. Section 606(1) of the Corporations Act provides that a person must not acquire a relevant interest in the issued voting shares of a company if it would have the effect of increasing that person's voting shares from 20% or below to more than 20% or from a starting point that is over 20% and below 90%.

Section 606(1A) of the Corporations Act states that if one of the exemptions under section 611 of the Corporations Act applies, then HHR may be issued shares without breaching section 606(1) of the Corporations Act. In this case, the Company is seeking to rely upon an exemption under item 7 of section 611 of the Corporations Act by obtaining shareholder approval for the intended issue of Metminco Shares to HHR. If Metminco Shareholders approve this issue by passing an ordinary resolution then the exemption applies and the issue of Metminco Shares to HHR will not contravene section 606(1) of the Corporations Act.

Metminco therefore seeks shareholder approval to allot 150 million Metminco Shares to HHR in accordance with the Proposed North Hill Agreement which will result in HHR holding in Metminco of up to 22.4% of voting shares in Metminco.

Metminco intends to fund the cash consideration required to purchase 100% of the shares in North Hill through a placement of shares to sophisticated and professional investors (as per Resolution 2).

HHR is a private investment company, organized and existing in accordance with the laws of the British Virgin Islands and domiciled at Marcy Building 2nd Floor, Purcell Estate, Road Town, Tortola, and British Virgin Islands. HHR is represented by Mr. Francisco Vergara-Irarrazava, a Chilean, lawyer based in Santiago, Chile. HHR is not an associate of Metminco for the purposes of the Corporations Act.

HHR, to the extent it may have the capacity to do so, does not have any intention to change the business of Metminco, to inject further capital into Metminco or to alter Metminco's employment arrangements with its present employees. Further, there is no proposal that any property will be transferred between Metminco and HHR or to any person associated with either of the companies and HHR has no intention to otherwise redeploy the fixed assets of Metminco. Additionally, HHR does not have any present intention to significantly change the financial or dividend policies of Metminco.

It would of course be for the Metminco Board to determine the extent to which the above intentions are implemented, if at all. The intentions of HHR may only be implemented in accordance with applicable law and regulatory requirements including the provisions of the Corporations Act, the ASX Listing Rules and the Metminco's constitution. Further, the Directors may only implement those intentions if they consider them to be in the best interests of Metminco Shareholders.

The Metminco Board unanimously recommends that eligible Metminco Shareholders vote in favour of Resolution 4.

Independent Expert Report – Resolutions 3 and 4

In order for all shareholders to be able to determine whether or not to pass resolutions 3 and 4, Metminco has commissioned Grant Thornton to prepare an Independent Expert's Report. The IER states the Proposed Transactions are fair and reasonable to Metminco Shareholders/Additional Information

The impact of a variety of different scenarios which may result from the proposed transactions in resolutions 2, 3 and 4 is set out below.

The financial information in this section:

- (a) has been prepared in accordance with Australian Accounting Standards; and
- (b) is presented in an abbreviated form.

Shareholders should refer to Metminco's audited annual financial statements for the 2009 financial year (set out in the Company's 2009 Annual Report) for more detailed disclosures in relation to the historical performance and position of the Company.

Pro-forma Balance Sheets of the Company is set out on the following page of this Explanatory Statement (which takes into account the impact of the Resolutions in the accompanying Notice of Meeting) as if those transactions had occurred on 31 December 2009.

Metminco's accounts for the half year ended 31 December 2009 have not yet been audited. Accordingly, the Pro Forma Balance Sheet is provided as a guide only to demonstrate the impact of the Resolutions.

The following assumptions are made in relation to each scenario below:

- (a) all Metminco Shares proposed to be issued under each of the scenarios set out below, have been issued; and
- (b) no further issue of securities and no exercise of options have occurred from 22 January 2010.

Scenario 1:

The following assumptions are made in relation to Scenario 1:

- (a) Metminco raises \$A10 million through the issue of 66,666,667 Metminco Shares at \$A0.15 each in accordance with Resolution 2;
- (b) the Proposed JIC Transaction in accordance with Resolution 3 is not approved by Metminco Shareholders; and
- (c) the Proposed North Hill Agreement in accordance with Resolution 4 is not approved by Metminco Shareholders

Scenario 2:

The following assumptions are made in relation to Scenario 2:

- (a) Metminco raises A\$10 million through the issue of 66,666,667 Metminco Shares at \$A0.15 each in accordance with Resolution 2;
- (b) all Hampton Shareholders exercise their Hampton Pre-Emptive Rights and JIC is issued the minimum number of Metminco Shares under Resolution 3; and
- (c) the Proposed North Hill Agreement in accordance with Resolution 4 is approved by Metminco Shareholders and HHR is issued 150,000,000 Metminco Shares in accordance with Resolution 4.

Scenario 3:

The following assumptions are made in relation to Scenario 3:

- (a) Metminco raises A\$18 million through the issue of 120,000,000 Metminco Shares at \$A0.15 each in accordance with Resolution 2;
- (b) no Hampton Shareholders exercise their Hampton Pre-Emptive Rights and JIC is issued the maximum number of Metminco Shares under Resolution 3; and
- (c) the Proposed North Hill Agreement in accordance with Resolution 4 is approved by Metminco Shareholders and HHR is issued 150,000,000 Metminco Shares in accordance with Resolution 4.

Scenario 4:

The following assumptions are made in relation to Scenario 4:

- (a) Metminco raises A\$10 million through the issue of 66,666,667 Metminco Shares at \$A0.15 each in accordance with Resolution 2;
- (b) all Hampton Shareholders exercise their Hampton Pre-Emptive Rights and JIC is issued the minimum number of Metminco Shares under Resolution 3; and
- (c) the Proposed North Hill Agreement in accordance with Resolution 4 is not approved by Metminco Shareholders.

Scenario 5:

The following assumptions are made in relation to Scenario 5 :

- (a) Metminco raises A\$18 million through the issue of 120,000,000 Metminco Shares at \$A0.15 each in accordance with Resolution 2;
- (b) no Hampton Shareholders exercise their Hampton Pre-Emptive Rights and JIC is issued the maximum number of Metminco Shares under Resolution 3; and
- (c) the Proposed North Hill Agreement in accordance with Resolution 4 is not approved by Metminco Shareholders.

The following table sets out the relevant interests of JIC and HHR in Metminco assuming the scenarios listed above.

JIC and HRR Relevant Interest

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Shares On Issue	447,614,600	668,812,238	783,735,433	518,812,238	633,735,433
JIC's relevant interest					
Number	-	71,197,638	132,787,500	71,197,638	132,787,500
Percentage interest	-	10.6%	16.9%	13.7%	21.0%
HHR's relevant interest					
Number	-	150,000,000	150,000,000	-	-
Percentage interest	-	22.4%	19.1%	-	-

The following table sets out the application funds assuming the scenarios listed above.

<u>Application of Funds</u>	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
	\$A	\$A	\$A	\$A	\$A
Funds Raised	10,000,000	10,000,000	18,000,000	10,000,000	18,000,000
Cost of Raising	(1,106,582)	(1,106,581)	(1,517,971)	(1,106,582)	(1,517,971)
Proposed JIC Transaction	-	(7,149,030)	(13,333,333)	(7,149,030)	(13,333,333)
Proposed North Hill Agreement	-	(2,222,222)	(2,222,222)	-	-
Exploration and Working Capital	(8,893,418)	-	(926,473)	(1,744,388)	(3,148,695)
Use of Existing Cash	-	477,833	-	-	-
Funds Applied	(10,000,000)	(10,000,000)	(18,000,000)	(10,000,000)	(18,000,000)

The following table sets out the Metminco pro-forma balance sheets assuming the scenarios listed above.

	Unaudited 31-Dec-09	Scenario1	Scenario2	Scenario3	Scenario 4	Scenario5
	A\$	A\$	A\$	A\$	A\$	A\$
Current assets						
Cash	2,556,870	11,450,288	5,703,194	7,107,500	7,925,415	9,329,722
Receivables	903,429	903,429	1,180,008	1,180,008	1,180,008	1,180,008
Other	34,200	34,200	127,199	127,199	127,199	127,199
Total current assets	3,494,499	12,387,917	7,010,401	8,414,707	9,232,622	10,636,929
Non-current assets						
Receivables	-	-	1,878,708	1,878,708	1,878,708	1,878,708
Financial assets	11,887,142	11,887,142	1,502,278	1,502,278	1,502,278	1,502,278
Goodwill	39,222,081	39,222,081	82,878,144	82,878,144	82,878,144	82,878,144
Fixed Assets	2,031	2,031	790,536	790,536	790,536	790,536
Exploration	200,302	200,302	46,973,388	46,973,388	22,251,166	22,251,166
Total non-current assets	51,311,557	51,311,557	134,023,055	134,023,055	109,300,832	109,300,832
Total assets	54,806,056	63,699,474	141,033,455	142,437,761	118,533,454	119,937,761
Current liabilities						
Payables	178,616	178,616	783,247	783,247	783,247	783,247
Total current liabilities	178,616	178,616	783,247	783,247	783,247	783,247
Total liabilities	178,616	178,616	783,247	783,247	783,247	783,247
Net assets	54,627,440	63,520,858	140,250,208	141,654,514	117,750,207	119,154,514
Equity						
Issued capital	60,518,153	69,912,439	103,973,452	122,043,729	81,473,452	99,543,729
Reserves	309,628	309,628	(9,714,545)	(9,714,545)	(9,714,545)	(9,714,545)
Accumulated losses	(6,200,342)	(6,701,209)	(6,183,007)	(6,194,398)	(6,183,008)	(6,194,398)
Minority Interest	-	-	52,174,308	35,519,728	52,174,308	35,519,728
Total equity	54,627,440	63,520,858	140,250,208	141,654,514	117,750,207	119,154,514

Recommendations

The Board unanimously recommends that shareholders approve all Resolutions set out in the Notice.

Specifically, and pursuant to the Corporations Act:

1. all Directors have unanimously approved the proposal to put the resolutions set out in the Notice to shareholders and the provision of this Explanatory Memorandum;
 2. all Directors unanimously recommend that non – associated shareholders should agree to the resolutions set out in the Notice;
 3. the Directors have commissioned the Independent Expert's Report (IER) which assesses whether the proposals set out in the resolutions are fair and reasonable when considered in the context of the interests of the shareholders other than those involved in the proposed allotments.
-

By order of the Board

A handwritten signature in black ink, appearing to read 'J. Fillmore', with a long horizontal flourish extending to the right.

John Fillmore
Chairman

Dated: 10 February 2010

Attachment 1 – Key commercial terms of the Option Agreement

DOCUMENT IDENTIFICATION		
Name of document	Option Agreement (JIC Option Agreement)	
Date of document / commencement date	17 September 2009	
Executed (Yes/No)	Yes	
Parties	Metminco Limited (Metminco) and Junior Investment Company (JIC).	
Brief description of document	<p>Under this agreement, JIC agrees to provide Metminco with an irrevocable option to purchase 66,393,750 shares (31.9% interest at the time of this report) in Hampton Mining Limited (Hampton), in consideration for: (i) the payment of US\$700,000 plus US\$0.18074 for each Remaining Hampton Share at Completion; and (ii) the two fully paid Metminco Shares for each Hampton Share.</p> <p>The JIC Option expires on 18 January 2010. Metminco has the ability to extend the option, upon payment of a fee, in the first instance until 17 February 2010 (US\$100,000 fee), and in the second instance until 17 March 2010 (US\$200,000 fee).</p> <p>The JIC Option is subject to the exercise by Hampton Shareholders of their Hampton Pre-Emptive Rights. If Hampton Shareholders exercise the pre-emptive rights and acquire all the Hampton Shares, the JIC Option will be of no effect.</p>	
DETAIL		
Item	Clause	Detail
Parties' obligations (brief summary)		Metminco
	5	<ul style="list-style-type: none">If Metminco wants to exercise the JIC Option, it must deliver to JIC a notice to exercise in the approved form.
	6.2	<ul style="list-style-type: none">At completion, Metminco must: pay US\$0.18074 for each Remaining Hampton Share issued to JIC, issue two fully paid ordinary shares in Metminco for each Hampton Share or Remaining Hampton Share and provide to JIC all necessary shareholders, regulatory and other approvals required to issue Metminco Shares to JIC.
		JIC
	6.1	<ul style="list-style-type: none">JIC must (within seven days of the date on which Metminco exercises the JIC Option), deliver a notice to Hampton Shareholders (in the approved form) stating that it proposes to transfer to Metminco each of its Hampton Shares for the Equivalent Cash Value.JIC must (within five business days after the Offer Close Date / Repeat Offer Close Date), ensure that Hampton provides Metminco with details of how many Hampton Shares were accepted by Hampton Shareholders.At Completion, JIC must sell the Remaining Hampton Shares to Metminco and deliver a transfer notice to Metminco in the approved form.

Payment terms / consideration	3.1, 6.1(g)(ii)	Metminco must pay US\$700,000 on 17 September 2009, plus US\$0.18074 for each Remaining Hampton Share at completion.
Term/renewal/options	4	The Option is for 4 months and expires on 18 January 2010, with the ability of Metminco to extend the Option until 17 February 2010 (upon payment of US\$100,000), and again on 17 March 2010 (upon payment of US\$200,000).
Governing law	9.6	Victoria, Australia
Taxes / duties	9.2	Metminco must pay all duties in relation to the execution, performance and registration of the JIC Option Agreement, and any other documents required to be executed or effected under the JIC Option Agreement.
Unusual terms	8	If, at completion, JIC holds more than 10% or 20% of Metminco Shares on issue, JIC will be entitled to nominate one or two directors, respectively, for appointment to the Metminco Board.

Attachment 2 – Key commercial terms of the Proposed North Hill Agreement

DOCUMENT IDENTIFICATION		
Name of document	Contract on purchase and sale of shares (Proposed North Hill Agreement)	
Date of document / commencement date	1 December 2009	
Executed (Yes/No)	Yes	
Parties	Highland Holdings Resources Inc. (HHR) and Metminco Limited (Metminco)	
Brief description of document	<p>Under the Proposed North Hill Agreement, Metminco has the option to purchase 100% of the issued share capital in North Hill Holdings Inc (North Hill) from HHR.</p> <p>North Hill is the indirect owner of 100% of the North Hill Owned Los Calatos Tenements through its wholly owned subsidiaries.</p> <p>Ownership of the North Hill Owned Los Calatos Tenements is subject to the “Back in Clause” of Barrick (formerly Placer Dome) and the 2% NSR Royalty in favour of HHR.</p> <p>Completion of the Proposed North Hill Agreement is subject to (i) Metminco obtaining shareholder approval and any regulatory or other approvals required for the issue of 150,000,000 Metminco Shares to HHR; and (ii) Metminco obtaining a majority interest in Hampton through the JIC Option (between Metminco and Junior Investment Company, dated 17 September 2009).</p> <p>Under the Proposed North Hill, mining claims includes Alfa1-900, Gamma 1-1000, Nelson 1-900 and any other mining claims recorded and registered in these areas and within an area of three kilometres from the boundaries of the above areas.</p>	
DETAIL		
Item	Clause	Detail
Parties’ obligations (brief summary)	4.3 5.1 5.2	Metminco <ul style="list-style-type: none">Metminco must obtain shareholder approval and any other regulatory or other approvals required for the issue of 150,000,000 Metminco shares to HHR;Metminco obtaining a majority interest in Hampton (through execution of the JIC Option).If Hampton exercises its option under the Hampton Option Agreement, Metminco will assign 2% of the NSR to HHR.If Hampton does not exercise its option under the Hampton Option Agreement, or Metminco holds 100% of the issued capital in Hampton, then Metminco will pay 2% of the NSR to HHR.
Payment terms/consideration	4.2	Metminco must pay HHR as follows: (i) US\$500,000 payable on or before completion; (ii) the issue of 150,000,000 Metminco Shares to HHR on or before completion; and (iii) US \$1,500,000 payable to HHR on or before 1 August 2010. Metminco will also pay HHR a 2% NSR.
Term/renewal/options	4.4(e)	If the conditions precedent (refer to clause 4.3) are not satisfied by 1 August 2010, the HHR Agreement is no longer in force (except for any rights or claims that have arisen before the Proposed North Hill Agreement comes to an end).

Restrictions on assignment	9.5	Yes. Not permitted unless prior written consent obtained.
Governing law	11	Laws of Peru.
Representations/ warranties	3.1	<p>HHR</p> <p>Warranties and representations include:</p> <ul style="list-style-type: none"> • there are no impediments over the North Hill Shares except in relation to the Cerro Norte Shares which are subject to the terms and conditions of the Hampton Option Agreement (which Metminco acknowledges); • rights over the Mining Claims are exclusively that of Minera Cerro Norte S.A.C (or its successors), and only subject to the “Back in Right” of Placer Dome and the 2% NSR royalty in favour of HHR (which Metminco acknowledges); • the Mining Claims are in force and free of any restrictions exception in relation to the rights of Hampton under the Hampton Option Agreement (which Metminco acknowledges); • no one except for Miner Cerro Norte and/or Hampton can explore or carry out prospecting works in relation to any part of the Mining Claims; and • all monies due and payable and works required in relation to the Mining Claims have been duly paid and carried out by Hampton under the Hampton Option Agreement. <p>Metminco</p> <ul style="list-style-type: none"> • Metminco indemnifies HHR from and against any claims, legal actions, fines and any losses which HHR may incur as a result of action brought by Hampton (or its assignees) in relation to execution of the HHR Agreement, and with any potential conflict with the Hampton Option Agreement.