

# METMINCO

## **METMINCO LIMITED**

ACN 119 759 349

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM**

TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT LEVEL 14, 131 MACQUARIE STREET, SYDNEY ON WEDNESDAY 24 NOVEMBER 2010 AT 10.00 AM

### **THIS DOCUMENT IS IMPORTANT**

**This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand this document or are in any doubt as to how to deal with this document, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.**

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# METMINCO LIMITED

ACN 119 759 349

(Metminco or Company)

## NOTICE OF ANNUAL GENERAL MEETING

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

<b>Date</b>	Wednesday 24 November 2010
<b>Time</b>	10.00 am Sydney time
<b>Location</b>	Level 14, 131 Macquarie Street Sydney, NSW, 2000

The accompanying Explanatory Memorandum provides additional information relating to matters to be considered at the meeting, and forms part of this notice of general meeting.

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# AGENDA

## ORDINARY BUSINESS

### Discussion of Financial Statements and Reports

To receive and consider the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2010.

*Short Explanation:* Metminco's Financial Report, Directors' Report and Auditor's Report are placed before the meeting giving Shareholders an opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and report.

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

<b>Resolution 1 – To adopt the Remuneration Report for the year ended 30 June 2010</b>	“That the Remuneration Report for the year ended 30 June 2010 be adopted.” <i>Note:</i> The vote on this resolution is advisory only and does not bind the Directors or the Company.
<b>Resolution 2 – Re-election of Timothy Read</b>	“That, for the purpose of clause 15.6 of the Constitution and for all other purposes, Timothy Read, a Director who was appointed as an additional Director on 1 April 2010 retires, and being eligible, is re-elected as a Director.”
<b>Resolution 3 – Re-election of Francisco Vergara-Irarrazaval</b>	“That, for the purpose of clause 15.6 of the Constitution and for all other purposes, Francisco Vergara-Irarrazaval, a Director who was appointed as an additional Director on 1 April 2010 retires, and being eligible, is re-elected as a Director.”
<b>Resolution 4 – Re-election of John Fillmore</b>	“That, for the purpose of clause 15.10 of the Constitution and for all other purposes, John Fillmore, a Director who was appointed as a Director on 10 May 2007 retires, and being eligible, is re-elected as a Director.”
<b>Resolution 5 – Ratification of prior share issues</b>	“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 36,666,666 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”
<b>Resolution 6 – Ratification of prior share issues</b>	“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 21,506,248 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”
<b>Resolution 7 – Approval for the issue of 150,000,000 shares to selected sophisticated and institutional investors to raise A\$30 million</b>	“That, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of 150,000,000 Shares at a subscription price of A\$0.20 per share to selected sophisticated and institutional investors on the basis set out in the Explanatory Memorandum is approved.”
<b>Resolution 8 – Approval for the issue of shares to Takoradi</b>	“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 160,000,000 Shares to Takoradi Limited (Takoradi) as the major component of a cash and Shares consideration for the acquisition of 56,511,906 fully paid ordinary shares held by Takoradi in Hampton Mining Limited (Hampton)”.
<b>Resolution 9 – Approval for the issue of shares to the Sentient Group</b>	“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 35,000,000 Shares to the Sentient Group (at the irrevocable direction of Takoradi) as a component of the consideration for the acquisition of 56,511,906 fully paid ordinary shares held by Takoradi in Hampton”.
<b>Resolution 10 – Approval for the issue of shares to Notesan</b>	“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 11,434,076 Shares to Notesan Pty Limited (Notesan) in consideration for the acquisition of 2,858,519 fully paid ordinary shares held by Notesan in Hampton”.

# AGENDA continued

## ORDINARY BUSINESS continued

<b>Resolution 11 – Approval for the issue of shares to A J Holdings</b>	<p>“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 6,400,000 Shares to A J Holdings Corporation (A J Holdings) in consideration for the acquisition of 1,600,000 fully paid ordinary shares held by A J Holdings in Hampton”.</p>
<b>Resolution 12– Approval of Metminco Employee Share Option Plan</b>	<p>“That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 of the Listing Rules, the Company approve the issue of securities to employees under the employee incentive option scheme known as the “Metminco Employee Share Option Plan”, the rules of which are annexed as Attachment 4 to the Explanatory Memorandum accompanying this Notice of Meeting.”</p> <p><i>Note:</i> If approval is given, Options issued under the Metminco Employee Share Option Plan will be exempt from counting toward the Company’s 15% placement capacity under Listing Rule 7.1.</p>
<b>Resolution 13 – Approval of grant of options to a director, John Fillmore</b>	<p>“That, for the purposes of s208 of the Corporations Act and Listing Rule 10.11 of the ASX, and for all other purposes, the Company be authorised to grant to John Fillmore (and/or his nominees):</p> <ul style="list-style-type: none"><li>(a) 3,000,000 Class A Options; and</li><li>(b) 3,000,000 Class B Options,</li></ul> <p>on the terms and conditions set out in Attachment 4 of the Explanatory Memorandum accompanying this Notice.”</p>
<b>Resolution 14 – Approval of grant of options to a director, Timothy Read</b>	<p>“That, for the purposes of s208 of the Corporations Act and Listing Rule 10.11 of the ASX, and for all other purposes, the Company be authorised to grant to Timothy Read (and/or his nominees):</p> <ul style="list-style-type: none"><li>(c) 3,000,000 Class A Options; and</li><li>(d) 3,000,000 Class B Options,</li></ul> <p>on the terms and conditions set out in Attachment 4 of the Explanatory Memorandum accompanying this Notice.”</p>

## VOTING EXCLUSION

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

<b>Resolution 5</b>	The Company will disregard any votes cast on this Resolution 5 by any person who has participated in the issue of securities identified in this resolution or any person who has obtained a benefit from the issue of securities identified in this resolution or any associate of such a person.
<b>Resolution 6</b>	The Company will disregard any votes cast on this Resolution 6 by any person who has participated in the issue of securities identified in this resolution or any person who has obtained a benefit from the issue of securities identified in this resolution or any associate of such a person.
<b>Resolution 7</b>	The Company will disregard any votes cast on this Resolution 7 by any person who has 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.
<b>Resolution 8</b>	The Company will disregard any votes cast on this Resolution 8 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.
<b>Resolution 9</b>	The Company will disregard any votes cast on this Resolution 9 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.
<b>Resolution 10</b>	The Company will disregard any votes cast on this Resolution 10 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.

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<b>Resolution 11</b>	The Company will disregard any votes cast on this Resolution 11 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.
<b>Resolution 12</b>	The Company will disregard any votes cast on this Resolution 12 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.
<b>Resolution 13</b>	The Company will disregard any votes cast on this Resolution 13 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.
<b>Resolution 14</b>	The Company will disregard any votes cast on this Resolution 14 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.

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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 24 October 2010

By order of the Board



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 phil.killen@metminco.com.au.

# 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 19 October 2010 (**Notice**), to assist Shareholders to determine how they wish to vote on 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 24 October 2010.

Capitalised terms used in this Explanatory Memorandum have the meaning given to them in the Glossary attached to this Explanatory Memorandum or in Attachment 4 clause 18 – Definitions and Interpretation in respect of the Plan.

## 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.

## Resolution 1 – Adoption of Remuneration Report

Shareholders at the meeting will be given the opportunity to comment on and ask questions about the Remuneration Report. The Remuneration Report is available in the Directors' Report section of the Annual Report.

The vote on this resolution is advisory only and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

The Directors recommend that Shareholders vote in favour of Resolution 1.

## Resolution 2 – Re-election of Timothy Read

Pursuant to clause 15.6(a) of the Constitution, the Directors may at any time appoint a person to be a director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election in accordance with clause 15.6(b) of the Constitution. Listing Rule 14.4 also states that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the Company.

Timothy Read was appointed by the Board as a Director on 1 April 2010 and retires in accordance with the Company's Constitution and the Listing Rules and, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

Timothy Read's experience and qualifications are set out in the Annual Report.

The Directors (other than Timothy Read) recommend that Shareholders vote in favour of Resolution 2.

## Resolution 3 – Re-election of Francisco Vergara-Irarrazaval

Pursuant to clause 15.6(a) of the Constitution, the Directors may at any time appoint a person to be a director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election in accordance with clause 15.6(b) of the Constitution. Listing Rule 14.4 also states that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the Company.

Francisco Vergara-Irarrazaval was appointed by the Board as a Director on 1 April 2010 and retires in accordance with the Company's Constitution and the Listing Rules and, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

Francisco Vergara-Irarrazaval's experience and qualifications are set out in the Annual Report.

The Directors (other than Francisco Vergara-Irarrazaval) recommend that Shareholders vote in favour of Resolution 3.

## Resolution 4 – Re-election of John Fillmore

Pursuant to clause 15.10(a) of the Constitution, at each annual meeting one-third of the Directors or, if their number is not a multiple of 3, then the number nearest to but not exceeding one-third of the Directors (excluding Directors who retire by virtue of Clause 15.6 (b)), and any Director who if that Director did not retire at that annual meeting, would at the next annual general meeting, have held that office for more than 3 years.

John Fillmore was appointed as a Director on 10 May 2007 and retires in accordance with the Company's Constitution and the Listing Rules and, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

John Fillmore's experience and qualifications are set out in the Annual Report.

The Directors (other than John Fillmore) recommend that Shareholders vote in favour of Resolution 4.

### **Resolution 5 – Ratification of prior share issues**

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of a total of 36,666,666 Shares.

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 ratifying 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 36,666,666 Shares is ratified, these securities will not be counted as a new issue for the purposes of the 15% limit set out in Listing Rule 7.1.

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

- a) the total number issued was 36,666,666 Shares;
- b) the issue price was A\$0.15 per Share;
- c) the Shares rank equally with the existing Shares on issue;
- d) the Shares were allotted to "sophisticated" or "professional" investors under sections 708(8) or 708(11) of the Corporations Act;
- e) the Shares were issued as follows:
  - 13,333,332 Shares were issued on 9 July 2010; and
  - 23,333,334 Shares were issued on 15 July 2010.
- f) the purpose of the issue of the Shares was to raise funds to make the final payment of US\$1.5 million due to Highland Holdings Resources Inc (HHR) in respect of the acquisition by Metminco of HHR's interest in North Hill (the ultimate owner of Alpha, Gamma and Nelson tenements forming part of the Los Calatos Project) and for working capital.

The Board unanimously recommends that eligible Shareholders vote in favour of Resolution 5.

### **Resolution 6 – Ratification of prior share issues**

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of a total of 21,506,248 Shares.

In July 2010, Metminco acquired a total 5,376,562 Hampton Shares from JBN Holdings, Rahn and Bodmer and Lacapelle Pty Ltd by the issue of 21,506,248 Shares (JBN Group Shares).

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 the JBN Group Shares is approved, the JBN Group Shares will not be counted as a new issue for the purposes of the 15% limit set out in Listing Rule 7.1.

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder ratification for the issue of the JBN Group Shares pursuant to Listing Rule 7.4:

- a) the total number of JBN Group Shares issued was 21,506,248 Shares;
- b) the consideration paid for the Hampton Shares was 4 Shares for each Hampton Share;
- c) the JBN Group Shares rank equally with the existing Shares on issue;
- d) the JBN Group Shares were allotted to:
  - (i) JBN Holdings Pty Ltd 9,869,448 Shares;
  - (ii) Lacapelle Pty Ltd 121,128 Shares; and
  - (iii) Rahn and Bodmer 11,515,672 Shares; and
- e) the JBN Group Shares were issued on 28 July 2010; and
- f) the purpose of the issue of the JBN Group Shares was to acquire 5,376,562 Hampton Shares.

The Board unanimously recommends that eligible Shareholders vote in favour of Resolution 6.

# EXPLANATORY MEMORANDUM continued

## BACKGROUND – RESOLUTIONS 7, 8, 9, 10 and 11

An explanation of Resolutions 7, 8, 9, 10 and 11 is set out below. Subject to Shareholder approval of these Resolutions, on completion of the underlying transactions, Metminco will increase its shareholding in Hampton from 72.6% to 100% and be in a position to fund the advancement of Hampton's portfolio of projects.

### Hampton

Hampton is an unlisted Australian public company with a significant portfolio of exploration projects located in Chile and Peru ranging from mine pre-feasibility, through advanced exploration and grassroots projects.

Hampton's premier project is the Los Calatos copper and molybdenum porphyry deposit located in southern Peru, near, and in a similar geological setting, to three large existing copper-molybdenum porphyry mines. At the Los Calatos Project, Hampton announced in July 2010 estimated JORC compliant resources (at a 0.2% copper cut-off grade) of 926 million tonnes, made up of Indicated Resources of 111 million tonnes at 0.39% Cu and 380ppm Mo and Inferred Resources of 815 million tonnes at 0.37% Cu and 260ppm Mo.

Extensive regional scale mapping and geochemical traverse sampling over the last two years, covering a large part of the extensive licences held by Hampton in Southern Peru, has identified several significant geochemical anomalous zones within a porphyry 'Cluster' that now requires detailed geophysical surveying and drill testing. These predominantly copper and molybdenum geochemically anomalous areas occur as 'windows' beneath overlying unmineralised volcanics and recent volcanic ash.

A 50,000 metre drilling program is planned to commence late in 2010 once geophysical surveys, including a Total Field Ground Magnetic Survey and a deep seeing 'Titan 23' DCIP MT geophysical survey, have been completed. The objective of the surveys is the identification of structural trends, and the detection and definition of high sulphidation or porphyry style mineralisation and alteration patterns. Approval has been granted by the Peruvian Government for the planned 50,000 metre diamond drilling program.

Hampton, through wholly owned subsidiary Minera Hampton Chile Limitada (Hampton Chile), holds a 50% interest in the Mollacas copper leach project and the Vallecillo gold-zinc project located in Chile, approximately 500 km north of Santiago.

The Mollacas Project has JORC-compliant Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Resources of 9.8 million tonnes @ 0.52% copper, for total copper resources of 17.0 million tonnes. A scoping study undertaken by SRK Consulting, Chile, in 2008 estimated that current resources at Mollacas could be mined over a 7 year mine life producing approximately 13,500 tonnes pa copper in cathode at a unit operating cost of approximately US\$0.91 per lb. At copper prices of US\$2.50/lb the Net Present Value of the project is US\$103 million with an Internal Rate of Return of 70%.

In late 2008, Hampton Chile completed a 3,970 metre infill drilling program which provided material for detailed leach testing. Metallurgical test work has commenced on oxide and supergene ores from the Mollacas Project to provide information for leaching and solvent extraction/electrowinning design as part of a final feasibility study.

The Vallecillo Project, located approximately 25 km north of the Mollacas deposit, is a porphyry related mineralised breccia system, comprising 4 discrete hydrothermal alteration zones, known as Chiflon, Potrero Colorado, Las Pircas and La Colorada respectively.

SRK Consulting, Chile completed a Resource Estimation for the La Colorada Au-Zn-Ag-Pb deposit at Vallecillo in late 2009 based on drilling in 2006 and 2008 of a total of 29 holes totalling 8,490 metres. Contained metal increased by approximately 40% on the previous estimate completed in 2006. At a cut-off grade of 0.3 g/t Au, total resources are estimated as 10.1 million tonnes and can be broken down into:

- Indicated Resources            7.9 million tonnes @ 1.14 g/t Au; 11.4 g/t Ag; 1.32% Zn; 0.29% Pb
- Inferred Resources            2.2 million tonnes @ 0.78 g/t Au; 8.2 g/t Ag; 0.58% Zn; 0.26% Pb

Preliminary metallurgical testwork completed in early 2010 indicates a gold recovery on site of more than 90% into Dore bullion, via gravity and leach of concentrates, and recovery of more than 90% zinc into a zinc concentrate averaging more than 50% zinc.

Surface mapping and geochemical sampling of Vallecillo during 2009 and the first half of 2010 has identified seven exploration targets: four are polymetallic (Au/Pb/Zn/Ag), and three are Cu, Au or Cu-Au including a possible extension to the La Colorada deposit.

Hampton's other projects are Camaron (a large anomalous untested low sulphidation gold mineralised system which may be related to a porphyry hydrothermal system), Isidro (which appears to be a large Cu-Au stacked manto system) and Loica where drilling to date has indentified lower grade Cu-Mo mineralisation.



## Ownership of Hampton

On 8 July 2009, Metminco acquired an initial 36.5% interest in Hampton via a scrip for scrip offer. In May 2010, Metminco secured control of Hampton on acquisition of an additional 31.9% holding in Hampton from Junior Investment Company (JIC). Metminco also accepted its full entitlement to Hampton rights offers dated January, April and July 2010 and acquired 5,376,562 Hampton Shares from minority shareholders (refer Resolution 6 for further details) increasing Metminco's interest in Hampton to 72.6%.

Other than Metminco, the remaining shareholders in Hampton are Takoradi Limited, Notesan Pty Ltd and A J Holdings Corporation (together, Hampton Shareholders). The Hampton Shareholders' respective shareholdings in Hampton as at the date of this Notice of Meeting are as follows:

HAMPTON SHAREHOLDERS	NUMBER OF HAMPTON SHARES HELD	% INTEREST IN HAMPTON	COMMENT
Metminco Limited	161,566,436	72.6%	Increases to 100% subject to approval of Resolutions 7, 8, 9, 10 and 11
Takoradi Limited	56,511,906	25.4%	Refer Resolution 8 and 9
Notesan Pty Ltd	2,858,519	1.3%	Refer Resolution 10
A J Holdings Corporation	1,600,000	0.7%	Refer Resolution 11
<b>TOTAL</b>	<b>222,536,861</b>	<b>100.0%</b>	

## Advantages of supporting Resolutions 7, 8, 9, 10 and 11

### 1. *Advantages of approving the placement of A\$30 million*

The placement of 150,000,000 Shares to raise approximately A\$30 million in accordance with Resolution 7 would together with Resolutions 8, 9, 10 and 11 enable Metminco to secure a 100% interest in Hampton and to fund advancement of Hampton's portfolio of projects seeking to increase Shareholder value.

### 2. *Broader Shareholder base with increased financial capacity*

The placement of 150,000,000 Shares to institutional and professional investors would significantly broaden the Shareholder base of Metminco as well as introduce "corner stone" investors which may result in increased market interest in Metminco and market support for Metminco.

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. *Alignment of Metminco Group strategic direction*

Metminco can consider and act in the best interests of the entire Metminco Group rather than having to consider the impact on other Hampton shareholders whose objectives and financial capacity to fund the advancement of Hamptons' portfolio of projects may be different to those of Metminco. With a simplified corporate structure, financing activities for the Metminco Group will be more flexible, streamlined and more efficient as capital can be raised through one entity and there will be cost savings as a result of reducing the duplication of certain services.

### 4. *In line with Metminco's strategic direction of increasing Shareholder wealth through acquisition of high potential South American assets*

In late 2008, Metminco formed the view that increased Shareholder wealth would best be achieved through exposure to high potential value South American assets. In December 2008, Metminco made an offer to acquire 100% of the issued share capital of Hampton. The offer closed on 8 July 2009 with Metminco acquiring an initial 36.5% interest in Hampton. In May 2010, Metminco secured control of Hampton with the acquisition of an additional 31.9% interest in Hampton from JIC. Further Hampton minority interests were acquired by Metminco in July 2010, and with Metminco's contributions to rights issues conducted by Hampton in the same period, Metminco increased its interest in Hampton to 72.6%. Shareholder approval of Resolutions 7, 8, 9, 10 and 11 will result in Metminco acquiring the remaining interests in Hampton thereby increasing its interest to 100%.

### 5. *Termination of Takoradi Subscription Agreement*

In accordance with a subscription agreement between Hampton and Takoradi dated April 2006 (Takoradi Subscription Agreement), Takoradi has a right to appoint two directors to the Hampton board if it holds a 20% or greater interest in Hampton and one director if it holds less than 20% but more than 10%. If Hampton becomes a wholly owned subsidiary of Metminco, the Takoradi Subscription Agreement will be terminated enabling operational and other efficiencies, and removing potential conflict resulting from differences in strategy and objectives of Hampton's shareholders.

On completion of the Takoradi Share Exchange Agreement, Mr Hudspeth and Mr Wilsteed, currently directors of Hampton in accordance with the Takoradi Subscription Agreement, will resign as directors of Hampton.

# EXPLANATORY MEMORANDUM continued

## BACKGROUND – RESOLUTIONS 7, 8, 9, 10 and 11 continued

### **6. Application by Mr Rodney Hudspeth to the Federal Court under S237 will be dismissed**

Hampton has incurred significant legal and other costs responding to an application lodged in March 2010 to the Federal Court by Mr Rodney Hudspeth as a director of Hampton to seek leave pursuant to s237 of the Corporations Act to bring proceedings in the name of Hampton against various parties.

Subject to completion of the Takoradi Share Exchange Agreement, Mr. Hudspeth's application to the Federal Court seeking leave under s237 of the Corporations Act to pursue legal action on behalf of Hampton will be dismissed on a without admissions basis and each party to the application will pay its own costs.

### **7. Simplified organisation and reduced Metminco Group costs**

The Metminco Group (with Hampton as a wholly owned subsidiary) would realise operational synergies and cost savings which would benefit Shareholders. These cost savings include the cost of maintaining a separate board of directors, legal, administration, accounting and company secretarial costs. Hampton has recently incurred significant costs associated with legal action and independent expert's reports responding to applications by a director representing a minority Hampton shareholder. Synergistic efficiencies will arise from centralised accounting and treasury functions including managing currency exposures for operations across geo-political areas and more efficient centralised cash management. A Metminco Group organisation structure can be put in place removing duplication of functions and responsibilities and enabling rationalisation of corporate entities.

### **8. Access to capital for Hampton to fund its continued operations**

Hampton will continue to require further significant amounts of capital to develop its portfolio of projects. Currently Hampton is an unlisted public company with four shareholders which, under the Hampton Constitution, have pre-emptive rights in respect of the issue and transfer of Hampton Shares. Hampton does not have an operating cash inflow or access to the organised capital markets. Securing debt financing is likely to be high risk, difficult and expensive as none of Hampton's projects has been advanced to bankable feasibility status. As such Hampton is reliant on its shareholders for funding.

To date Hampton's continuing mineral exploration activities have been financed by calls on its existing shareholders for further capital. In recent history this has been in the form of rights issues. However, such rights issues are administratively cumbersome and do not provide any certainty over a continuing source of funding.

Metminco, traded on the ASX and AIM markets, is the only current shareholder of Hampton with access to the organised capital markets. The Directors are confident that Metminco will be able to secure the capital necessary to fund exploration and development of Hampton's projects.

### **9. Metminco Shareholders will participate fully in Hampton**

With the elimination of the minority ownership interests in Hampton the benefit of increased value of Hampton's portfolio of projects will accrue to Shareholders.

### **10. The offer to acquire the minority interests in Hampton is consistent with previous acquisitions.**

Metminco's offer to minority shareholders in Hampton, being a combination of cash and equity or straight equity, is consistent with previous offers to Hampton shareholders.

## **Disadvantages of Supporting the Resolutions**

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

The risks to Shareholders and disadvantages of approving Resolutions 7, 8, 9, 10 and 11 include:

### **1. Dilution**

If Resolutions 7, 8, 9, 10 and 11 are approved then existing Shareholders will be diluted as follows:

- The issue of 150,000,000 Shares under Resolution 7 would dilute existing Shareholders by approximately 12.5%.
- The issue of 160,000,000 Shares to Takoradi would dilute existing Shareholders subject to allotment and issue of Shares under Resolution 8 by approximately 13.3%.
- The issue of 35,000,000 Shares to the Sentient Group would dilute existing Shareholders subject to allotment and issue of Shares under Resolution 9 by approximately 2.9%.
- The issue of 11,434,076 Shares to Notesan under Resolution 10 would dilute existing Shareholders by approximately 1%.
- The issue of 6,400,000 Shares to A J Holdings under Resolution 11 would dilute existing Shareholders by approximately 0.5%.
- The issue of a total of 362,834,076 Shares under Resolutions 7, 8, 9, 10 and 11 would dilute existing Shareholders by approximately 30%.

### **2. Issue Price of Placement may be at a Discount**

It is proposed that the placement of Shares in accordance with Resolution 7 would be at a price of A\$0.20 per Share which potentially represents a discount of 17% on the Weighted Average Price as at the date of the announcement of the placement (11 October 2010).

### **3. Significant Shareholder**

Under the Takoradi Share Exchange Agreement, Metminco is irrevocably directed to issue 195,000,000 Shares (35,000,000 Shares of the 195,000,000 Shares to be issued to the Sentient Group). Takoradi would be issued 160,000,000 Shares representing 13.3 % of the voting power of Metminco and the Sentient Group would be issued 35,000,000 Shares representing 2.9% of the voting power of Metminco if all the Resolutions put before this Annual General Meeting are approved by Shareholders. There is a risk that Takoradi may sell part or all of these Shares after the four month escrow period has expired.

### **4. Metminco will need to fund 100% of Hampton**

Metminco will need to provide all future equity funding to Hampton as there is no minority ownership interest to contribute to Hampton's funding requirements.

## **Resolution 7 – Approval for the issue of 150,000,000 shares to selected sophisticated and institutional investors to raise A\$30 million**

The Company proposes to issue 150,000,000 Shares at an issue price of A\$0.20 per Share to raise A\$30 million by a placement of Shares to institutional and professional investors.

The Company has entered into subscription agreements with a number of institutional and professional investors who have committed to subscribe for a total of 150,000,000 Shares at an issue price of A\$0.20, subject to Shareholder approval.

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.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue pursuant to Listing Rule 7.1:

- (a) the issue of 150,000,000 Shares is anticipated to take place before 30 November 2010, but in any event will occur no later than 31 December 2010;
- (b) the 150,000,000 Shares will be issued at an issue price of A\$0.20 per Share;
- (c) the 150,000,000 Shares will be issued and allotted to sophisticated and professional investors who are not related parties of the Company in accordance with s708(8) and s708(10) of the Corporations Act;
- (d) the 150,000,000 Shares will rank equally with the existing Shares on issue;
- (e) funds raised will be used to fund the Company's obligations under the Takoradi Share Exchange Agreement (refer Resolution 8) and to advance Hampton's projects including a 50,000 metre drilling program at the Los Calatos Project, undertake a feasibility study at the Mollocas Project, the advancement of the Vallecillo Project and for working capital.

As Shareholder approval is only being sought under Listing Rule 7.1, 150,000,000 Shares will not 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 Board unanimously recommends that eligible Shareholders vote in favour of Resolution 7.

## **Resolution 8 – Approval for the issue of shares to Takoradi**

The Company proposes to issue and allot 160,000,000 Shares as a component of the consideration for the acquisition of 56,511,906 Hampton Shares from Takoradi.

Under Listing Rule 7.1, the prior approval of Shareholders is required in respect of the proposed issue of 160,000,000 Shares as the proposed issue will exceed 15% of the number of securities on issue at the commencement of the previous 12 months.

On 29 September 2010, Metminco entered into the Takoradi Share Exchange Agreement with Takoradi to acquire 56,511,906 Hampton Shares (representing a 25.4% interest in Hampton) held by Takoradi for consideration of 160,000,000 Shares and a cash payment of A\$3.35 million to Takoradi and issue of 35 million Shares to the Sentient Group (refer Resolution 9), subject to Shareholder approval. An initial payment of A\$175,000 which forms part of the total consideration was paid by Metminco on execution of the Takoradi Share Exchange Agreement. If the Takoradi Share Exchange Agreement is not completed by 31 December 2010 then it terminates and the initial payment of A\$175,000 is not refundable.

On completion Takoradi and the Sentient Group will be issued in total 195,000,000 Shares (16.2% interest in the expanded capital of the Company subject to Shareholder approval of Resolutions 7, 8, 9, 10 and 11) with their respective interest being 13.3% and 2.9%. Takoradi and its related entities currently hold no Shares and under the Takoradi Share Exchange Agreement have committed not to acquire any Shares prior to completion of the Takoradi Share Exchange Agreement.

The consideration to be paid by Metminco for Takoradi's interest in Hampton, being a mix of cash and Shares, is consistent with the consideration paid by Metminco to acquire a 31.9% interest in Hampton from JIC completed in May 2010.

As a condition precedent to the Takoradi Share Exchange Agreement, Hampton and North Hill entered into a variation agreement to the Hampton – North Hill Option Agreement whereby the expiry date for exercise of the option by Hampton is extended from 30 September until 15 business days after 31 December 2010.

On completion of the Takoradi Share Exchange Agreement, the Takoradi Subscription Agreement between Hampton and Takoradi dated April 2006 under which Takoradi has a right to appoint two directors to the Hampton Board will be terminated and Mr Hudspeth and Mr Wilsteed, who are currently Takoradi's nominees on the Hampton board, will resign.

# EXPLANATORY MEMORANDUM continued

## Resolution 8 – Approval for the issue of shares to Takoradi continued

Further, Mr Hudspeth's application as a director of Hampton to the Federal Court seeking leave under s237 of the Corporations Act to pursue legal action on behalf of Hampton will be dismissed on a without admissions basis and each party to the application will pay its own costs.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue pursuant to Listing Rule 7.1:

- (a) the issue of 160,000,000 will occur no later than 31 December 2010;
- (b) the 160,000,000 Shares will be issued and allotted to Takoradi;
- (c) the 160,000,000 Shares will rank equally with the ordinary Shares on issue;
- (d) the issue forms part of the consideration for the acquisition by Metminco of Takoradi's interest in Hampton.

Subject to Shareholder approval of Resolutions 7 and 8, the cash payment of A\$3.15 million will be paid to Takoradi from funds raised in accordance with Resolution 7.

The key commercial terms of the Takoradi Share Exchange Agreement are summarised in Attachment 1.

The Board unanimously recommends that eligible Shareholders vote in favour of Resolution 8.

## Resolution 9 – Approval for the issue of shares to the Sentient Group

The Company proposes to issue and allot 35,000,000 Shares to the Sentient Group (at the irrevocable direction by Takoradi) as part of the consideration payable to Takoradi for the acquisition by Metminco of Takoradi's interest in Hampton (refer Resolution 8 for further details).

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue of 35,000,000 Shares pursuant to Listing Rule 7.1:

- (a) the issue will occur no later than 31 December 2010;
- (b) the 35,000,000 Shares will be issued as part of the total consideration payable to Takoradi for the acquisition of the Takoradi's interest in Hampton;
- (c) the 35,000,000 Shares will be issued and allotted to:
  - (i) Sentient Executive GP I Limited 7,266,052 Shares;
  - (ii) Sentient Executive GP II Limited 26,167,524 Shares; and
  - (iii) Sentient (Aust) Pty Ltd (ABN 77 096 139 454)  
as trustee of the Sentient Global Resources Trust No. 1 1,566,424 Shares;
- (d) the 35,000,000 Shares will rank equally with the existing Shares on issue;
- (e) the 35,000,000 Shares forms part of the consideration payable for the acquisition by Metminco of Takoradi's interest in Hampton.

The Board unanimously recommends that eligible Shareholders vote in favour of Resolution 9.

## Resolution 10 – Approval for the issue of shares to Notesan

The Company proposes the issue and allotment of 11,434,076 Shares to Notesan as consideration for the acquisition of 2,858,519 Hampton Shares held by Notesan.

On 29 September 2010, Metminco entered into the Notesan Share Exchange Agreement with Notesan to acquire 2,858,519 Hampton Shares (representing a 1.3% interest in Hampton) held by Notesan for consideration of 11,434,076 Shares.

Completion of the Notesan Share Exchange Agreement is subject to Shareholder approval and completion of the Takoradi Share Exchange Agreement (refer Resolution 8).

The consideration to be paid by Metminco for Notesan's interest in Hampton, being 4 Shares for each Hampton Share, is consistent with the consideration paid by Metminco to acquire the initial 36.5% interest in Hampton completed in July 2009 and subsequent acquisition of Hampton minorities completed in July 2010.

Takoradi and Notesan are related bodies corporate as Mr Rodney Hudspeth is sole director and a shareholder of Notesan as well as being executive chairman of Takoradi. Subject to Shareholder approval of Resolutions 7,8,9,10 and 11, on completion Takoradi (13.3%) and Notesan (1.0%) will together hold a 14.3% interest in Metminco.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue of 11,434,076 Shares pursuant to Listing Rule 7.1:

- (a) the 11,434,076 Shares will be issued no later than 31 December 2010;
- (b) the 11,434,076 Shares will be issued on the basis of 4 Shares for every 1 Hampton Share held by Notesan;
- (c) the 11,434,076 Shares will rank equally with the existing Shares on issue;
- (d) the 11,434,076 Shares are being issued as consideration for the acquisition by Metminco of Notesan's interest in Hampton.

The Board unanimously recommends that eligible Shareholders vote in favour of Resolution 10.

## Resolution 11 – Approval for the issue of shares to A J Holdings

The Company proposes the issue and allotment of 6,400,000 Shares to A J Holdings in consideration for the acquisition of 1,600,000 Hampton Shares held by A J Holdings.

On 29 September 2010, Metminco entered into the A J Holdings Share Exchange Agreement with A J Holdings to acquire 1,600,000 Hampton Shares (representing a 0.7% interest in Hampton) from A J Holdings for consideration of 6,400,000 Shares. Completion of the A J Holdings Share Exchange Agreement is subject to the completion of the Notesan Share Exchange Agreement (refer Resolution 10).

The consideration to be paid by Metminco for A J Holdings's interest in Hampton, being 4 Shares for each Hampton Share, is consistent with the consideration paid by Metminco to acquire the initial 36.5% interest in Hampton completed in July 2009, and the subsequent acquisition of Hampton minorities completed in July 2010.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue of 6,400,000 Shares pursuant to Listing Rule 7.1:

- the 6,400,000 Shares will occur no later than 12 January 2011 ;
- the 6,400,000 Shares will be issued on the basis of 4 Shares for every 1 Hampton Share held by A J Holdings;
- the 6,400,000 Shares will be issued and allotted to A J Holdings;
- the 6,400,000 Shares will rank equally with the existing y Shares on issue;
- the 6,400,000 Shares will be issued as consideration for the acquisition by Metminco of A J Holdings' interest in Hampton.

The Board unanimously recommends that eligible Shareholders vote in favour of Resolution 11.

## FINANCIAL EFFECT OF RESOLUTIONS 7, 8, 9, 10 and 11

The following table sets out the Metminco Group Proforma Balance Sheet as at 30 June 2010 assuming Resolutions 7, 8, 9, 10 and 11 are approved by Shareholders and the underlying transactions are completed.

	AUDITED BALANCE 30 JUN 10 A\$	POST 30 JUN 10 HAMPTON <sup>1</sup>	RESOLUTION 7 <sup>2</sup> A\$	RESOLUTION 8 & 9 <sup>3</sup> A\$	RESOLUTION 10 <sup>4</sup> A\$	RESOLUTION 11 <sup>5</sup> A\$	PROFORMA A\$
<b>Current assets</b>							
Cash	2,159,428	(660,317)	28,500,000	(3,350,000)			26,649,111
Other receivables	2,317,751						2,317,751
Other assets	215,694						215,694
	<b>4,692,873</b>	<b>(660,317)</b>	<b>28,500,000</b>	<b>(3,350,000)</b>	-	-	<b>29,182,556</b>
<b>Non-current assets</b>							
Other receivables	4,036,253						4,036,253
Equity accounted investments	5,053,371						5,053,371
Property, plant & equipment	820,461						820,461
Exploration	101,608,247						101,608,247
	<b>111,518,332</b>	-	-	-	-	-	<b>111,518,332</b>
<b>Total assets</b>	<b>116,211,205</b>	<b>(660,317)</b>	<b>28,500,000</b>	<b>(3,350,000)</b>	-	-	<b>140,700,888</b>
<b>Current liabilities</b>							
Payables	3,350,183						3,350,183
Short term provisions	68,519						68,519
	<b>3,418,702</b>	-	-	-	-	-	<b>3,418,702</b>
<b>Non-current liabilities</b>							
Borrowings	6,854,208						6,854,208
	6,854,208						6,854,208
	<b>10,272,910</b>	-	-	-	-	-	<b>10,272,910</b>
<b>Total liabilities</b>	<b>10,272,910</b>	-	-	-	-	-	<b>10,272,910</b>
<b>Net assets</b>	<b>105,938,295</b>	<b>(660,317)</b>	<b>28,500,000</b>	<b>(3,350,000)</b>	-	-	<b>130,427,978</b>
<b>Equity</b>							
Issued capital	106,133,934	4,208,552	28,500,000	39,000,000	2,286,815	1,280,000	181,409,301
Reserves	1,412,576	(3,865,716)		(34,387,473)	(1,879,284)	(1,060,560)	(39,780,457)
Accumulated losses	(11,200,866)						(11,200,866)
Parent interest	96,345,644	342,836	28,500,000	4,612,527	407,531	219,440	130,427,978
Minority	9,592,651	(1,003,153)		(7,962,527)	(407,531)	(219,440)	-
<b>Total equity</b>	<b>105,938,295</b>	<b>(660,317)</b>	<b>28,500,000</b>	<b>(3,350,000)</b>	-	-	<b>130,427,978</b>

# EXPLANATORY MEMORANDUM continued

## Financial Effect of Resolutions 7, 8, 9, 10 and 11 continued

Notes:

- 1 Metminco increased its interest in Hampton subsequent to 30 June 2010 by acceptance of its full entitlement to Hampton Rights Offers and acquisition of Hampton minority interests (Refer Resolution 6).
- 2 Net cash funds to be raised from placement after commissions paid (150,000,000 Shares at A\$0.20 less 5% broker commissions - Refer Resolution 7).
- 3 Acquisition of 56,511,906 Hampton Shares for consideration of 195,000,000 Shares and a cash payment of A\$3.35 million (Refer Resolution 8 and 9).
- 4 Acquisition of 2,858,519 Hampton Shares for consideration of 11,434,076 Shares (Refer Resolution 10).
- 5 Acquisitions of 1,600,000 Hampton Shares for consideration of 6,400,000 Shares (Refer Resolution 11).

## Resolution 12 – Approval of Metminco Employee Share Option Plan

Shareholder approval is sought for the purposes of Listing Rule 7.2 to establish an employee option plan under which employees may be offered the opportunity to subscribe for Options (**Plan**).

The purpose of the Plan is to:

- a) recognise the ongoing ability of directors and employees of the Company to contribute in the long term to the performance and success of the Company; and,
- b) provide an incentive to the employees of the Company to remain in their employment in the long term; and,
- c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- d) provide employees of the Company with the opportunity to acquire Employee Options, and ultimately Shares, in the Company.

The Plan is designed to achieve continued improvement in the Company's performance over time by strengthening the links between the achievement of the Company objectives and its employees. The Company's dependence on its staff is heightened by the Company's flat structure and the reliance on a very small number of senior executives. Under the Plan, the Company may issue such number of Employee Options as the Board determines as long as the number issued to Australian residents does not exceed 5% of the total number of issued Shares as at the time of the Offer under the Plan.

Shareholder approval is required if any issue of the Employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval.

Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring shareholder approval. Under exception 9 of Listing Rule 7.2, Listing Rule 7.1 does not apply where securities are issued under an employee incentive plan within three years before the date the terms of the Plan are approved by shareholders.

Resolution 11 proposes that Shareholders consider and approve the Plan in accordance with Listing Rule 7.2, exception 9, which would enable Employee Options to be issued under the Plan over the next three years to be excluded from any such calculations.

### Term of Plan

- The Plan may be terminated at any time by resolution of the Board.

### Issue of Employee Options under the Plan

- The Board may in its absolute discretion make Offers of Employee Options to Eligible Employees.
- The Company may issue such number of Employee Options as the Board determines as long as the number issued to Australian residents does not exceed 5% of the total number of issued Shares as at the time of the Offer under the Plan.
- Eligible Employees are full or part-time employees of the Company and any associated bodies corporate.

### Employee Options

- Employee Options are issued for \$nil consideration.
- Employee Options are to be issued in two equal tranches (Tranche 1 and Tranche 2).
- Each Employee Option entitles the holder to acquire one Share at the Exercise Price on or before the Expiry Date.
- The Exercise Price of Tranche 1 Employee Options is to be no lower than 125% of the Weighted Average Price per Share as at the date of issue of the Employee Option.
- The Exercise Price of Tranche 2 Employee Options is to be no lower than 150% of the Weighted Average Price per Share as at the date of issue of the Employee Option.
- Employee Options lapse 3 years after they are issued or earlier if the Board determines.
- The Employee Options are unlisted.

**Cessation of Employment**

- Unless otherwise determined by the Board any Employee Options issued under the Plan will automatically lapse and be forfeited 30 days after the date on which the option holder voluntarily resigns from employment with the Company (other than to take up employment with a related body corporate of the Company).
- If the Employee Option holder dies, has a total permanent disability, retires or ceases employment under any other circumstances then the option holder retains their Employee Options. They will have a period of 3 months to exercise their Employee Options or such longer period as the Board determines.

**Takeovers**

- Employee Options may be exercised during a Bid Period or any time after a Change of Control Event has occurred.
- Employee Options may be transferred to a bidder following acceptance of an offer made under an off-market bid relating to Employee Options.

**Transfer of Options**

- Employee Options may be transferred prior to Expiry Date if the Holder dies or in such circumstances as approved by the Board.

**Administration of the Plan**

- The Plan will be administered by the Board in accordance with the Rules of the Plan.

**Listing Rules**

- The terms and conditions of the Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Plan and the Listing Rules, then the Listing Rules will prevail.

Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years after the date of approval. Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Employee Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in Annexure A of this Explanatory Memorandum. Employee Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- a copy of the rules of the Plan is attached as Attachment 4 to the Notice of Meeting;
- no Employee Options have previously been issued under the Plan; and
- a voting exclusion statement has been included for the purposes of Resolution 12.

The Board unanimously recommends that eligible Shareholders vote in favour of Resolution 12.

**Resolutions 13 and 14 – Approval of grant of Options to Directors, John Fillmore and Timothy Read**

Resolutions 13 and 14 give authority to grant to John Fillmore and Timothy Read a total of 12,000,000 Options, to be issued as a one-off issue of Options outside the Plan. The Options are being issued as a reward for past efforts and an incentive for the future success of the Company. The Directors consider the issue of Options to be in the best interests of the Company.

Resolution 13 seeks Shareholder approval for the proposed grant to John Fillmore:

- 3,000,000 Class A Options; and
- 3,000,000 Class B Options.

Resolution 14 seeks Shareholder approval for the proposed grant to Timothy Read:

- 3,000,000 Class A Options; and
- 3,000,000 Class B Options.

The grant of Options is designed to encourage the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The combination of higher exercise price and long dated options were designed as an incentive to perform for the longer term.

Under the Company's current circumstances, the Directors consider that the incentive, represented by the issue of the Options, are a cost effective and efficient reward and incentive for the Company to provide, as opposed to alternative forms of incentive, such as the payment of cash compensation. The Directors consider that it is far better for them to be compensated by way of securities in the Company, rather than by way of cash. The number and terms of Options proposed to be issued to the Directors was negotiated by the Directors and is considered by the Directors to be appropriate remuneration for them in light of their skill, experience and reputation.

# EXPLANATORY MEMORANDUM continued

## Resolutions 13 and 14 – Approval of grant of Options to Directors continued

### Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

The giving of a financial benefit includes the issue of securities to a related party. In accordance with s219 of the Corporations Act, the following information is provided to Shareholders:

- (a) The related parties to whom the proposed resolution would permit the financial benefit to be given are as follows:

John Fillmore and Timothy Read who are directors of the Company and are therefore related parties of the Company;

- (b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit proposed to be given under Resolutions 13 and 14 is the grant of the following Options to the Directors or their nominees.

NAME OF DIRECTOR	NUMBER OF OPTIONS		
	CLASS A <sup>1</sup>	CLASS B <sup>2</sup>	TOTAL
John Fillmore	3,000,000	3,000,000	6,000,000
Tim Read	3,000,000	3,000,000	6,000,000

Note:

- 1 Class A Options are exercisable on and from issue date.
- 2 Class B Options are exercisable on and from issue date.

All Directors were available to consider Resolutions 13 and 14.

All Directors other than John Fillmore recommend that Shareholders approve the grant of Options under Resolution 13 to John Fillmore as they consider the grant of Options is a cost effective means of giving an incentive to John Fillmore to advance the Company's interests in accordance with the directions given from time to time by the Company. John Fillmore declined to make a recommendation to Shareholders in respect of Resolution 13 as he has a material personal interest in the outcome of Resolution 13 by virtue of the proposed grant of Options to him.

All Directors other than Timothy Read recommend that Shareholders approve the grant of Options under Resolution 14 to Timothy Read as they consider the grant of Options is a cost effective means of giving an incentive to Timothy Read to advance the Company's interests in accordance with the directions given from time to time by the Company. Timothy Read declined to make a recommendation to Shareholders in respect of Resolution 14 as he has a material personal interest in the outcome of Resolution 14 by virtue of the proposed grant of Options to him.

Shareholders should note that for the reasons noted above and below, it is proposed to grant Options to John Fillmore and Timothy Read being Non-Executive Directors, notwithstanding Guideline 9.3 of the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations which provides that non-executive directors should not receive options.

- (c) Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

- (i) The Binomial option pricing model (the "Binomial Model") has been applied in providing valuation information in respect to the Options to be issued to John Fillmore and Timothy Read.

The Binomial Model is based on a number of assumptions, including an assumption that the Options being valued are American call options, in that they can be exercised on or before there is a liquid market for the Options. Because the Binomial Model assumes a liquid market, the amount calculated by the Binomial Model represents a maximum theoretical value. In assessing the indicative fair value of the Options, a discount factor has been applied to take into account that the Options are unlisted and illiquid.

The following values have been calculated for the Options using the Binomial Model based on the following assumptions and variables:

#### **Assumptions**

- that the Options are American call options (i.e. they can be exercised at any time during the period);
- there are no transaction costs, Options and Shares are infinitely divisible, and information is available to all without cost;
- the Options are unlisted and not transferrable ;
- the risk free interest rate is known and constant throughout the duration of the option contract;
- the underlying Shares do not currently pay a dividend; and
- Share prices behave in a manner consistent with a random walk in continuous time.



*Variables*

- Share price of A\$0.249 (based on the Company's Weighted Average Price as at 12 October 2010)
- two year government bond risk free interest rate as at 12 October 2010 was 4.78% as published by the Reserve Bank of Australia;
- the duration of the Option is 2 years taking into account: that the Options can be exercised at any time, and historical Company data; and
- exercise price of A\$0.311 (125% of Weighted Average Price) for Class A Options and A\$0.373 (150% of Weighted Average Price) for Class B Options.

**Volatility factor and value of each Option**

The Company believes that a volatility factor of 70% based on the Company's historical volatility and the nature of the Options is the most appropriate indicator of future price volatility.

Any change in the variables applied in the Binomial Model between the date of the valuation and the date the Options are granted would have an impact on their value.

Applying the volatility factor of 70% and a discount factor of 20% to the resultant option pricing, the indicative value of the Options proposed to be issued to each of the Directors are set out in the table below. The discount factor was applied as open form option models are predicated on the assumption that the security is both liquid and tradable (which is not the case as the Options are not liquid and not listed).

OPTIONS TO BE ISSUED	CLASS A OPTION A\$0.069237 EACH		CLASS B OPTION A\$0.059884 EACH		TOTAL VALUE OF OPTIONS TO BE ISSUED (A\$)
	NUMBER	VALUE (A\$)	NUMBER	VALUE (A\$)	
John Fillmore	3,000,000	207,713	3,000,000	179,654	387,367
Timothy Read	3,000,000	207,713	3,000,000	179,654	387,367

- (ii) As at the date of this Notice, the total issued capital of the Company comprised 836,632,978 Shares. If Resolutions 7, 8, 9, 10 and 11 are approved by Shareholders and the Shares are issued in accordance with these Resolutions then the issued capital of the Company will be 1,199,467,054 Shares.

At the date of this Notice, if all of the 12,000,000 Options the subject of Resolutions 13 and 14 are exercised, the effect would be to dilute the shareholdings of existing Shareholders. Assuming all of the 12,000,000 Options are exercised, the existing Options remain unexercised, the total dilution caused by the exercise of the 12,000,000 Options would be approximately 1.4% as at the date of this Notice (1.0% subject to Shareholder approval of Resolutions 7, 8, 9, 10 and 11 and completion of the underlying transactions).

- (iii) As at the date of this Notice, John Fillmore has an indirect interest in 2,200,000 Shares and 1,099,999 listed Options exercisable at A\$0.25 per Share on or before 4 December 2012. These securities are held in Kelmist Pty Ltd. Subject to Resolution 13 being passed, John Fillmore will be granted 6,000,000 Options within one month after the date of this Annual General Meeting.
- (iv) As at the date of this Notice, Timothy Read has an indirect interest in 250,000 Shares. These Shares are held in Savoy Asset Manager. Subject to Resolution 14 being passed, Timothy Read will be granted 6,000,000 Options within one month after the date of this Annual General Meeting.
- (v) The market price of the Shares during the term of Options will normally determine whether or not the Option holder exercises the Option. At the time any Options are exercised and Shares issued pursuant to the exercise of the Options, Shares may be trading on the ASX at a price which is higher than the exercise price of the Options. The following table gives details of the highest, lowest and latest price of the Company's Shares trading on the ASX over the past 12 months ending on 12 October 2010:

HIGHEST PRICE	DATE OF HIGHEST PRICE	LOWEST PRICE	DATE OF LOWEST PRICE	LATEST PRICE ON 12 OCTOBER 2010
A\$0.27	12/10/2010	A\$0.14	9/2/2010	A\$0.27

- (vi) The Options will not be quoted on ASX and as such have no actual market value.
- (vii) John Fillmore has a beneficial interest in fees paid to Fillmore & Co of A\$79,698 for professional services during the year ended 30 June 2010 and A\$72,000 paid by the Company for acting as Non-Executive Chairman.
- (viii) Timothy Read received A\$60,766 paid by the Company for acting as a Non Executive Director.
- (ix) The cash remuneration and the total financial benefits to be received by John Fillmore and Timothy Read in this current period as the result of the grant of Options the subject of Resolutions 13 and 14 are set out below:

DIRECTOR	CASH REMUNERATION	VALUE OF OPTIONS*	TOTAL FINANCIAL BENEFIT
John Fillmore	100,000	387,367	487,367
Tim Read	75,000	387,367	462,367

\*Based on the preferred value of Options calculated in paragraph (c)(i) of this Explanatory Memorandum.

# EXPLANATORY MEMORANDUM continued

## Resolutions 13 and 14 – Approval of grant of Options to Directors continued

- (x) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options the subject of Resolutions 13 and 14.
- (xi) The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB 2 Share-based Payment, equity-based compensation will be recognised as an expense in respect of the services received.
- (xii) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 13 and 14.

### Listing Rule 10.11

Listing Rule 10.11 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the issue of Options to John Fillmore and Timothy Read.

For the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

- (a) the Options will be granted to the Directors and/or their nominees;
- (b) the maximum number of Options to be issued to:
  - John Fillmore pursuant to Resolution 13 is 3,000,000 Class A Options and 3,000,000 Class B Options;
  - Timothy Read pursuant to Resolution 14 is 3,000,000 Class A Options and 3,000,000 Class B Options;
- (c) the Options will be issued in accordance with the terms as set out in Attachment 4 to this Explanatory Memorandum;
- (d) the Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Options;
- (f) the Options will be granted on a date, being no later than 1 month after the date Shareholder approval is obtained for Resolutions 13 and 14 or on such other date as approved by ASX.

Resolutions 13 and 14 are ordinary resolutions requiring a simple majority.

The Directors, excluding John Fillmore, unanimously recommend that eligible Shareholders vote in favour of Resolution 13.

The Directors, excluding Timothy Read, unanimously recommend that eligible Shareholders vote in favour of Resolution 14.

## GLOSSARY

In this Explanatory Memorandum, the following terms have the following meanings unless the context requires otherwise:

<b>AIM</b>	means AIM market operated by the London Stock Exchange
<b>A J Holdings</b>	means A J Holdings Corporation a company registered in the Republic of Chile.
<b>A J Holdings Share Exchange Agreement</b>	means the agreement summarized in Attachment 3
<b>Annual Report</b>	means Annual Report of the Company for the year ended 30 June 2010
<b>ASX</b>	means Australian Stock Exchange Limited (ACN 008 624 691).
<b>Board</b>	means the board of Directors of the Company.
<b>Class A Options</b>	means Options exercisable on or before 19 November 2013 at an exercise price of 125% of the Weighted Average Price on the day of issue.
<b>Class B Options</b>	means Options exercisable on or before 19 November 2013 at an exercise price of 150% of the Weighted Average Price on the day of issue.
<b>Company</b>	means Metminco Limited (ACN 119 759 349).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means Corporations Act 2001.
<b>Director</b>	means a director of the Company.
<b>Employee Option</b>	means an option to acquire one Share in accordance with the Plan (refer Attachment 4).
<b>ESOP</b>	means Metminco Employee Share Option Plan.
<b>Hampton</b>	means Hampton Mining Limited (ABN 55 103 712 385)
<b>Hampton – North Hill Option Agreement</b>	means an agreement dated 5 September 2007 with North Hill (as varied on 11 June 2010, 30 July 2010 and 29 September under which Hampton has an option to purchase all of the issued shares in a company that indirectly owns Alpha 1–900, Gamma 1–1000 and Nelson 1-900 mining tenements located in southern Peru and forming part of an area of Peru known as the Los Calatos Project .
<b>Hampton Share</b>	means a fully paid ordinary share in the capital of Hampton

<b>JIC</b>	Junior Investment Company means company registered in the Cayman Islands which sold its 31.9% interest in Hampton to Metminco in May 2010.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Notesan</b>	means Notesan Pty Limited (ACN 062 218 839)
<b>Notice or Notice of Meeting</b>	means the notice of meeting which accompanies this Explanatory Memorandum.
<b>Metminco</b>	means Metminco Limited (ACN 119 759 349).
<b>Metminco Employee Share Option Plan</b>	means Metminco Employee Share Option Plan (refer Attachment 4)
<b>Metminco Group North Hill</b>	means Metminco and its controlled subsidiaries means North Hill Holdings Group Inc a company registered in the British Virgin Islands and a wholly owned subsidiary of Metminco.
<b>Notesan Share Exchange Agreement</b>	means the agreement summarized in Attachment 2
<b>Option</b>	means an option to acquire a Share.
<b>Plan</b>	means Metminco Employee Share Option Plan (refer Attachment 4)
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Sentient Group</b>	means together each of Sentient Executive GP I Limited (a Cayman Islands company), Sentient Executive GP II Limited (a Cayman Islands company), and Sentient (Aust) Pty Ltd (ABN 77 096 139 454) as trustee of the Sentient Global Resources Trust No. 1
<b>Share</b>	means a fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	means a holder of fully paid ordinary shares in the capital of the Company
<b>Sydney time</b>	means date and time in Sydney Australia
<b>Takoradi</b>	means Takoradi Limited (ABN 12 006 708 676)
<b>Takoradi Share Exchange Agreement</b>	means the agreement summarized in Attachment 1
<b>Weighted Average Price</b>	means the weighted average sale price of Shares on the ASX over the 30 trading days immediately preceding the day the Offer is made.

## 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.

Dated: 24 October 2010

# EXPLANATORY MEMORANDUM continued

## Attachment 1 – Key commercial terms of the Takoradi Share Exchange Agreement

DOCUMENT IDENTIFICATION		
<b>Name of document</b>	Takoradi Share Exchange Deed ( <b>Takoradi Share Exchange Agreement</b> )	
<b>Date of document/ commencement date</b>	29 September 2010	
<b>Executed (Yes/No)</b>	Yes	
<b>Parties</b>	Metminco Limited (Metminco) and Takoradi Limited (Takoradi), Rodney Thomas Hudspeth and Hampton Mining Limited.	
<b>Brief description of document</b>	<p>Under this agreement, Takoradi agrees to transfer to Metminco 56,511,906 shares being a 25.4% interest in Hampton Mining Limited (Hampton), in consideration for 160 million Metminco fully paid ordinary shares (Shares) to be issued to Takoradi, 35 million Shares to be issued to the Sentient Group, and A\$3.35 million cash (A\$175,000 paid on signing and A\$3.175 million to be paid to Takoradi on completion). For a period of four months commencing on the completion date, Takoradi will not dispose of more than 50 million of the consideration shares without the prior written approval of Metminco. Subject to completion of the Takoradi Share Exchange Agreement, Mr Rodney Hudspeth and Mr Terry Wilsteed will resign as directors of Hampton and the application by Mr Hudspeth to the Federal Court seeking leave under s237 of the Corporation Act to pursue legal action on behalf of Hampton will be dismissed on a without admissions basis and each party to the application will pay its own costs. In accordance with a separate agreement between the Sentient Group and Takoradi, Takoradi has irrevocably directed Metminco to issue 35 million of the 195 million Metminco Shares to the Sentient Group on closing.</p> <p>Completion of the Takoradi Share Exchange Agreement is subject to, Metminco obtaining shareholder approval and any regulatory or other approvals required for the issue of 195,000,000 Metminco Shares to Takorad and the Sentient Group.</p>	
DETAIL		
ITEM	CLAUSE	DETAIL
<b>Share exchange and consideration</b>	1 & 2	<p><b>Metminco</b></p> <ul style="list-style-type: none"> <li>▪ Metminco to make an initial payment of A\$0.175 million on execution of the agreement and a further payment of A\$3.175 million on completion</li> <li>▪ At completion of the Agreement, Metminco to issue 160 million shares to Takoradi and 35 million to the Sentient Group.</li> </ul> <p><b>Takoradi</b></p> <ul style="list-style-type: none"> <li>▪ Takoradi will transfer its Hampton shares to Metminco.</li> </ul>
<b>Conditions precedent</b>	3	<p>(a) the Notesan Share Exchange Agreement is duly executed by all parties to it;</p> <p>(b) Metminco makes the Initial Payment;</p> <p>(c) the Tripartite Deed between Sentient, Takoradi and Metminco is duly executed by all parties;</p> <p>(d) the Hampton – North Hill Option Agreement under which Hampton is extended until 15 business days after Termination Date of the agreement;</p> <p>(e) waivers from Hampton shareholders to their pre-emptive rights in respect of the Hampton shares owned by Takoradi and Notesan;</p> <p>(f) secured creditors of Takoradi have each provided an undertaking, not to exercise their rights in respect of debts owing to them by Takoradi for the period from signing until the earlier of the Closing Date or the Termination Date;</p>
<b>Closing conditions</b>	3.2	The issue of Shares be approved by Shareholders. The transfer of Hampton Shares by Takoradi be approved by Takoradi's shareholders unless the requirement for such approval is waived by ASX.
<b>Closing Date</b>	8.1	The Closing Date is within 30 days of satisfaction of the Closing Conditions, but no later than 31 December 2010 (Termination Date) unless the parties otherwise agree.
<b>Other obligations</b>	8.3	The Takoradi nominated directors on the Hampton board being, Messrs Hudspeth and Wilsteed, resign effective from the Closing Date. That the application made by Mr Hudspeth to the Federal Court to seek leave under s237 of the Corporations Act to bring proceedings in the name of Hampton is dismissed on a without admissions basis and that the parties bear their own costs.
<b>Irrevocable direction</b>	9	Takoradi irrevocably directs Metminco to issue 35 million shares to the Sentient Group.
<b>Restricted shares</b>	10	Subject to certain limited exceptions, for a period of 4 months commencing on the Closing Date, Takoradi will not dispose of more than 50 million Shares without the prior written approval of Metminco.
<b>Costs and expenses</b>	19	Metminco must pay any duty (including fines, penalties and interest) arising from the transfer of the Hampton Shares from Takoradi. Each party must pay its own costs and expenses in respect of the negotiation, preparation, execution, delivery, stamping and registration of this deed.
<b>Termination date</b>	21	The Termination Date is 31 December 2010.
<b>Jurisdiction</b>	24	New South Wales

## Attachment 2 – Key commercial terms of the Notesan Share Exchange Agreement

DOCUMENT IDENTIFICATION		
<b>Name of document</b>	Share Exchange and Release Deed (Notesan Share Exchange Agreement)	
<b>Date of document/ commencement date</b>	29 September 2010	
<b>Executed (Yes/No)</b>	Yes	
<b>Parties</b>	Notesan Pty Limited (Notesan) and Metminco Limited (Metminco)	
<b>Brief description of document</b>	Under this agreement, Metminco has entered into a share exchange agreement to acquire Notesan's 2,858,519 Hampton Shares (1.3% interest) for consideration of 11,434,076 Shares. Completion is to occur, and will only occur, at the same time and at the same place as Closing under the Takoradi Share Exchange Agreement.	
DETAIL		
ITEM	CLAUSE	DETAIL
<b>Condition precedent</b>	1	The Notesan Share Exchange Agreement is of no force or effect until the conditions precedent in the Takoradi Share Exchange Agreement are satisfied.
<b>Share exchange</b>	2	Notesan agrees to transfer 2,858,519 Hampton Shares, free from any security interests and with all rights attached or accruing to them, and Metminco to issue 11,434,076 Shares to Notesan. Each party waives in favour of the other any pre-emption rights it may have.
<b>Undertakings</b>	4	<p><b>Metminco</b> will:</p> <ul style="list-style-type: none"> <li>▪ file all notices required to give effect to the agreement;</li> <li>▪ use all reasonable endeavours to complete the agreement, and;</li> <li>▪ notify Notesan if it becomes aware becomes aware of any third party objecting to, challenging, interfering with or obstructing any of the transactions contemplated by this deed.</li> </ul> <p><b>Notesan</b> will:</p> <ul style="list-style-type: none"> <li>▪ use all reasonable endeavours to complete the agreement, and;</li> <li>▪ notify Metminco if it becomes aware becomes aware of any third party objecting to, challenging, interfering with or obstructing any of the transactions contemplated by this agreement.</li> <li>▪ not without Metminco's prior written consent, and other than by this agreement, directly or indirectly, acquire shares in Metminco;</li> <li>▪ make or participate directly or indirectly in any solicitation of proxies from shareholders of Metminco, and;</li> <li>▪ not commence arbitration or court proceedings against any party to this deed, Hampton or the officers and directors of Hampton or Metminco, other than for breach of this agreement.</li> </ul>
<b>Closing</b>	6	The obligations of Notesan and Metminco are interdependent and all actions required to be performed will be taken to have occurred simultaneously on the Closing Date. Completion is taken to have occurred when each party has performed all of its obligations and Closing has occurred under the Takoradi Agreement.
<b>Costs and expenses</b>	14	Metminco must pay any duty (including fines, penalties and interest) arising from the transfer of the Hampton Shares from Takoradi. Each party must pay its own costs and expenses in respect of the negotiation, preparation, execution, delivery, stamping and registration of this deed.
<b>Termination date</b>	16	The Termination Date is 31 December 2010.
<b>Governing law</b>	19	The laws in force in New South Wales.

# EXPLANATORY MEMORANDUM continued

## Attachment 3 – Key commercial terms of the A J Holdings Share Exchange Agreement

DOCUMENT IDENTIFICATION		
<b>Name of document</b>	A J Holdings Share Exchange (A J Holdings Share Exchange Agreement)	
<b>Date of document/ commencement date</b>	29 September 2010	
<b>Executed (Yes/No)</b>	Yes	
<b>Parties</b>	Metminco Limited (Metminco), A J Holdings Corporation (A J Holdings) and Hampton Mining Limited (Hampton)	
<b>Brief description of document</b>	Under this agreement, Metminco has entered into a share exchange agreement to acquire A J Holding's 1,600,000 Hampton Shares (0.7% interest) for consideration of 6,400,000 Metminco Shares. Completion is to occur, and will only occur, if closing has occurred under the Takoradi Agreement and, the Notesan Agreement has been executed.	
DETAIL		
ITEM	CLAUSE	DETAIL
<b>Condition precedent</b>	1	The A J Holdings' Agreement is of no force or effect until the Takoradi Share Exchange Agreement and the Notesan Share Exchange Agreement has been executed.
<b>Share exchange</b>	2	A J Holdings agrees to transfer 1,600,000 Hampton Shares, free from any security interests and with all rights attached or accruing to them, and Metminco agrees to issue 6,400,000 Shares to A J Holdings. Each party waives in favour of the other any pre-emption rights it may have.
<b>Undertakings</b>	4	<p><b>Metminco</b> will:</p> <ul style="list-style-type: none"> <li>▪ file all notices required to give effect to the agreement;</li> <li>▪ use all reasonable endeavours to complete the Agreement, and;</li> <li>▪ notify A J Holdings if it becomes aware becomes aware of any third party objecting to, challenging, interfering with or obstructing any of the transactions contemplated by this deed.</li> </ul> <p><b>A J Holdings</b> will:</p> <ul style="list-style-type: none"> <li>▪ use all reasonable endeavours to complete the agreement, and;</li> <li>▪ notify Metminco if it becomes aware becomes aware of any third party objecting to, challenging, interfering with or obstructing any of the transactions contemplated by this deed.</li> <li>▪ not without Metminco's prior written consent, and other than by this agreement, directly or indirectly, acquire shares in Metminco;</li> </ul>
<b>Completion</b>	6	Completion is to occur within 7 Business Days of Closing under the Takoradi Agreement.
<b>Costs and expenses</b>	9	Metminco must pay any duty (including fines, penalties and interest) arising from the transfer of the Hampton Shares from A J Holdings. Each party must pay its own costs and expenses in respect of the negotiation, preparation, execution, delivery, stamping and registration of this deed.
<b>Termination date</b>	11	The Termination Date is 12 January 2011.
<b>Governing law</b>	14	The laws in force in New South Wales.

**Attachment 4 – Rules of the Metminco Employee Share Option Plan  
(for the purpose of Resolution 12)****METMINCO LIMITED**  
ACN 119 759 349  
**RULES**  
**of**  
**EMPLOYEE SHARE OPTION PLAN (PLAN)****1 PURPOSE OF PLAN**

The purpose of this Plan is to:

- (a) recognise the ongoing ability of directors and employees of the Company to contribute in the long term to the performance and success of the Company; and,
- (b) provide an incentive to the employees of the Company to remain in their employment in the long term; and,
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

**2 OPERATION OF THE PLAN**

The Plan operates according to these Rules which bind the Company and each Participant.

**3 ESTABLISHMENT AND TERMINATION OF THE PLAN**

- 3.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.
- 3.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- 3.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.
- 3.4 The Plan may be amended at any time by ordinary resolution of the Company.

**4 ELIGIBILITY**

- 4.1 Subject to Rule 4, the Board may determine that any Eligible Person is entitled to participate in the Plan and make an Offer of Options to any Eligible Person. An Offer of Options is made on the date that the Board resolves to make the offer.
- 4.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

**5 OFFER OF OPTIONS**

- 5.1 An Offer of Options to an Eligible Person will consist of two equal tranches, each comprising 50% of the total number of Options offered at the relevant time.
- 5.2 Subject to Rule 6, the Options will vest on the Issue Date and the Offer of Options under Rule 5.1 must be made by the Board in writing and must specify the following for each tranche of Options:
  - (a) the date of the Offer;
  - (b) the total number of Options to acquire Shares (and the number of Shares to which the Options relate) for which the Eligible Person may apply;
  - (c) the Option Period;
  - (d) the Exercise Price of the Options;
  - (e) any Exercise Conditions;
  - (f) any other matters required to be specified in the Offer by either the Act or the Listing Rules.
- 5.3 The Exercise Price of an Option granted shall be determined by the Board, but
  - (a) the Exercise Price of the first tranche of Options must not be less than 125% of the Weighted Average Price immediately preceding the day the Offer is made, as adjusted under Rule 11; and
  - (b) the Exercise Price of the second tranche of Options must not be less than 150% of the Weighted Average Price immediately preceding the day the Offer is made, as adjusted under Rule 11.
- 5.4 The number of Shares to be received on exercise of the Options the subject of an Offer under the Plan when aggregated with:
  - (a) the number of Shares which would be issued were each outstanding Offer or Option, being an Offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, exercised; and

# EXPLANATORY MEMORANDUM continued

## Attachment 4 – Rules of the Metminco Employee Share Option Plan continued

- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, but disregarding any Offer made, or Option acquired or Share issued by way of or as a result of;
  - (c) an Offer under the Plan to a person situated at the time of receipt of the Offer outside Australia; or
  - (d) an Offer under the Plan that did not need disclosure to investors because of section 708 of the Act; or
  - (e) an Offer made under a disclosure document,
- must not exceed 5% of the total number of issued Shares as at the time of the Offer under the Plan.
- 5.5 No Offer will be made to the extent that any such an Offer would contravene the Company's Constitution, the Listing Rules, the Act or any other applicable law.

### 6 ACCEPTANCE

- 6.1 Upon receipt of an Offer of Options, an Eligible Person may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
  - (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.
- 6.2 Upon:
- (a) receipt of the Application Form referred to in paragraph 6.1(a); or
  - (b) the Board resolving to allow a renunciation of an Offer in favour of a nominee ("Permitted Nominee") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form, then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.
- 6.3 then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.
- 6.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.
- 6.5 If an Offer is accepted in part then the Eligible Person or the Permitted Nominee, as the case may not subsequently accept the Offer in respect of the remaining Options and, to the extent that Options are not accepted they will lapse on the date following the Acceptance Date unless the Board determines otherwise.
- 6.6 The Company will after receiving an acceptance of an Offer, issue within 10 Business Days to the Participant an option certificate setting out the terms of the Options and any other information required by the Act or Listing Rules including:
- (a) the number of Options issued to the Participant;
  - (b) the Exercise Price of those Options; and
  - (c) the Issue Date of those Options; and,
  - (d) the Option Period.

### 7 GENERAL TERMS OF OPTIONS

- 7.1 The Company will not apply for Official Quotation of any Options.
- 7.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX and AIM, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.
- 7.3 Subject to clause 7.4 Options are not transferable.
- 7.4 Options may be transferred, by an instrument of transfer, in the following circumstances only:
- (a) If at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:
    - (i) elect to be registered as the new Holder of the deceased Holder's Options;
    - (ii) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and
    - (iii) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.
  - (b) a transfer constituting the necessary transfer documents following an acceptance of an Offer made under an off-market bid relating to Options;
  - (c) a transfer to a bidder on the sale of the Options under Division 3 of Part 6A.1 of the Act;
  - (d) a transfer to a 100% holder on the sale of the Options under Division 2 of Part 6A.2 of the Act;
  - (e) a transfer under Part 6A.3 of the Act to a person entitled to acquire the Options under section 661A or 664A of the Act; or
  - (f) a transfer approved by the Board in those circumstances as may be determined by the Board.



**8 EXERCISE OF OPTIONS**

- 8.1 Subject to these Rules and the terms of the Options, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.
- 8.2 Notwithstanding paragraph 8.1, all Options may be exercised:
- (a) during a Bid Period; or
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) on an application under section 411 of the Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
- 8.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:
- (a) the Certificate for those Options, for cancellation by the Company; and
  - (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price. The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in this paragraph (b).
- 8.4 Subject to paragraph 10.1, within 10 Business Days after the notice referred to in clause 8.3 becoming effective, the Board must:
- (a) allot and issue the number of Shares to be issued in respect of the Options being exercised;
  - (b) cancel the Certificate for the Options being exercised; and
  - (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.
- 8.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

**9 SHARES ALLOTTED ON EXERCISE OF OPTIONS**

All Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered *pro rata* to holders of Shares.

**10 LAPSE OF OPTIONS**

- 10.1 Options not validly exercised on or before the Expiry Date will automatically lapse.
- 10.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:
- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
  - (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
    - (i) 3 months of the date of (as the case may be) Retirement, Redundancy, death or Permanent Disablement; or
    - (ii) such longer period as the Board determines, subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 8.5 so that those Options may be exercised. Options the subject of clause 10.2(b) not exercised within 3 months or the longer period determined by the Board, will automatically lapse.
- 10.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:
- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
    - (i) 1 month of ceasing to be an Eligible Person; or
    - (ii) such longer period as the Board determines, and any Options the subject of this clause not exercised within 1 month or the longer period determined by the Board, will automatically lapse; and
  - (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option at any time prior to its Expiry Date.

# EXPLANATORY MEMORANDUM continued

## Attachment 4 – Rules of the Metminco Employee Share Option Plan continued

10.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

### 11 CHANGES IN CAPITAL OF THE COMPANY

#### 11.1 New Issues

- (a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
  - (i) they have become entitled to exercise their Options under the Plan; and
  - (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

#### 11.2 Bonus Issues

If there is a bonus share issue (“Bonus Issue”) to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue (“Bonus Shares”). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

#### 11.3 Pro Rata Issues

If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.

#### 11.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

#### 11.5 Winding Up

If, prior to the expiry of any Options, a resolution for a members’ voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

#### 11.6 Fractions of Shares

For the purpose of this clause 11, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

#### 11.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 11 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

#### 11.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under clause 11 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

### 12 AMENDMENTS TO THE RULES

#### 12.1 Board May Alter Rules

The Board may subject to the Listing Rules alter, delete or add to these Rules at any time (save for the provisions of clause 5).

#### 12.2 Consent of Participants

If any amendment to be made under clause 12.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

#### 12.3 Eligible Persons Outside Australia

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules to Eligible Persons residing outside Australia.

### 13 POWERS OF THE BOARD

The Plan shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (g) make regulations for the operation of the Plan consistent with these Rules.

### 14 NOTICES

Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 8.3 shall not be deemed to be served on the Company until actually received.

### 15 NO COMPENSATION OR DAMAGES

15.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.

15.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.

15.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.

15.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

### 16 GOVERNING LAW

16.1 The Plan and any Options issued under it are governed by the laws of New South Wales and the Commonwealth of Australia.

16.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

### 17 ADVICE

Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

### 18 DEFINITIONS AND INTERPRETATION

In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

**"Act"** means the Corporations Act 2001.

**"Application Form"** means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

**"ASX"** means Australian Stock Exchange Ltd;

**"Bid Period"**, in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

**"Board"** means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

**"Business Day"** means a day on which banks are open for business in Sydney excluding a Saturday, Sunday or public holiday;

**"Certificate"** means the certificate issued in accordance with clause 6.6 by the Company to a Holder in respect of an Option;

# EXPLANATORY MEMORANDUM continued

## Attachment 4 – Rules of the Metminco Employee Share Option Plan continued

**“Change of Control Event”** means, in relation to an entity, an event the occurrence of which has the effect that:

- a) if a person controlled the entity prior to the time the event occurred, the person ceased to control the entity or another person obtained control of the entity;
- b) if no person controlled the entity prior to the time the event occurred, a person obtained control of the entity; or
- c) if the entity is owned or controlled by a group or consortium of persons, or if the group or consortium could control the entity were they to act collectively, there is any material change in the composition of the group or consortium.

For the purposes of this definition, control and controlled have the meaning given in section 50AA of the Act”.

**“Company”** means Metminco Limited ABN 43 119 759 349;

**“Director”** means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

**“Eligible Person”** means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

**“Exercise Condition”** means the conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

**“Exercise Price”** means, in respect of an Option, the subscription price per Share, determined in accordance with Rule 5.3, payable by a Holder on exercise of the Option;

**“Expiry Date”** means, in relation to an Option, the date determined by the Board prior to the Offer of the relevant Options, subject to any restriction in the Act from time to time but in any event no longer than 5 years from the Issue Date;

**“Holder”** means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company’s register of options as the holder of that Option;

**“Issue Date”** means, in relation to an Option, the date on which the Company grants that Option;

**“Legal Personal Representative”** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

**“Listing Rules”** means the Official Listing Rules of ASX as they apply to the Company from time to time;

**“Market Value”** means of Shares on a particular day means the last sale price of Shares on ASX on that day;

**“Minimum First Tranche Exercise Price”** means 125% of the Weighted Average Price.

**“Minimum Second Tranche Exercise Price”** means 150% of the Weighted Average Price.

**“Offer”** means an invitation to an Eligible Person made by the Company under clause 5.1 to apply for an issue of Options;

**“Official Quotation”** has the meaning ascribed to it in the Listing Rules;

**“Option”** means an option issued under the Plan to subscribe for a Share;

**“Option Period”** means the period 5 years from the Issue Date.

**“Participant”** means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

**“Permanent Disablement”** means in relation to a Participant who is an Employee or Director who has been absent from work through illness or injury for six consecutive months or for such shorter period as the Board considers appropriate, means that Participant has, in the opinion of the Board, after considering such medical or other evidence as it sees fit, become incapacitated to such an extent as to render the person unlikely within a reasonable future period to engage in any occupation for which he or she is reasonably qualified by education, training or experience

**“Permitted Nominee”** has the meaning given to it by clause 6.2 (b);

**“Plan”** means the Metminco Limited Employee Share Option Plan established in accordance with these Rules;

**“Redundancy”** means, in relation to an Eligible Person, a determination by the Board that the Company’s need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

**“Retirement”** means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

**“Rules”** means these rules, as amended from time to time;

**“Shares”** means fully paid ordinary shares in the capital of the Company;

**“Specified Reason”** means Retirement, Permanent Disablement, Redundancy or death;

**“Tax”** means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

**“Weighted Average Price”** means the weighted average sale price of Shares on the ASX over the 30 trading days immediately preceding the day the Offer is made.

**PROXY FORM**

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**METMINCO LIMITED**

ABN: 43 119 759 349

**REGISTERED OFFICE:**  
119 Willoughby Road,  
Crows Nest NSW 2065

**SHARE REGISTRY:**  
Security Transfer Registrars Pty Ltd  
**All Correspondence to:**  
**PO BOX 535,**  
**APPLECROSS WA 6953 AUSTRALIA**  
770 Canning Highway,  
APPLECROSS WA 6153 AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

Holder Number:

**SECTION A: Appointment of Proxy**

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

OR

**The meeting Chairperson**  
(mark with an "X")

**The name of the person you are appointing**  
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and 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 of the Company to be held at 10.00am (AEST) on Wednesday 24 November 2010 at The American Club, Level 14, 131 Macquarie Street, Sydney, NSW 2000 and at any adjournment of that meeting.

**SECTION B: Voting Directions to your Proxy**

Please mark "X" in the box to indicate your voting directions to your Proxy.

RESOLUTIONS	For	Against	Abstain*		For	Against	Abstain*
1. To adopt the Remuneration Report for the year ended 30 June 2010.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. To approve the issue and allotment of 160,000,000 Shares to Takoradi as a component of the consideration payable by Metminco for the acquisition of 56,511,906 fully paid ordinary shares held by Takoradi in Hampton.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Timothy Read	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. To approve the issue and allotment of 35,000,000 Shares to the Sentient Group (at the irrevocable direction of Takoradi) as a component of the consideration payable by Metminco for the acquisition of 56,511,906 fully paid ordinary shares held by Takoradi in Hampton.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Francisco Vergara-Irrazaval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. To approve the issue and allotment of 11,434,076 Shares to Notesan in consideration payable by Metminco for the acquisition of 2,858,519 fully paid ordinary shares held by Notesan in Hampton.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of John Fillmore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. To approve the issue and allotment of 6,400,000 Shares to A J Holdings in consideration payable by Metminco for the acquisition of 1,600,000 fully paid ordinary shares held by A J Holdings in Hampton.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To ratify the prior allotment and issue of a total of 36,666,666 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. To approve the issue of securities under the employee incentive option scheme for Eligible Employees known as the Metminco Employee Share Option Plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To ratify the prior allotment and issue of a total of 21,506,248 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. To approve the grant of 6,000,000 Options to a Director, John Fillmore.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To approve the issue of 150,000,000 Shares at a subscription price of \$A0.20 per Share to selected sophisticated or institutional investors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. To approve the grant of 6,000,000 Options to a Director, Timothy Read.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.  
By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolutions 4 & 14 and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolutions 4 & 14 and your votes will not be counted in calculating the required majority if a poll is called on the resolutions 4 & 14. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolutions 4 & 14.

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SECTION C: Please Sign Below**

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3




Sole Director and Sole Company Secretary

Director

Director / Company Secretary

**6386200825** Reference Number:

1 MNC 1

