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ASX ANNOUNCEMENT

Prospectus and Amended Appendix 3B

9 December 2010

Metminco Limited (ASX:MNC) announces that it has lodged a Prospectus dated 9 December 2010 with ASIC (refer attached) to facilitate secondary trading of 214,814,076 fully paid ordinary shares in the Company (Placement Shares).

Copies of the prospectus can be obtained from www.metminco.com.au or by contacting the Company.

The Company also advises that ASX Quotation of the Placement Shares is based on the Prospectus and not the Appendix 3B issued by the Company on 6 December 2010.

The Company has lodged an Appendix 3B dated 9 December 2010 in respect of the Placement Shares.

On behalf of the Board

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

Philip Killen
Company Secretary

About Metminco:

Metminco is a dual ASX and AIM listed company with a portfolio of copper and gold projects in Peru and Chile. The Los Calatos project located in southern Peru has JORC compliant resource of 926 million tonnes, consisting 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 (at a 0.2% copper cut-off grade).

The Chilean assets include a 50% interest in the Mollacas copper leach project with JORC compliant resources of 17 million tonnes consisting of Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Resources of 9.8 million tonnes @ 0.52% copper (at a 0.2% copper cut-off grade); and a 50% interest in the Vallecillo gold zinc project with JORC compliant resources of 10.1 million tonnes consisting of Indicated Resources of 7.9 million tonnes @ 1.14g/tAu; 11.4g/tAg; 1.32% Zn; 0.29% Pb and Inferred Resources of 2.2 million tonnes @ 0.78g/t Au; 8.2g/t Ag; 0.58% Zn; 0.26% Pb (at a cut-off grade of 0.3g/t Au).

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ACN 119 759 349

PROSPECTUS

This Prospectus facilitates the secondary trading of Placement Shares, the issue of which was announced to ASX on 9 December 2010 and also offers to issue up to 100 New Shares at \$0.35 to raise up to \$35.

This Prospectus is a prospectus for continuously quoted securities issued in accordance with section 713 of the Corporations Act and has been prepared for the purpose of section 708A(11) of the Corporations Act to facilitate the secondary trading of Placement Shares. The New Shares offered pursuant to this Prospectus should be considered speculative.

This prospectus is dated 9 December 2010

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METMINCO LIMITED

Important Notice and Disclaimer

This Prospectus is issued by Metminco Limited in relation to the secondary sale of Placement Shares and the issue of up to 100 New Shares at \$0.35 to subscribers to raise \$35.00.

This Prospectus is dated 9 December 2010 and was lodged with ASIC on 9 December 2010. No New Shares will be issued on the basis of this Prospectus later than the Closing Date. No New Shares will be allotted on the basis of the Prospectus later than 13 months after the date of issue of this Prospectus. Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus.

This Prospectus is a prospectus for continuously quoted securities issued in accordance with section 713 of the Corporations Act and has been prepared for the purpose of section 708A(11) of the Corporations Act to facilitate the secondary trading of Placement Shares. The New Shares offered pursuant to this Prospectus should be considered speculative.

Shareholder Approval

The issue of the Placement Shares to Placees in accordance with various share exchange deeds was approved by Shareholders at the Company's Annual General Meeting on 24 November 2010. Prior approval of Shareholders is not required in respect of the issue of Shares in lieu of cash payable for consulting services or the New Shares as the securities to be issued will not exceed the 15% threshold under ASX Listing Rule 7.1.

Important Document

There are risks associated with an investment in New Shares and in the Company. Key risk factors are set out in **Annexure 4**. It is important that you carefully read this Prospectus in its entirety, particularly the risk factors that could affect the financial performance of Metminco. You should carefully consider these risks in light of your personal circumstances.

This Prospectus is issued under section 713 of the Corporations Act. Accordingly, this Prospectus does not contain all of the information that a full prospectus under section 710 of the Corporations Act would be required to contain. The Prospectus must be read in context of, and having regard to, the Company's continuous disclosure and publicly available information in respect to the Company and its business.

Restrictions on Distribution

This Prospectus does not constitute an Offer in any place outside Australia or in any place in which, or to any person to whom, it would not be lawful to make such an Offer.

Disclaimer

No person is authorised to give any information or make any representation in connection with the New Shares which is not contained in this Prospectus.

Governing Law

This Prospectus is governed by the laws of New South Wales, Australia.

Key Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in the Glossary in Section 7 of this Prospectus.

1. Background

On 6 December 2010, Metminco Limited announced to the ASX that it has issued 214,814,076 Shares ("Placement Shares") in accordance with various agreements approved by Shareholders at the Company's Annual General Meeting on 24 November 2010 and in lieu of cash payable for consulting services to parties (jointly referred to as "Placees").

Shares issued to Placees are as follows:

- 160,000,000 Shares in the Company to Takoradi Limited in accordance with settlement of the Takoradi Share Exchange Deed (refer **Annexure 2**, page 11 and 12);
- 7,266,052 Shares to Sentient Executive GP I Limited in accordance with settlement of the Takoradi Share Exchange Deed (refer **Annexure 2**, page 11 and 12);
- 1,566,424 Shares to Sentient (Aust) Pty Ltd (atf Sentient Global Resources Trust No 1) in accordance with settlement of the Takoradi Share Exchange Deed (refer **Annexure 2**, page 11 and 12);
- 26,167,524 Shares to Sentient Executive GP II Limited in accordance with settlement of the Takoradi Share Exchange Deed (refer **Annexure 2**, page 11 and 12);
- 11,434,076 Shares to Notesan Pty Ltd Limited in accordance with settlement of the Notesan Share Exchange Deed (refer **Annexure 2**, page 11 and 12);
- 6,400,000 Shares to A J Holdings Corporation in accordance with settlement of the A J Holdings Share Exchange Deed (refer **Annexure 2**, page 11 and 13);
- 675,000 Shares to JBN Holdings Pty Limited in lieu of cash payment for consulting services; and
- 675,000 Shares to Air Dry Systems Pty Limited in lieu of cash payment for consulting services.

The purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to relieve the Placees from the obligation to issue a prospectus if they wish to sell the Placement Shares within 12 months from the date of issue.

This Prospectus has also been issued to provide information on the Offer being made under this Prospectus, details of which are set out in Section 3.

2. Purpose and Nature

Ordinarily, a listed entity such as the Company would not need to issue a disclosure document to the Placees to facilitate the secondary trading of the Placement Shares, as a listed entity would instead typically rely on the alternative "cleansing notice" regime permitted by the Corporations Act.

However, trading in the Company's Shares on ASX was suspended by more than the permitted 5 days during the previous 12 months, from 8 March 2010 to 1 April 2010, as a consequence of the Company seeking admission to the AIM market operated by the London Stock Exchange.

Accordingly, it is necessary for the Company to rely on an alternative regime in order to facilitate the secondary sale of Placement Shares. This Prospectus is a permitted alternative regime and is contemplated by section 708A(11) of the Corporations Act.

This Prospectus is issued pursuant to section 713 of the Corporations Act. This enables listed disclosing entities such as the Company to issue this Prospectus with limited disclosure requirements given that the Placement Shares are continuously quoted securities. This Prospectus is only required to contain information that investors and their professional advisers would consider reasonably necessary to make an informed assessment of the effect of the issue on the Company and the rights and liabilities attaching to the Placement Shares, but only to the extent to which it is reasonable for *investors and their professional advisers to expect to find the information in this Prospectus*.

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and which is required to be set out in the Prospectus

This Prospectus is intended to be read in conjunction with publicly available information in relation to the Company which has been notified to ASX under the Company's continuous and other disclosure requirements as described below. For these reasons, this Prospectus is not required to and does not include all of the information that would be included in a disclosure document for an initial public offering of securities in an entity that is not already listed on a stock exchange. The Company is a disclosing entity and hence is subject to regular reporting and disclosure

obligations. Copies of documents lodged with ASIC by or in relation to the Company may be obtained from or inspected at an ASIC office. The Company will provide a copy of the Annual Report of the Company for the year ended 30 June 2010 and any other continuous disclosure notices given by the Company to ASX after 26 October 2010 (being the date of lodgement with ASIC of the Company's 2010 Annual Report) and before the lodgement of the copy of this Prospectus with ASIC namely those set out in **Annexure 1**, free of charge to any person who requests them during any application period for this Prospectus.

3. Details of the Offer

This Prospectus offers for subscription up to 100 New Shares at an issue price of \$0.35 payable in full on application to raise up to \$35. The Offer is not underwritten, there is no minimum subscription and oversubscriptions will not be accepted. The New Shares offered under this Prospectus will rank equally with the Company's existing Shares on issue, including the Placement Shares. The rights and liabilities attaching to the New Shares are set out in Section 5 of this Prospectus.

The opening date for the Offer is 9 December 2010 and the Closing Date for the Offer is 5:00pm Melbourne time on 14 December 2010. The Directors reserve the right to close the Offer earlier or to extend the Closing Date without notice.

The issue price is \$0.35 for each New Share payable in full in Australian currency by cheque drawn on and payable at any Australian bank made payable to "Metminco Limited" and crossed "Not Negotiable".

If you wish to apply for New Shares pursuant to this Prospectus complete the enclosed Application Form in accordance with the instructions set out and lodge the form together with the relevant amount so that it reaches the Company by no later than 5:00pm on the Closing Date.

If you complete an application for New Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information for various purposes and may be disclosed to persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies and other persons. You can access, correct and update the personal information that the Company holds by contacting the Company. Collection, maintenance and disclosure of certain personal information is governed by legislation. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

The New Shares will be allotted and issued as soon as practicable after the Closing Date. Until the allotment and issue of the New Shares, all application monies will be held in trust by the Company. To the extent permitted by law, the Company's directors will have absolute discretion over which applications to accept. Application money will be refunded to unsuccessful applicants without interest as soon as reasonably practicable after the close of the Offer.

The Company will not be issuing share certificates in relation to the New Shares. The Company operates an electronic CHES sub-register for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Electronic registers mean that the Company will not be issuing certificates but instead, investors will be provided with a statement that sets out the number of New Shares allotted to them under this Prospectus, which are expected to be dispatched shortly after 16 December 2010.

The maximum \$35 raised from the Offer will be applied towards the Company's working capital requirements. This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

If you have any questions concerning the Offer, please contact the Company or your professional adviser.

4. Effect of the Issue

4.1 Principle effects

As a consequence of issuing the Placement Shares, the issued capital of the Company is as follows:

- 1,200,817,055 Shares;
- 27,230,017 options exercisable at \$0.25 per Share on or before 4 December 2012; and,
- 4,500,000 options exercisable at \$0.35 per Share on or before 31 July 2012, on exercise of each option a new option will be granted exercisable at \$0.35 per Share and expiring 24 months after issue.

If all the New Shares are issued, the share capital of the Company would be 1,200,817,155 Shares.

The effect of the issue of the Placement Shares is set out on page 13 of **Annexure 2**.

4.2 Balance sheet

The issue of the New Shares will increase the cash position of the Company by approximately \$35 (less the Costs of the Offer). As at the date of this Prospectus, the Company's cash reserves were approximately \$30 million.

5. Rights and Liabilities attaching to the Company's Shares

A shareholding in the Company is held subject to its Constitution which is similar to those of other publicly listed companies and which states that the ASX Listing Rules prevail in the event of any inconsistency. In particular, Shareholders are entitled to receive notices of and attend and vote at general meetings where they have one vote on a show of hands and one vote per Share on a poll. Subject to the Constitution, the Corporations Act and the ASX Listing Rules, Shares in the Company are freely transferable. Dividends are payable to Shareholders in proportion to the number of Shares held by them respectively. In a winding up, the liquidator may, with the sanction of a special resolution of Shareholders, divide the assets of the Company amongst the Shareholders and may determine how the division shall be carried out as between them. The Constitution may be inspected at the registered office of the Company.

6. Other Information

An application for admission of the New Shares to quotation on ASX and AIM will be made after the Closing Date

The highest, lowest and last market sales price of the Company's Shares on the ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

	Price per Share	Date
Highest	\$0.405	22 October 2010
Lowest	\$0.19	25 August 2010
Last	\$0.335	7 December 2010

This Prospectus is dated 9 December 2010 and was lodged with ASX and ASIC on that date. Neither ASX nor ASIC takes any responsibility for the contents of this Prospectus. No New Shares will be allotted on the basis of the Prospectus later than 13 months after the date of issue of this Prospectus.

An investment in the Company is subject to a number of risk factors. For further information in relation to those risk factors, please refer to **Annexure 4**.

The current and former directors received the following remuneration for the year ended 30 June 2010:

Director	Short Term Benefits		Post-Employment Benefits	Share-based payments	Total
	Salary and fees \$	Other \$	Superannuation \$	Shares \$	
John Fillmore	72,000	-	-	-	72,000
William Howe	87,500	-	-	-	87,500
Phillip Wing	372,782	-	-	-	372,782
William Etheridge	145,260	-	13,073	-	158,333
Tim Read	60,766	-	-	-	60,766
Francisco Vergara-Irarrazaval	12,501	-	-	-	12,501
Keith Weston	113,750	14,000	6,417	-	134,167
Shane Turner	15,604	-	-	53,000	68,604
Total	880,163	14,000	19,490	53,000	966,653

Except as disclosed in this Prospectus and as disclosed on the ASX, no Director, and no firm in which a Director is a partner:

- has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- has been paid or given or will be paid or given any amount or benefit to induce him to become, or to qualify as, a Director, or otherwise, for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, holds, or during the last two years has held, any interest in:

- a) the formation or promotion of the Company;
- b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- c) the Offer,

and other than as set out below, no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to a promoter or any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Gadens have acted as solicitors to the Company in relation to the Offer. In respect of this work the Company will pay approximately \$5,000. During the 24 months preceding the lodgment of this Prospectus, Gadens has received \$394,298 for other professional services provided to the Company.

Other details relating to the Company are disclosed in the 2010 Annual Report (refer **Annexure 3**).

7. Glossary

Application Form means the application to apply for New Shares attached to this Prospectus.

AIM means AIM market operated by the London Stock Exchange

ASIC means the Australian Securities & Investments Commission.

ASX means the Australian Securities Exchange.

ASX Listing Rules means the listing rules of the Australian Securities Exchange.

Closing Date means 14 December 2010.

Company means Metminco Limited ACN 119 759 349.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Costs of the Offer means the approximate expenses of the Offer including advisers fees, ASIC and ASX fees, printing and distribution costs and other miscellaneous expenses, being 5,000 (plus GST) which has been paid or is payable by the Company.

Director means a current director of the Company.

Group means the Company and its related entities, including but not limited to Hampton and its subsidiaries.

Hampton means Hampton Mining Limited, ACN 103 712 385, a wholly owned subsidiary of the Company.

New Shares means 100 new Shares in the Company with an issue price of \$0.35.

Offer means the offer of New Shares under this Prospectus.

Metminco means Metminco Limited ACN 119 759 349

Placees mean the recipients of the Placement Shares.

Placement Shares means the 214,814,076 Shares issued to the Placees in accordance with various agreements approved by Shareholders at the Company's Annual General Meeting held on 24 November 2010 and in lieu of cash payable for consulting services.

Prospectus means this prospectus dated 9 December 2010.

Section means a section of this Prospectus.

Shares means fully paid ordinary shares in the Company.

Shareholder means the holder of Shares.

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. Each of the Directors has given his consent to the issue of this Prospectus.

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

John Fillmore
Chairman

ANNEXURES

- Annexure 1:** Company ASX Announcements since 2010 Annual Report
- Annexure 2:** Notice of Annual General Meeting and Explanatory Memorandum
- Annexure 3:** Metminco Annual Report 2010
- Annexure 4:** Risk Factors Relating to the Company
- Annexure 5:** Corporate Directory

Annexure 1

Company ASX Announcements since Lodgment of the 2010 Annual Report

Date	ASX Announcement
8/12/2010	Ceasing to be a substantial holder
8/12/2010	Appointment of Investec Bank plc
8/12/2010	Metminco appoints new Managing Director
8/12/2010	Trading Halt
7/12/2010	Becoming a substantial holder from TKG
6/12/2010	Appendix 3B and Cleansing Notice
6/12/2010	100% acquisition of Hampton and A\$30m cap. raising completed
1/12/2010	Appendix 3B
30/11/2010	TKG: Progress Report
24/11/2010	Chairman`s Address and Presentation to Shareholders
24/11/2010	Results of Annual General Meeting
01/11/2010	Quarterly Activities Report and Appendix 5B

Annexure 2

Notice of Annual General Meeting and Explanatory Memorandum

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:

Date	Wednesday 24 November 2010
Time	10.00 am Sydney time
Location	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:

Resolution 1 – To adopt the Remuneration Report for the year ended 30 June 2010	“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.
Resolution 2 – Re-election of Timothy Read	“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.”
Resolution 3 – Re-election of Francisco Vergara-Irarrazaval	“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.”
Resolution 4 – Re-election of John Fillmore	“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.”
Resolution 5 – Ratification of prior share issues	“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior allotment and issue of a total of 36,666,666 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”
Resolution 6 – Ratification of prior share issues	“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior allotment and issue of a total of 21,506,248 Shares in the Company on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”
Resolution 7 – Approval for the issue of 150,000,000 shares to selected sophisticated and institutional investors to raise A\$30 million	“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.”
Resolution 8 – Approval for the issue of shares to Takoradi	“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)”.
Resolution 9 – Approval for the issue of shares to the Sentient Group	“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”.
Resolution 10 – Approval for the issue of shares to Notesan	“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

Resolution 11 – Approval for the issue of shares to A J Holdings	<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>
Resolution 12– Approval of Metminco Employee Share Option Plan	<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>
Resolution 13 – Approval of grant of options to a director, John Fillmore	<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">(a) 3,000,000 Class A Options; and(b) 3,000,000 Class B Options, <p>on the terms and conditions set out in Attachment 4 of the Explanatory Memorandum accompanying this Notice.”</p>
Resolution 14 – Approval of grant of options to a director, Timothy Read	<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">(c) 3,000,000 Class A Options; and(d) 3,000,000 Class B Options, <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:

Resolution 5	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.
Resolution 6	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.
Resolution 7	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.
Resolution 8	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.
Resolution 9	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.
Resolution 10	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.

Resolution 11	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.
Resolution 12	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.
Resolution 13	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.
Resolution 14	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.

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
TOTAL	222,536,861	100.0%	

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 ¹	RESOLUTION 7 ² A\$	RESOLUTION 8 & 9 ³ A\$	RESOLUTION 10 ⁴ A\$	RESOLUTION 11 ⁵ A\$	PROFORMA A\$
Current assets							
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
	4,692,873	(660,317)	28,500,000	(3,350,000)	-	-	29,182,556
Non-current assets							
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
	111,518,332	-	-	-	-	-	111,518,332
Total assets	116,211,205	(660,317)	28,500,000	(3,350,000)	-	-	140,700,888
Current liabilities							
Payables	3,350,183						3,350,183
Short term provisions	68,519						68,519
	3,418,702	-	-	-	-	-	3,418,702
Non-current liabilities							
Borrowings	6,854,208						6,854,208
	6,854,208						6,854,208
	10,272,910	-	-	-	-	-	10,272,910
Total liabilities	10,272,910	-	-	-	-	-	10,272,910
Net assets	105,938,295	(660,317)	28,500,000	(3,350,000)	-	-	130,427,978
Equity							
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)	-
Total equity	105,938,295	(660,317)	28,500,000	(3,350,000)	-	-	130,427,978

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 ¹	CLASS B ²	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:

AIM	means AIM market operated by the London Stock Exchange
A J Holdings	means A J Holdings Corporation a company registered in the Republic of Chile.
A J Holdings Share Exchange Agreement	means the agreement summarized in Attachment 3
Annual Report	means Annual Report of the Company for the year ended 30 June 2010
ASX	means Australian Stock Exchange Limited (ACN 008 624 691).
Board	means the board of Directors of the Company.
Class A Options	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.
Class B Options	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.
Company	means Metminco Limited (ACN 119 759 349).
Constitution	means the constitution of the Company.
Corporations Act	means Corporations Act 2001.
Director	means a director of the Company.
Employee Option	means an option to acquire one Share in accordance with the Plan (refer Attachment 4).
ESOP	means Metminco Employee Share Option Plan.
Hampton	means Hampton Mining Limited (ABN 55 103 712 385)
Hampton – North Hill Option Agreement	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 .
Hampton Share	means a fully paid ordinary share in the capital of Hampton

JIC	Junior Investment Company means company registered in the Cayman Islands which sold its 31.9% interest in Hampton to Metminco in May 2010.
Listing Rules	means the listing rules of ASX.
Notesan	means Notesan Pty Limited (ACN 062 218 839)
Notice or Notice of Meeting	means the notice of meeting which accompanies this Explanatory Memorandum.
Metminco	means Metminco Limited (ACN 119 759 349).
Metminco Employee Share Option Plan	means Metminco Employee Share Option Plan (refer Attachment 4)
Metminco Group North Hill	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.
Notesan Share Exchange Agreement	means the agreement summarized in Attachment 2
Option	means an option to acquire a Share.
Plan	means Metminco Employee Share Option Plan (refer Attachment 4)
Resolution	means a resolution referred to in the Notice.
Sentient Group	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
Share	means a fully paid ordinary share in the capital of the Company
Shareholder	means a holder of fully paid ordinary shares in the capital of the Company
Sydney time	means date and time in Sydney Australia
Takoradi	means Takoradi Limited (ABN 12 006 708 676)
Takoradi Share Exchange Agreement	means the agreement summarized in Attachment 1
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.

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		
Name of document	Takoradi Share Exchange Deed (Takoradi Share Exchange Agreement)	
Date of document/ commencement date	29 September 2010	
Executed (Yes/No)	Yes	
Parties	Metminco Limited (Metminco) and Takoradi Limited (Takoradi), Rodney Thomas Hudspeth and Hampton Mining Limited.	
Brief description of document	<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
Share exchange and consideration	1 & 2	<p>Metminco</p> <ul style="list-style-type: none"> ▪ 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 ▪ At completion of the Agreement, Metminco to issue 160 million shares to Takoradi and 35 million to the Sentient Group. <p>Takoradi</p> <ul style="list-style-type: none"> ▪ Takoradi will transfer its Hampton shares to Metminco.
Conditions precedent	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>
Closing conditions	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.
Closing Date	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.
Other obligations	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.
Irrevocable direction	9	Takoradi irrevocably directs Metminco to issue 35 million shares to the Sentient Group.
Restricted shares	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.
Costs and expenses	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.
Termination date	21	The Termination Date is 31 December 2010.
Jurisdiction	24	New South Wales

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

DOCUMENT IDENTIFICATION		
Name of document	Share Exchange and Release Deed (Notesan Share Exchange Agreement)	
Date of document/ commencement date	29 September 2010	
Executed (Yes/No)	Yes	
Parties	Notesan Pty Limited (Notesan) and Metminco Limited (Metminco)	
Brief description of document	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
Condition precedent	1	The Notesan Share Exchange Agreement is of no force or effect until the conditions precedent in the Takoradi Share Exchange Agreement are satisfied.
Share exchange	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.
Undertakings	4	<p>Metminco will:</p> <ul style="list-style-type: none"> ▪ file all notices required to give effect to the agreement; ▪ use all reasonable endeavours to complete the agreement, and; ▪ 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. <p>Notesan will:</p> <ul style="list-style-type: none"> ▪ use all reasonable endeavours to complete the agreement, and; ▪ 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. ▪ not without Metminco's prior written consent, and other than by this agreement, directly or indirectly, acquire shares in Metminco; ▪ make or participate directly or indirectly in any solicitation of proxies from shareholders of Metminco, and; ▪ 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.
Closing	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.
Costs and expenses	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.
Termination date	16	The Termination Date is 31 December 2010.
Governing law	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		
Name of document	A J Holdings Share Exchange (A J Holdings Share Exchange Agreement)	
Date of document/ commencement date	29 September 2010	
Executed (Yes/No)	Yes	
Parties	Metminco Limited (Metminco), A J Holdings Corporation (A J Holdings) and Hampton Mining Limited (Hampton)	
Brief description of document	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
Condition precedent	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.
Share exchange	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.
Undertakings	4	<p>Metminco will:</p> <ul style="list-style-type: none"> ▪ file all notices required to give effect to the agreement; ▪ use all reasonable endeavours to complete the Agreement, and; ▪ 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. <p>A J Holdings will:</p> <ul style="list-style-type: none"> ▪ use all reasonable endeavours to complete the agreement, and; ▪ 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. ▪ not without Metminco's prior written consent, and other than by this agreement, directly or indirectly, acquire shares in Metminco;
Completion	6	Completion is to occur within 7 Business Days of Closing under the Takoradi Agreement.
Costs and expenses	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.
Termination date	11	The Termination Date is 12 January 2011.
Governing law	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

Annexure 3

Metminco Limited Annual Report 2010

METMINCO

ANNUAL REPORT 2010



METMINCO LIMITED ANNUAL REPORT 2010

ABN 43 119 759 349

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CHAIRMAN'S LETTER

The 2010 financial year for the Company has been what can only be seen as a year of substantial achievement, building on the Company's decision in the 2009 financial year to focus on South America.

During the year Metminco transformed from being a company focussed on Australian exploration projects with limited potential to a company with a controlling interest in a portfolio of high potential assets located in Peru and Chile. Metminco acquired a 69.4% interest in Hampton securing control of Hampton, raised funds of A\$24.5 million and was admitted in April 2010 to the AIM market operated by the London Stock Exchange.

Subsequent to the financial year end Metminco increased its interest in Hampton to 72.6% and in late September 2010 entered into purchase agreements to increase its interest in Hampton to 100% through the acquisition of the minority interests in Hampton.

Hampton's main projects include the world class Los Calatos copper and molybdenum porphyry deposit located in southern Peru, and the Mollacas copper leach project and the Vallecillo gold-zinc project, both located in Chile approximately 500 km north of Santiago.

The move to 100% ownership of Hampton will enable the Company to concentrate on rationalising the operational and corporate aspects of the business, particularly the implementation of an aggressive exploration program to build on the 926 million tonne copper/molybdenum resource already announced, and to drill test new, high priority targets and anomalies on the Los Calatos Project.

Completion of a 10,000 metre drilling program at the Los Calatos Project during the year increased estimated resources from 1.6 million tonnes of copper equivalent metal *in situ* to over 4.7 million tonnes of copper equivalent metal *in situ* (or over 10 billion lbs copper equivalent). The Company has identified 8 high level targets at Los Calatos within a "Porphyry Cluster" which is 68 km in extent and is defined by a strong arsenic soil anomaly.

The Company is undertaking detailed metallurgical test work at the Mollacas heap leach/SXEW project with a view to completion of a detailed feasibility study with possible commencement of copper cathode production in 2013.

Preliminary metallurgical test work at the Vallecillo Project, completed during the year, indicates a gold recovery on site of more than 90% into Dore bullion, via gravity and leaching of concentrates, and recovery of more than 90% zinc into a zinc concentrate averaging more than 50% zinc. Surface mapping and geochemical sampling at Vallecillo has identified seven exploration targets which now require drill testing.

During the year further changes to the Board were made to reflect the Company's listing on the AIM in London and the desire to reflect its South American focus. I thank both Shane Turner and Keith Weston for their contributions and welcome both Tim Read and Francisco Vergara to the Board.

It is important to recognise that the Company could not have achieved, to the extent that it has, without the efforts of my fellow Board members, its employees and consultants. I am confident that the company will continue to meet its goals and grow its resource base. Finally, I would like to thank our shareholders for their ongoing support.



John A Fillmore
Chairman

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2010.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of the independent directors are Timothy Read and Francisco Vergara-Irarrazaval.

Due to the stage of development of the Company the majority of the directors are not independent. The chairman is not an independent director due to related party transactions disclosed in Note 27.

When determining whether a non-executive director is independent the director must not fail any one of the following materiality thresholds:

- less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the Company.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the code of conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy

The Company's policy regarding directors and employees trading in its securities is set by the audit committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

In compliance with AIM Listing Rules, directors and officers of the Company are also not permitted to trade in the Company's securities for the periods of two months before release of the Company's half yearly and preliminary final results, one month before release of the Company's quarterly results; and, one month before the date of the Company's annual general meeting.

Audit Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the Directors' Report.

Performance Evaluation

Due to the changes in the composition of the Board during the year an annual performance evaluation of the Board and all Board members was not conducted by the Board.

Board Roles and Responsibilities

The Board is first and foremost accountable ensuring its actions are in accordance with key corporate governance principles.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Metminco Limited, to lodge questions to be responded to by the Board, and are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The CFO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly.

Remuneration Policies

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the remuneration and nomination committee after seeking professional advice from independent consultants and was approved by the Board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The remuneration and nomination committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The policy is designed to attract the highest calibre executives and reward them for performance, which results in long-term growth in shareholder value.

Executives are also entitled to participate in any employee share and option arrangements.

The amount of remuneration for all key management personnel for the company is detailed in the directors report under the heading Remuneration Report for the year ended 30 June 2010. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

CORPORATE GOVERNANCE STATEMENT continued

The payment of bonuses, options and other incentive payments are reviewed by the remuneration and nomination committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Remuneration and Nomination Committee

The names of the members of the remuneration and nomination committee and their attendance at meetings of the committee are detailed in the Directors' Report. Due to the changes in the composition of the committee no meetings were held during the year ended 30 June 2010. The remuneration and nomination committee has formally met since 30 June 2010.

There are no schemes for retirement benefits for non-executive directors.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.metminco.com.au.

DIRECTORS' REPORT

The directors present their report together with the financial statements of the Group being Metminco Limited (**Metminco** or **Company**) and its controlled entities, for the financial year ended 30 June 2010.

Directors

The following persons held the office of director during the year ended 30 June 2010:

John Fillmore	Non Executive Chairman
William J Howe (<i>appointed 17 July 2009</i>)	Non Executive Director
Phillip J Wing (<i>appointed 17 July 2009</i>)	Non Executive Director
William S Etheridge (<i>appointed 17 July 2009</i>)	Director
Timothy Read (<i>appointed 1 April 2010</i>)	Non Executive Director
Francisco Vergara-Irarrazaval (<i>appointed 1 April 2010</i>)	Non Executive Director
Keith Weston (<i>resigned as a director 31 October 2009</i>)	Managing Director
Shane Turner (<i>resigned as a director 31 October 2009</i>)	Non Executive Director

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

Company Secretary

Shane Turner resigned as company secretary on 31 October 2009. On 31 October 2009 Philip Killen was appointed company secretary and was in office at the date of this report.

Principal activities and significant changes in the nature of activities

The principal activities of the Group during the financial year were as a diversified mineral explorer focussing on prospects in South America, through its 72.6% (69.4% as at 30 June 2010) subsidiary Hampton Mining Limited (**Hampton**), an unlisted Australian public company. Hampton has a significant portfolio of projects located in Chile and Peru, primarily focused on porphyry copper style deposits, but including exposure to gold, molybdenum and zinc.

On 29 September 2010, Metminco entered into share exchange agreements to increase its holding in Hampton to 100% (refer **Events subsequent to reporting date**).

Operating results

The consolidated loss of the Group was \$7,508,615 after providing for income tax and eliminating minority equity interests (2009: loss of \$1,245,134).

Review of operations

On 8 July 2009, Metminco acquired an initial 36.5% interest in Hampton via a scrip for scrip offer and in May 2010 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 and April 2010, further increasing Metminco's interest in Hampton. As at 30 June 2010 Metminco held a 69.4% interest in Hampton and, at the date of this report, 72.6% (refer **Events subsequent to reporting date**).

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. For Los Calatos, Hampton in July 2010 announced revised estimated JORC compliant resources (at a 0.2% copper cut-off grade) of 926 million tonnes, comprising Indicated Resources of 111 million tonnes at 0.39% Cu and 380 ppm (0.038%) Mo and Inferred Resources of 815 million tonnes at 0.37% Cu and 260 ppm (0.026%) Mo.

DIRECTORS' REPORT continued

Hampton's other advanced projects are the Mollacas copper leach project and the Vallecillo gold-zinc project. Both these projects are located in Chile, approximately 500 km north of Santiago.

During the year all the Australian exploration projects were relinquished to enable Metminco to focus on its South American interests.

A summary of Hampton's projects in South America is given below, ranging from mine pre-feasibility, through advanced exploration and grassroots projects. The two most advanced projects are the Los Calatos copper-molybdenum porphyry deposit in southern Peru and the Mollacas copper leach deposit in north central Chile.



Figure 1: Hampton projects in Chile and Peru (note: shows proximity of projects to major known copper deposits. Tonnages and grades shown are for estimated resources before any extraction by mining operations, but taking account of any resource additions subsequent to start of any operations)

LOS CALATOS

The Los Calatos Project is located in southern Peru, approximately 80 km southeast of the important regional city of Arequipa, and approximately 60 km northwest of the town of Moquegua. Tacna, near the Chile border, is approximately 170 km to the south east.

Hampton holds exploration tenements covering 214 km² of ground surrounding the Los Calatos project of which 186 km² are held through a wholly owned subsidiary, Hampton Peru SAC (**Hampton Peru**) and 28 km² held under an option agreement with North Hill Holding Group Inc (**North Hill**), a wholly owned subsidiary of Metminco (refer figure 2). Under this option, Hampton has a right to acquire the North Hill tenements on or before 24 January 2011 (refer *Events subsequent to reporting date*), by paying North Hill US\$0.5 million and a resource payment based on US\$0.005 per lb copper equivalent in reserves, as defined by a scoping study or feasibility study after drilling 9,000 metres. Hampton may elect to make the payments in cash or by issue of the equivalent number of shares in Hampton, as determined by an independent expert.

In March 2010 Hampton completed a 10,000 metre Phase 2 drilling program and on 1 July 2010 Hampton announced the Mineral Resource estimate as follows, approximately a 350% increase in estimated Mineral Resources from the previous estimate dated June 2009.

Revised total resources of 926,234,000 tonnes can be subdivided as follows (at a cut-off grade of 0.2% Cu):

- Indicated Resources 111,264,000 tonnes at 0.39% Cu and 380 ppm (0.038%) Mo
- Inferred Resources 814,970,000 tonnes at 0.37% Cu and 260 ppm (0.026%) Mo

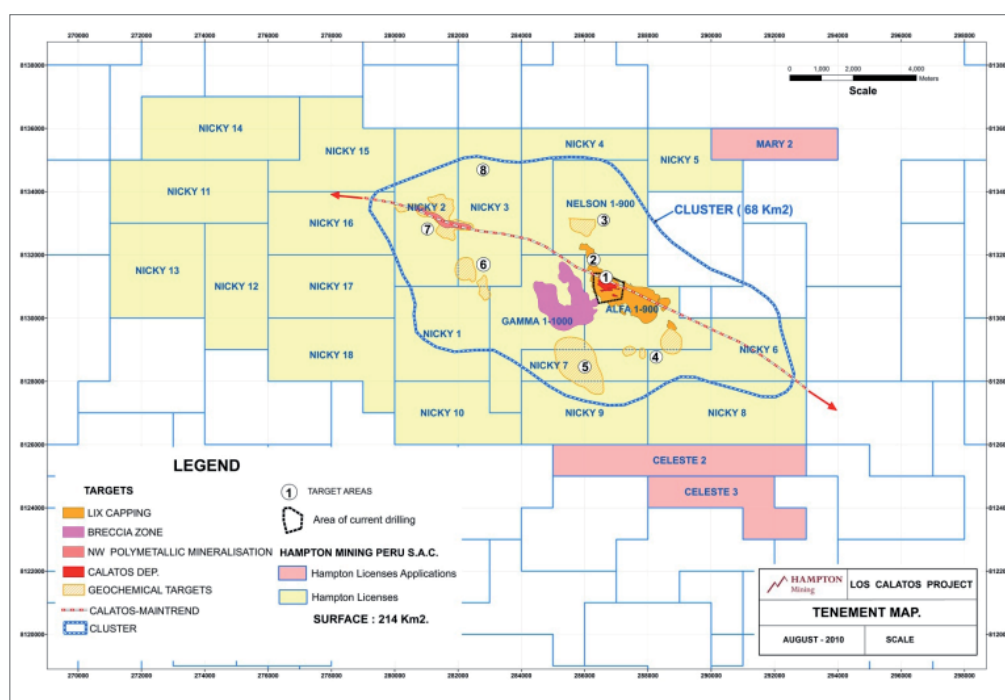


Figure 2: Los Calatos project: Hampton's licences, showing the current porphyry 'cluster' of exploration targets, and the trend of associated mineralisation.

DIRECTORS' REPORT continued

LOS CALATOS continued

The Los Calatos Project occurs within a historically well defined copper-molybdenum porphyry belt in southern Peru. Production from mines in this region exceeded 800,000 tonnes of copper metal in 2009. With the upgrade to the Toquepala mine and the imminent development of the Tia Maria and Quellaveco mines, production from this belt is anticipated to increase to more than 1.2 million tonnes of copper per annum. Molybdenum is a significant byproduct of copper mining from this belt (refer figure 3).

Access to the project is by sealed road (Pan American Highway) from Moquegua and Arequipa, except for the last 50km which is unsealed. The port of Ilo is located approximately 160 km by road to the south of the project area. Access to the site and a potential power supply for possible future operations are regarded as good for Peru. The project area is located at an altitude of approximately 2,800 m above sea level.

Hampton, from November 2009 to March 2010, undertook the Phase 2 drilling program at Los Calatos, Peru. Phase 2 drilling consisted of 10 diamond cored boreholes totaling 9,516 metres and followed the Phase 1 program of 13 diamond cored boreholes, undertaken between July and December 2008 and which resulted in the initial JORC compliant resources estimate of 261,504,000 tonnes (at a 0.2% copper cutoff) as reported by Hampton in June 2009.

The Phase 2 drilling completed by Hampton defined, at a 0.2% copper cutoff, a mineralised porphyry body with a drill tested strike length of approximately 900 metres, up to approximately 500 metres wide and greater than approximately 1,100 metres vertical depth. The Phase 2 drilling, drilled from the south to north, extended the strike length of the mineralization from 600 metres to 900 metres, extended the southern mineralised boundary from 300 metres up to 500 metres, and increased the depth of mineralization from 800 metres to 1,100 metres, hence, considerably increasing the previous resource estimate. The revised mineralised body at a 0.20% copper cutoff totals 926 million tonnes.



Los Calatos: drill rig at hole 17



Los Calatos site: view to southwest of core shed

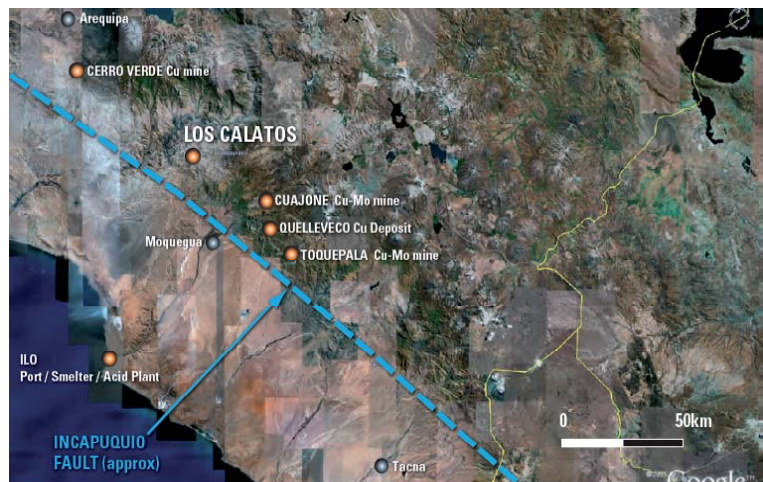


Figure 3: Los Calatos copper-molybdenum project – location near other porphyry deposits, far south Peru.

Prior to Hampton's ownership, previous drilling totaled 5,295 metres of which 26 were reverse circulation holes and 13 diamond cored boreholes drilled by Phelps Dodge Inc and Barrick Gold Corporation. Of this drilling, 5 reverse circulation and 11 diamond drill holes, totaling 4,490 metres, are relevant to the resource estimate. Therefore the total number of drill holes considered for the revised resources estimate was 39, totaling 20,393 metres, of which 5 were reverse circulation drillholes.

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 require 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 (figure 4).

Eight exploration targets defined within a porphyry 'cluster' have been identified to date at Los Calatos by diamond core drilling and geochemistry and/or rock chip sampling. The Los Calatos 'cluster' occupies an area of approximately 68 km². Porphyry 'clusters' are often associated with large mineralised porphyries where giant systems host multiple porphyry deposits (figure 4). Other examples include the Escondida system hosting the multiple deposits of Escondida, Zaldivar, Carmen and Ricardo within a 36 km² limit, the Highland Valley/Bethlehem system in North America within a 60 km² limit and the Grasberg/Ertsberg system in Indonesia within a 16 km² limit.

A Phase 3 drilling program of 50,000 metres is planned to commence late 2010 once geophysical surveys have been completed, including a Total Field Ground Magnetic Survey and a deep seeing 'Titan 23' DCIP MT geophysical survey. The objective of these surveys is the identification of structural trends, and the detection and definition of high sulphidation or porphyry style mineralization and alteration patterns, in order to refine specific drill targets. Approval has been granted by the Peruvian Government for the planned 50,000 metre diamond drilling program.

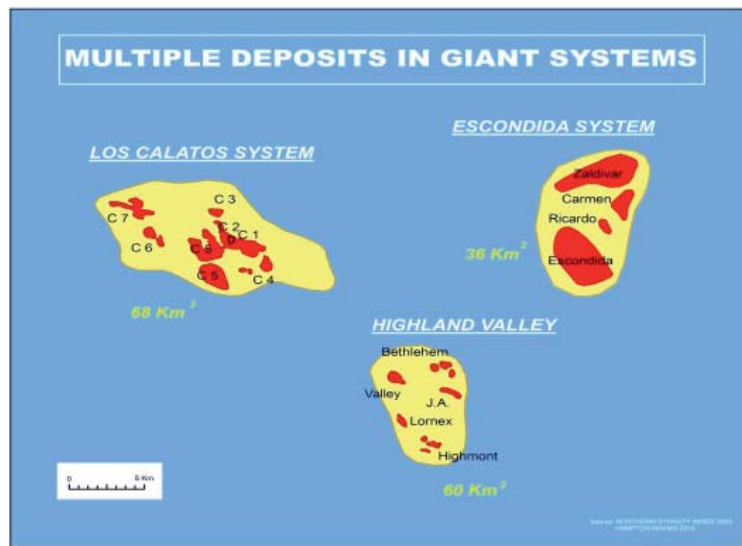


Figure 4 : Examples of porphyry copper 'clusters': large mineralised porphyry systems, often hosting multiple porphyry deposits



Los Calatos: primary Cu-Mo mineralisation in drill core



Los Calatos: surface Cu oxide mineralisation

MOLLACAS

The Mollacas Project covers an area of 33 km² and is located in Chile, approximately 65 km east of the town of Ovalle, inland from the important coastal town of La Serena, or approximately 450 km north of the capital city, Santiago. Hampton holds a 50% interest in the project through its wholly owned subsidiary Minera Hampton Chile Limitada (Hampton Chile), with the balance beneficially held by Chilean corporation MN Ingenieros Limitada.

The Mollacas Project is located along a north south trending volcanic sequence, which has been subsequently intruded by sub volcanic porphyritic rocks. The deposit occurs within an alteration zone approximately 1000 x 700 metres in size. The copper mineralisation is present in both the upper oxide and underlying supergene zone. Refer figure 5.

Initial drilling of 10 reverse circulation and 46 diamond core drill holes generated JORC compliant Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Resources of 9.8 million tonnes at 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 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 estimated as US\$103 million with an Internal Rate of Return greater than 70%.

In November 2008, Hampton completed a 3,970 metre infill drilling program, providing 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 test work is expected to be completed late 2010.



Aerial view of Mollacas deposit (seen in lighter colour in centre of photo)

VALLECILLO

The Vallecillo Project covers an area of 54 km² and is located approximately 50 km northeast of Ovalle and some 25 km north of the Mollacas deposit. The Vallecillo Project contains porphyry and porphyry related mineralisation. JORC compliant resources have been defined for gold–zinc breccia mineralisation within the La Colorada deposit. As with Mollacas, Hampton Chile holds a 50% interest in the project, with the balance beneficially held by MN Ingenieros Limitada.

SRK Consulting, Chile completed a revised resource estimation for the La Colorada gold-zinc-silver-lead (Au-Zn-Ag-Pb) deposit at Vallecillo in late 2009 based on two campaigns of drilling by Hampton (in 2006 and 2008) for a total of 29 holes totalling 8,490 metres. At a cut-off grade of 0.3 g/t Au, total JORC compliant resources (2008) are estimated as 10.1 million tonnes and can be broken down into:

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

Contained metal equivalent increased by approximately 40% over the previous initial resources estimate (2006).

Preliminary metallurgical testwork for La Colorada completed 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 first half 2010 has identified seven exploration targets: four targets (V-1 to V-4) are polymetallic (Au/Pb/Zn/Ag), two targets (V-5 and V-6) are Au-Cu porphyry and one target (V-7) is Au. Three targets (V-2 to V-4) are possible extensions to the La Colorada gold-zinc breccia deposit (V-1) (refer figure 6).



Vallecillo: view southeast to drilling at La Colorada

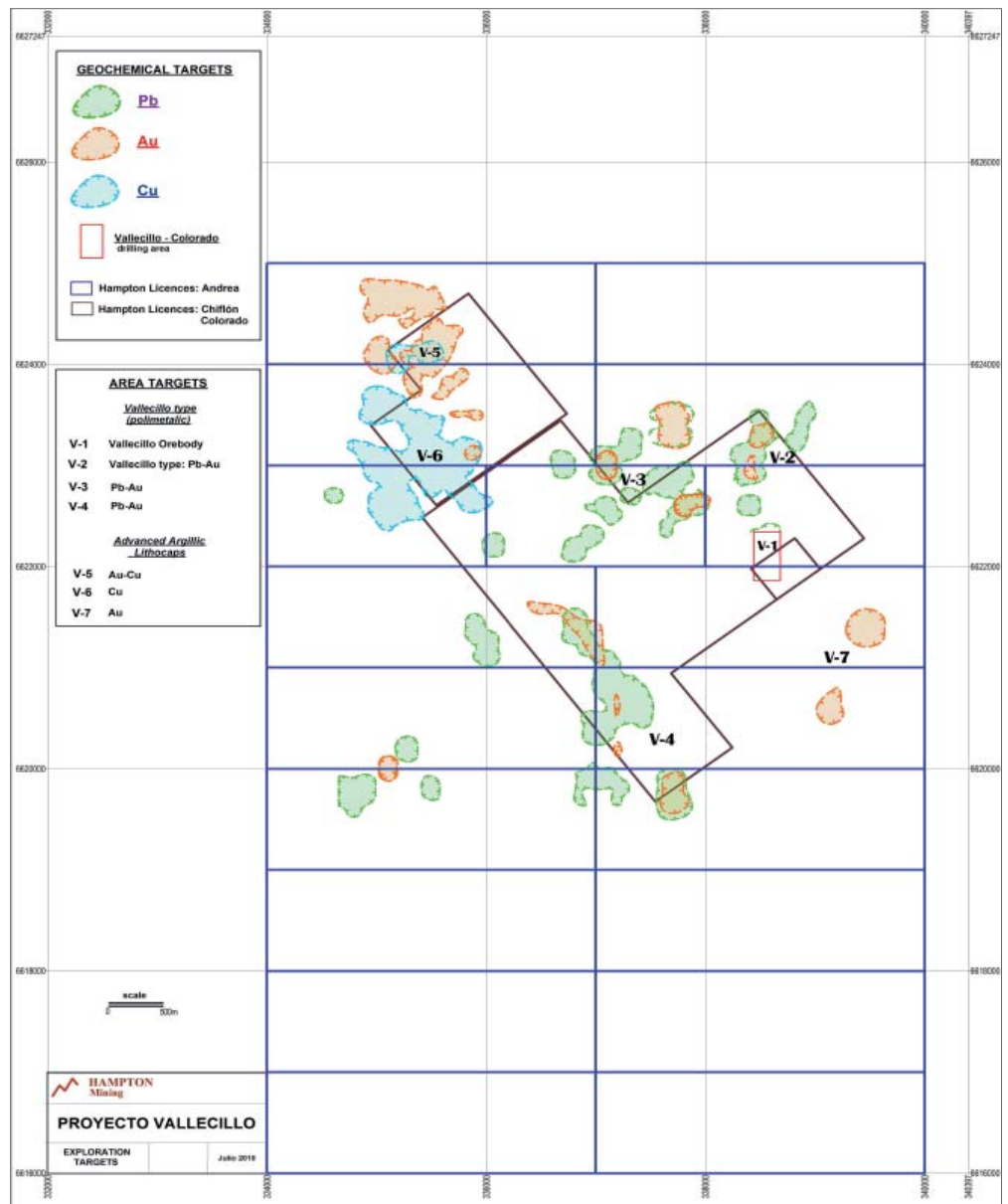


Figure 6: Vallecillo gold-zinc project: seven current exploration targets (Pb/Au/Cu), including La Colorada (V-1)



Vallecillo: view east from pass



Vallecillo: La Colorada mineralisation in core, hole VD 08, approx 190m depth

CAMARON

The Camaron Project covers an area of approximately 130 km² and is located at moderate elevation to the north of the Vallecillo project and some 20 km south of the town of Vicuna, inland from La Serena. Hampton Chile holds 100sq kms of tenements in its own right and has an option to purchase 100% of the remaining 30 km² of tenements.

Camaron is a large anomalous untested low sulphidation gold mineralised system that may be related to a porphyry hydrothermal system.

Broad spaced geochemical mapping and sampling completed late 2009 returned significant copper, gold and molybdenum values and identified a number of drill targets (refer figure 7). Hampton is planning an initial reverse circulation drilling program anticipated to commence late 2010 or early 2011.

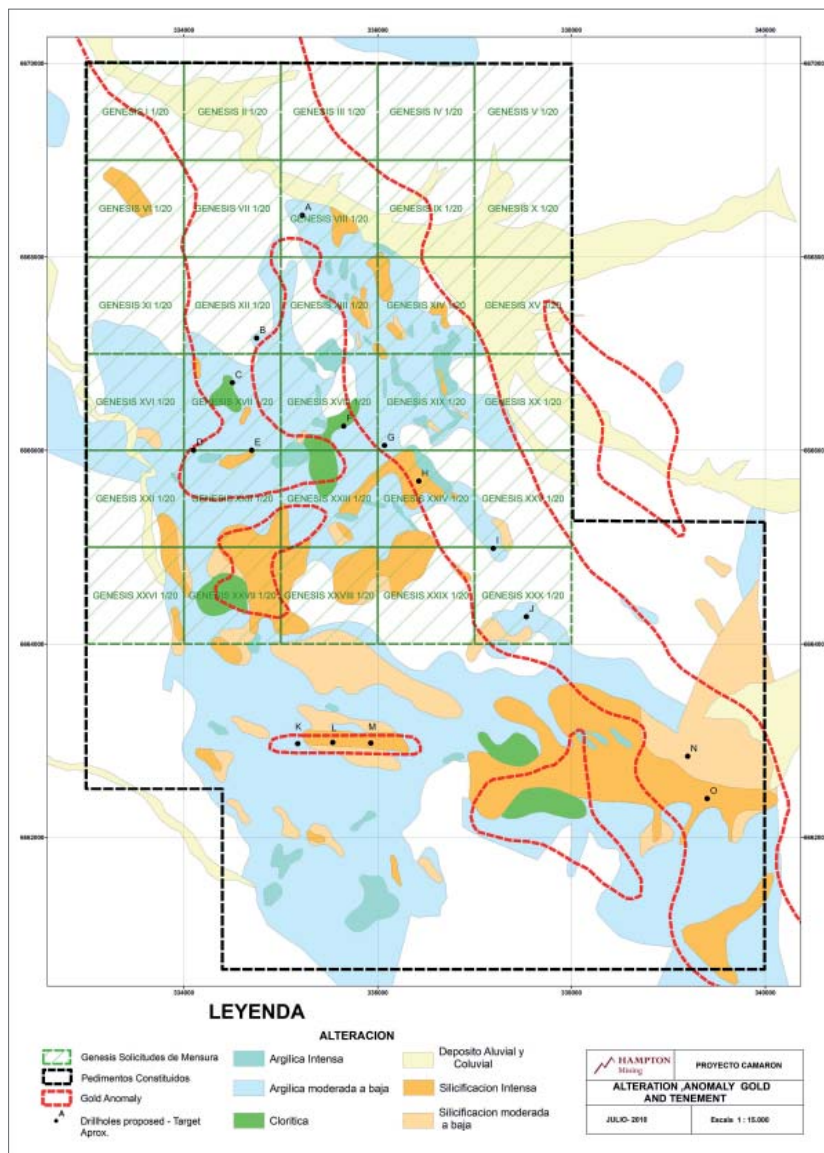


Figure 7: Camaron gold project: large low sulphidation epithermal gold system (note: anomalous Au occurs within the areas outlined by dashed red lines)

ISIDRO

The Isidro Project, which is located immediately north and east of Vicuna and hence north of the Camaron Project, covers an area of approximately 250 km²: 230 km² 100% owned by Hampton Chile and 20 km² held by SCM San Lorenzo (50% owned by Hampton Chile).

Isidro appears to be a large copper-gold (Cu-Au) stacked manto system, as yet untested by drilling. Surface geochemical sampling by Hampton has indicated extensive strong Cu-Au anomalism.

Future exploration will comprise prospect scale mapping, as well as broader reconnaissance mapping, assisted by satellite imagery and broad scale geochemical sampling, leading to further definition of drilling targets and planned drilling in 2011.

LOICA

The Loica Project covers an area of 35 km² and is located approximately 100 km south east of Ovalle. It comprises a large copper-molybdenum porphyry system, approximately 4 km long, north-south. Hampton drilling of the upper part of the Loica system in 2007 intersected long widths of lower grade Cu-Mo mineralisation.

Future exploration will comprise mapping and geochemical sampling of the breccia zones as a prelude to possible further drill testing.

AUSTRALIAN PROJECTS

Reflecting Metminco's focus on its South American assets, the Company's Australian exploration projects were relinquished during the year. An amount of \$1,144,664 was impaired during the year ended 30 June 2010 (2009: \$545,888).



Camaron: view southwest towards significant NW-SE trending gold and copper bearing alteration zone

DIRECTORS' REPORT continued

Corporate

During the financial year Metminco transformed from being a company focussed on Australian exploration projects with limited potential to a company with a controlling interest in a portfolio of high potential assets located in Peru and Chile. Metminco acquired a 69.4% interest in Hampton and hence secured control of Hampton, including the Los Calatos Project. It raised funds of A\$24.5 million and was admitted in April 2010 to the AIM market operated by the London Stock Exchange.

Metminco acquired a 69.4% interest in Hampton and secured control of Hampton

During the financial year Metminco acquired a 69.4% and controlling interest in Hampton as follows:

- On 9 July 2009 Metminco's offer to acquire all the issued capital in Hampton closed with Metminco acquiring a 36.5% interest in Hampton by issue of 303,690,732 shares in Metminco.
- On 12 March 2010 a rights offer to Hampton shareholders closed with Metminco exercising its full entitlements to acquire 4,547,000 Hampton shares at a cost of approximately \$1.3 million, increasing Metminco's interest in Hampton to 37.8%.
- On 19 May 2010 Metminco completed the acquisition of 66,393,750 Hampton shares from JIC by issue of 132,787,500 shares and payment of US\$12 million, increasing Metminco's interest in Hampton to 69%.
- On 18 June 2010 a rights offer to Hampton shareholders closed with Metminco exercising its full entitlements to acquire 3,458,826 Hampton shares at a cost of approximately \$1.0 million, increasing Metminco's interest in Hampton to 69.4%.

Metminco Completes Acquisition of North Hill

On 14 May 2010, the Company completed the purchase of North Hill by issuing Highland Holdings Resources Inc. (HHR) 150 million Metminco shares and payment of A\$0.6 (US\$0.5) million to HHR. The Company paid HHR the final payment of A\$1.7 (US\$1.5) million in full settlement of the acquisition late July 2010.

North Hill is the ultimate owner of the Alpha, Gamma and Nelson tenements at the Los Calatos project, totalling 28 km², on which Hampton has undertaken all drilling to date. Hampton has an option to acquire these tenements, which expires on 24 January 2011 (refer [Events subsequent to reporting date](#)).

Capital raisings and AIM Listing

During the year Metminco completed the following and was granted an AIM Listing:

- Issue of approximately 16.7 million shares to raise A\$2.5 million before costs in September 2009
- Issue of approximately 7.3 million shares to raise A\$1.5 million before costs in December 2009
- Completed a A\$20 (£12) million capital raising and was granted admission to the AIM market (operated by the London Stock Exchange) on 1 April 2010.
- Entered into convertible note agreements to raise \$A4.7 million (US\$4 million), and
- Issue of approximately 3.3 million shares, raising A\$0.5 million before costs in June 2010. A further \$5.5 million was raised in July 2010 on the same terms (refer [Events subsequent to reporting date](#)).

Application to the Federal Court by Mr Hudspeth

On 22 March 2010 Takoradi Limited (Takoradi) announced to the ASX that Mr Hudspeth, a director of Hampton and Executive Chairman of Takoradi, had applied to the Federal Court to seek leave pursuant to section 237 of the Corporations Act 2001 to bring proceedings in the name of Hampton against Metminco, and fellow Hampton directors and directors of Metminco Mr Howe and Dr Wing, to protect the assets of Hampton and therefore Takoradi's shareholding in Hampton.

The Chairman of Hampton (Mr Ortuzar Jr), and independent directors of Hampton (Mr Rodriguez and Mr Olate), do not support Mr Hudspeth's application. However, Mr Willstead, another director of Hampton nominated to that board by Takoradi in January 2010 in accordance with a subscription agreement between Takoradi and Hampton dated April 2006, does support the application.

Pursuant to s 237 Mr Hudspeth will need to establish, before any leave can be granted, among other things, that:

- (a) he is acting in good faith;
- (b) it is in the best interests of Hampton; and
- (c) there is a serious question to be tried.

The Company believes that Mr Hudspeth's claims are without merit. Accordingly the Company's view is that he will not be able to satisfy the Court that leave should be granted.

No hearing date for the court application has as yet been fixed.

Subject to completion of the Takoradi Share Exchange Agreement (refer **Events subsequent to reporting date**), Mr. Hudspeth's application to the Federal Court seeking leave under section 237 of the Corporations Act 2001 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.

Financial Position

The net assets of the consolidated Group have increased by \$103,981,857 from 30 June 2009 to \$105,938,295 in 2010. This increase is largely due to the following factors:

- Proceeds from share issues raising a total of \$100,734,873 (including issue of shares as consideration for acquisitions)
- Proceeds from borrowings \$4,669,079, and;
- Acquisition of Hampton and North Hill.

Significant Changes in State of Affairs

There are no significant changes in the state of affairs during the financial year other than as disclosed in the Directors' Report.

Dividends paid or recommended

No dividends were paid or declared during the year by the Company. The directors do not recommend paying a final dividend for the year ended 30 June 2010.

Events subsequent to reporting date

Matters that have arisen between the end of the financial year and the date of this report of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Metminco Group, the results of those operations, or the state of affairs of the Metminco Group, in future financial years are as follows:

In July 2010 the Company completed a capital raising of A\$5.5 million by placement of 36,666,666 Metminco shares at A\$0.15 each to institutional and professional investors (A\$0.5 million received on 30 June 2010).

The Company made a final payment of A\$1.7 (US\$1.5) million to Highland Holdings Resources Inc. in respect of the acquisition of North Hill, the owner of the Alpha, Gamma and Nelson tenements at the Los Calatos Project. All drilling to date by Hampton at the Los Calatos Project has been undertaken on these tenements.

In July 2010 the Company completed the acquisition of 5,376,562 fully paid ordinary shares in Hampton, increasing its interest in Hampton from 69.4% to 71.9%. Consideration for the acquisition was satisfied by the issue of 21,506,248 fully paid ordinary Metminco shares.

The Company accepted its full entitlement in accordance with a Hampton pro rata rights offer dated 26 July 2010 and late August 2010 was allotted 3,509,339 fully paid ordinary Hampton shares for a total cost of A\$982,615 increasing its interest in Hampton from 71.9% to 72.6%.

DIRECTORS' REPORT continued

Events subsequent to reporting date continued

On 29 September 2010 Metminco entered into the following share exchange agreements with the remaining Hampton minorities to increase its interest in Hampton from 72.6% to 100%:

- i. Acquisition of 56,511,906 Hampton shares (25.4% interest) from Takoradi Limited for consideration of 195,000,000 shares in the Company and a payment of \$3.35 million (Takoradi Share Exchange Agreement);
- ii. Acquisition of 2,858,519 Hampton shares (1.3% interest) from Notesan Pty Limited for consideration of 11,434,076 shares in the Company (Notesan Share Exchange Agreement) and;
- iii. Acquisition of 1,600,000 Hampton shares (0.7% interest) from A J Holdings Corporation, for consideration of 6,400,000 shares in the Company (A J Holdings Exchange Agreement).

Subject to completion of the Takoradi Share Exchange Agreement, Mr. Hudspeth's application to the Federal Court seeking leave under s 237 of the Corporations Act 2001 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.

The Takoradi Share Exchange Agreement is subject to approval by the shareholders of the Company and 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. The Notesan Share Exchange Agreement is subject to completion of the Takoradi Share Exchange Agreement and A J Holdings Exchange Agreement is subject to completion of the Notesan Share Exchange Agreement. Completion of the Takoradi Share Exchange Agreement must occur by 31 December 2010, with completion of the A J Holdings agreement to occur within 14 days of the completion of the other two share exchange agreements.

Hampton and North Hill have also entered into a variation agreement whereby Hampton's option to acquire the Alpha, Gamma and Nelson tenements which form part of the Los Calatos Project is extended from 30 September 2010 to 24 January 2011, by which time Hampton, subject to completion of the above share exchange agreements, will be a 100% owned subsidiary of Metminco. The agreements are subject to approval by the shareholders of the Company and completion of the Takoradi and Notesan agreements must occur by 31 December 2010, with completion of the A J Holdings agreement to occur within 14 days of the completion of the other two agreements.

After announcing an increase of approximately 350% in resources at Los Calatos on 1 July 2010 (refer [Review of operations](#) above), Hampton announced on 20 August 2010 that, to date, eight exploration targets had been identified within a porphyry 'cluster' at Los Calatos by diamond core drilling and geochemistry and / or rock chip sampling. The Los Calatos porphyry 'cluster' occurs within an area of approximately 68 km². 'Cluster' groupings are often associated with large mineralised porphyries where giant porphyry systems host multiple porphyry deposits. Examples include the Escondida system in northern Chile hosting the multiple deposits of Escondida, Zaldivar, Carmen and Ricardo within a 36 km² limit, the Highland Valley/Bethlehem system in Canada within a 60 km² limit, and the Grasberg/Ertsberg system in Indonesia within a 16 km² limit.

No other events have occurred subsequent to reporting date which have affected, or which may materially affect, these financial statements.

Likely future developments

The Group will continue to focus on exploration activities and further advancement of mineralised deposits in Chile and Peru.

Environmental regulations

The Group's operations are subject to significant environmental regulation under the laws of Australia, Chile and Peru. The Directors are not aware of any breaches of the legislation during the financial year that are material in nature.

In Chile the Environmental Act provides a framework for environmental policy and in Peru environmental policy is governed by the Environmental Regulation for Mining Exploration Projects (Supreme Decree N 020-200-EM).

Information on Directors

John Fillmore **Non Executive Chairman**

QUALIFICATIONS LLB, BComm

EXPERIENCE Appointed Chairman in May 2007. Board member since May 2007. John has practiced as a lawyer continuously since his admission in 1977. In 1985 he established his own firm, J.A. Fillmore & Co. That firm continues under his control today as a boutique legal firm providing advice and services to a range of business enterprises both within and outside Australia. John is Chairman or director of a number of unlisted companies in agriculture, financial services, investment, property and several private companies. John holds a Bachelor of Commerce and Bachelor of Laws degrees from the University of Melbourne and is a fellow of the Tax Institute of Australia.

INTEREST IN SHARES AND OPTIONS 2,220,000 ordinary shares in Metminco Limited and 1,099,999 options to acquire shares.

SPECIAL RESPONSIBILITIES Member of the audit and remuneration and nomination committees.

William Howe **Non Executive Director**

QUALIFICATIONS B.Sc. FAusIMM

EXPERIENCE Appointed as a Director on 17 July 2009. Mr Howe, the founder of Hampton, has over 29 years experience in the mining industry and has worked in Southern and West Africa, Asia, Australia and the USA. He has been instrumental in the development of a number of new mining operations in Australia and Indonesia including the development and management of the first copper heap leach Project in Australia, and an open pit coal mine in South East Kalimantan in Indonesia. He specialises in optimising existing operations and the development of new operations in both underground and open pit mining environments and has extensive experience in mine development, mine management and corporate management. He has worked in many geological and mining environments in several countries around the world and in such commodities as gold, coal, copper, uranium, antimony, chrome and tin. Mr Howe was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL and Selwyn Mines Limited.

INTEREST IN SHARES AND OPTIONS 48,264,168 ordinary shares in Metminco Limited.

Phillip Wing **Non Executive Director**

QUALIFICATIONS PhD, MEc, BEc, CPA

EXPERIENCE Appointed on 17 July 2009, Dr Wing is the Executive Chairman of a number of special purpose private equity firms. He is currently Chairman or non executive Director of six investee companies ranging from mining to medical devices. Until January 2006, Phillip was for 7 years a partner of Technology Venture Partners (TVP), a specialist Institutional Information Technology and Telecommunications venture capital firm, and was an active non-executive director on many of TVP's portfolio companies in Australia and overseas. Prior to joining TVP, Phillip was a senior executive in IBM's global and Asia Pacific management team. He held responsibility for a major industry business unit in Asia and was also General Manager of the IBM (Australia and New Zealand) consulting business. His last role in IBM was as General Manager (Global Services) responsible for strategy, marketing and business development including acquisitions, alliances and business partners. Prior to his career at IBM, Phillip was a partner at Ernst and Young, KPMG Peat Marwick and Touche Ross, specialising in strategy and IT and corporate advisory consulting. Phillip held managing partner roles responsible for the consulting business units and spent two years on secondment as the Chief Information Officer of NSW Health. Phillip has worked extensively in the USA, Asia, and Europe. He has a Bachelor and Masters of Economics and has completed a PhD in Organisational Change. He is a member of the Institute of Chartered Accountants, and also an adjunct lecturer with the Centre for Applied Finance (Macquarie University).

INTEREST IN SHARES AND OPTIONS 15,893,336 ordinary shares in Metminco Limited.

DIRECTORS' REPORT continued

Information on Directors continued

William Etheridge Director

QUALIFICATIONS B.Eng, MA (Economics, Cantab)

EXPERIENCE Appointed on 17 July 2009. Mr Etheridge has over 35 years' experience in the mining and mining finance industry, based mainly in Sydney and London. He worked as a mining engineer with Hamersley Iron, and as an economist/business development executive for mining companies in London (Consolidated Gold Fields) and Sydney (Renison Goldfields Consolidated). He also since worked within mining companies (including Hargraves Resources and Selwyn Mines Limited) focusing on mining project scoping, analysis and appraisal, valuation of internal and external opportunities, cut-off grade analysis, project administration, preparation of company reports and investor relations. He also worked in stockbroking (including Merrill Lynch, ABS White and HSBC James Capel) as a resource analyst, covering a range of mining companies, and including experience in equity raising. He has also consulted on mining investment opportunities in coal, gold and base metals and has undertaken detailed analysis of a number of mineral commodities.

INTEREST IN SHARES AND OPTIONS 62,400,000 ordinary shares in Metminco Limited.

Timothy Read Non Executive Director

QUALIFICATIONS BA (Economics), Fellow of the Chartered Institute for Securities and Investment

EXPERIENCE Appointed on 1 April 2010, Tim has over forty years' experience in the mining and metals sector, first as a mining analyst, then as an investment banker and, most recently, as a corporate executive and director. Between 1995 and 1999, he was Managing Director and Global Co-Head of Mining and Metals Investment Banking for Merrill Lynch Inc. and, accordingly has extensive experience of all aspects of corporate finance, particularly M&A and equity capital markets. Between 1999 and 2006, he was the chief executive of Adastra Minerals Inc (acquired by First Quantum Minerals in 2006) and since then has acted as a non-executive director for several natural resource companies including Cumerio SA (acquired by Norddeutsche Affinerie in 2008), Kopane Diamond Developments (until December 2009), Starfield Resources Inc. and Faroe Petroleum plc. Tim is also a Director of Capital Drilling Limited a company listed on the London Stock Exchange.

INTEREST IN SHARES AND OPTIONS 250,000 ordinary fully paid shares in Metminco Limited.

SPECIAL RESPONSIBILITIES Chairman of the audit and remuneration and nomination committees.

Francisco Vergara-Irarrazaval Non Executive Director

QUALIFICATIONS Law Degree from the Catholic University of Chile, Fulbright Scholar and undertook graduate studies in the Institute of International and Foreign Trade Law of Georgetown University, Washington D.C. and at the Law School of Cornell University, Ithaca, New York.

EXPERIENCE Appointed on 1 April 2010, Francisco has over 30 years' experience in the mining industry in Chile and other Latin American countries where he was Vice President of Compañía Minera El Indio and Compañía Minera San José, subsidiaries of St. Joe Minerals Corporation until 1991. In 1991, he established Vergara & Cia, Law Firm, providing legal services to different mining companies and international engineering firms focused in natural resources, energy, shipping, especially, in the salmon industry in Chile, agriculture, and foreign governments through their embassies in Chile and has acted as Director of listed companies and Chairman and Director of a number of unlisted companies.

INTEREST IN SHARES AND OPTIONS 50,140,000 ordinary shares in Metminco Limited.

Keith Weston

QUALIFICATIONS

EXPERIENCE

Former Managing Director

BSc (hons) MAusIMM

Appointed in July, 2007 and resigned 31 October 2009. Board member since July, 2007. Keith is a geologist with over 23 years' experience in the minerals industry in Victoria, New South Wales and Western Australia. This includes working for North Kalgurli Mines, Planet Resources Group and an extended period within the Mineral Resources section of the Geological Survey of Victoria and Department of Minerals and Energy. Keith was the Exploration Manager of Goldminco NL prior to consulting to the Victorian and Western Australian minerals industry. Since 2001, Keith has worked in the extractive industries sector for a number of quarrying operations, in both a managerial and technical capacity; prior to his appointment as managing director of the company.

INTEREST IN SHARES AND OPTIONS

550,000 ordinary shares in Metminco Limited and 274,999 options to acquire shares.

Shane Turner

QUALIFICATIONS

EXPERIENCE

Former Non Executive Director

CA, BBus

Appointed in April, 2008 and resigned 31 October 2010. Shane is a Chartered Accountant with 23 years' experience. Shane commenced his career in audit with KPMG, Melbourne in 1987. Between 1990 and 2000, he worked for one of the largest regional public accounting practices in Victoria. In August, 2000 he established his own practice, Shane Turner & Associates. Shane provides accounting, taxation and computing services to a range of small, medium and large businesses across Australia. Shane Turner & Associates are ASIC Registered Agents and assist many other Companies with company secretarial services and provide Accounting services to another Public Company involved in mineral exploration and development of mineral tenements. Shane assisted the company with ASIC, ASX and tax compliance services.

INTEREST IN SHARES AND OPTIONS

40,000 ordinary shares in Metminco Limited and 1,000,000 options to acquire shares.

SPECIAL RESPONSIBILITIES

Was a member of the audit and remuneration and nomination committees.

Company Secretary**Philip Killen**

QUALIFICATIONS

EXPERIENCE

Chief Financial Officer/Company Secretary

B.Maths/B.Commerce, CPA

Mr Killen is a finance professional with over 17 years' experience in the mining and exploration sector as principal of CPK Consulting and prior to that in various senior executive roles, including Financial Controller of Plutonic Resources Limited and Chief Financial Officer of Otter Gold Mines Limited. Previously he was with the Caltex group for over 10 years in various senior finance, audit and technology roles located in Australia and overseas. His experience includes financial modeling to support bankable feasibility studies, development of funding strategies, treasury, statutory and ASX compliance reporting, and implementation of commercial systems.

Meetings of the Board

The Board of directors held 18 meetings during the year ended 30 June 2010. Attendances of directors at these meetings are shown in the table below:

DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND BOARD MEETINGS
John Fillmore	18	18
Phillip Wing	16	16
William Howe	15	16
William Etheridge	16	16
Timothy Read	2	2
Francisco Vergara - Irarrazaval	2	2
Keith Weston	5	5
Shane Turner	5	5

DIRECTORS' REPORT continued

Meetings of Board Committees

Following a re-organisation of the Board including five new appointments, two resignations and one continuing director, the composition of the audit committee and the remuneration and nomination committee has been reviewed and, following his appointment to the Board, Timothy Read has been appointed to these committees as chairman. John Fillmore will continue his membership of these committees. Due to the changes in the composition of the board committees no meetings of the committees were held during the year to 30 June 2010. The audit and remuneration and nomination committees have formally met since 30 June 2010. The Board has also resolved to form an occupational health and safety committee; the membership of this committee is currently being considered.

Indemnification of Directors and Officers

Under the provisions of the Constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all costs expenses and liabilities incurred as such an officer providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and is in respect of a liability for costs and expenses incurred in defending proceedings in which judgment is given in favour of the officer or in which the officer is acquitted or is granted relief under the Law.

The Company has paid premiums to insure the directors and officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in their capacity as officers of the company other than conduct involving a wilful breach of duty in relation to the Company. The premiums amounted to \$6,538 (2009: \$6,582).

Indemnification of Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Options

At the date of this report, the unissued ordinary shares of Metminco Limited under option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
4 December 2009	4 December 2012	\$0.25	1,000,000
4 December 2007	4 December 2012	\$0.25	26,230,017
			27,230,017

Option holders do not have any right to participate in any issues of shares or other interests in the company or any other entity. There have been no unissued shares or interests under option of any controlled entity within the Group during the reporting period. For details of options issued to directors and executives as remuneration, refer to the [Remuneration Report](#).

Non-audit services

The Board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Grant Thornton for non-audit services provided during the year ended 30 June 2010:

	\$
Accounting advice	5,000
Independent Accountant's Report	20,000
Independent Expert's Report	93,000
AIM Listing advisory services	105,287
	<hr/> 223,287

Auditor's Independence Declaration

The lead auditors' independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2010 is set out on page 28.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

DIRECTORS' REPORT continued

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Metminco has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board of Metminco believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy is to be developed by the remuneration and nomination committee and approved by the Board in consideration with professional advice from independent external consultants.
- The remuneration and nomination committee reviews key management personnel packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed with each executive. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key Australian resident management personnel receive a superannuation guarantee contribution required by the the Superannuation Guarantee legislation, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. All remuneration paid to key management personnel is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration and nomination committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Performance based Remuneration

The Company does not currently have a performance based remuneration scheme for directors. The Company does provide performance based remuneration to certain key executives of the Group.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	POSITION HELD AS AT 30 JUNE 2010 AND ANY CHANGE DURING THE YEAR	CONTRACT DETAILS (DURING AND TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION RELATED TO PERFORMANCE			PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE	
			NON-SALARY CASH-BASED INCENTIVES	SHARES/ UNITS	OPTIONS/ RIGHTS	FIXED SALARY/ FEES	TOTAL
			%	%	%	%	%
Group Key Management Personnel							
John Fillmore	Chairman	No written contract	–	–	–	100	100
William Howe	Managing Director Hampton Mining Ltd and Non-Executive director	Existing contract rolled over	–	–	–	100	100
Philip Wing	Non Executive Director	No written contract	–	–	–	100	100
William Etheridge	Director	No written contract	–	–	–	100	100
Tim Read	Non Executive Director	No written contract	–	–	–	100	100
Francisco Vergara-Irarrazaval	Non Executive Director	No written contract	–	–	–	100	100
Philip Killen	CFO and Company Secretary	No fixed term	–	–	–	100	100
Colin Sinclair	General Manager Exploration, Hampton Mining Ltd	Existing contract rolled over	–	–	–	100	100
Keith Weston	Exploration Manager Peru (<i>resigned as a director in October 2009</i>)	Fixed term	–	–	–	100	100
Shane Turner	Director and Company Secretary (<i>resigned October 2009</i>)		–	–	77	23	100

The employment terms and conditions of key management personnel are usually formalised in contracts of employment.

Terms of employment require that the relevant Group entity provide an executive with their contractual entitlements.

A contracted person employed on a permanent basis may terminate their employment in accordance with their contract. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-executive directors are not subject to contracts. Termination payments are at the discretion of the remuneration and nomination committee.

Changes in Directors and Executives Subsequent to Year-end

There were no changes in directors or executives subsequent to 30 June 2010.

DIRECTORS' REPORT continued

Remuneration Details for the Year Ended 30 June 2010

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the consolidated Group:

		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		EQUITY-SETTLED SHARE-BASED PAYMENTS		CASH-SETTLED SHARE-BASED PAYMENTS	TERMINATION BENEFITS	TOTAL
		SALARY, FEES AND LEAVE	NON-MONETARY	OTHER	PENSION AND SUPER-ANNUATION	OTHER	INCENTIVE PLANS	LSL	SHARES/ UNITS	OPTIONS/ RIGHTS	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Group Key Management Personnel													
John Fillmore	2010	72,000	–	–	–	–	–	–	–	–	–	–	72,000
	2009	72,000	–	–	–	–	–	–	–	–	–	–	72,000
William Howe	2010	87,500	–	–	–	–	–	–	–	–	–	–	87,500
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Phillip Wing	2010	372,782	–	–	–	–	–	–	–	–	–	–	372,782
	2009	–	–	–	–	–	–	–	–	–	–	–	–
William Etheridge	2010	145,260	–	–	13,073	–	–	–	–	–	–	–	158,333
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Tim Read	2010	60,766	–	–	–	–	–	–	–	–	–	–	60,766
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Francisco Vergara-Irarrazaval	2010	12,501	–	–	–	–	–	–	–	–	–	–	12,501
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Philip Killen	2010	99,312	–	–	4,438	–	–	–	–	–	–	–	103,750
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Colin Sinclair	2010	57,500	–	–	–	–	–	–	–	–	–	–	57,500
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Keith Weston	2010	113,750	–	14,000	6,417	–	–	–	–	–	–	–	134,167
	2009	143,497	–	–	10,800	–	–	–	–	–	–	–	154,297
Shane Turner	2010	15,604	–	–	–	–	–	–	–	53,000	–	–	68,604
	2009	58,020	–	–	1,980	–	–	–	–	–	–	–	60,000
Total Key Management Personnel	2010	1,036,975	–	14,000	23,928	–	–	–	–	53,000	–	–	1,127,903
	2009	273,517	–	–	12,780	–	–	–	–	–	–	–	286,297

Securities Received that are not Performance Related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

There were no cash bonuses paid during the year for the retention of a key executive.

Options and Rights Issued, Granted & Exercised

On 30 November 2009 1,000,000 options were granted to Shane Turner a director. The options have an exercise price of \$0.25 and an expiry date of 4 December 2012. The options were valued at \$53,000 which has been included in employee and director's benefits expense in the statement of comprehensive income. There were no other options or rights issued, granted or exercised during the year.

Options

Option holders do not have any rights to participate in any issues of shares or other interests in the Company. For details of options issued to directors and executives as remuneration, refer to the [Remuneration Report](#).

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



John A Fillmore
Chairman

30 September 2010
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

to the Directors of Metminco Limited



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In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metminco Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to read "A G Rigele", with a long horizontal stroke extending to the right.

A G Rigele
Director – Audit & Assurance

Sydney, 30 September 2010

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STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		2010 \$	2009 \$	2010 \$	2009 \$
Revenue					
Other revenue	2	51,297	106,667	47,469	106,667
Profit on disposal of equipment		362	–	362	–
Gain on consolidation of subsidiary		600,062	–	–	–
Fair value loss on convertible notes		(2,185,129)	–	(2,185,129)	–
Impairment of receivables		(96,625)	–	(96,625)	–
Finance costs		(360,810)	–	(360,810)	–
Foreign exchange gain/(loss)		170,942	–	(13,436)	–
Administration expenses		(139,043)	(55,137)	(66,804)	(55,137)
Corporate expenses		(2,104,058)	(549,796)	(1,868,536)	(549,796)
Occupancy expense		(85,067)	–	(52,403)	–
Employee and directors' benefits expense		(1,180,443)	(193,906)	(902,910)	(193,906)
Depreciation and amortisation expense		(5,221)	(7,074)	(4,112)	(7,074)
Exploration expenditure impaired		(1,588,013)	(545,888)	(1,144,664)	(545,888)
Share of net loss of associates and joint ventures		(793,156)	–	–	–
Other expenses		(61,690)	–	(50,250)	–
Loss before income tax	3	(7,776,592)	(1,245,134)	(6,697,848)	(1,245,134)
Income tax expense	4	–	–	–	–
Loss for the year		(7,776,592)	(1,245,134)	(6,697,848)	(1,245,134)
Other comprehensive income					
Exchange differences on translating foreign controlled entities		1,599,074	–	–	–
Total comprehensive loss for the year		(6,177,518)	(1,245,134)	(6,697,848)	(1,245,134)
Loss attributable to:					
Members of the parent entity		(7,508,615)	(1,245,134)	(6,697,848)	(1,245,134)
Non controlling interests		(267,977)	–	–	–
		(7,776,592)	(1,245,134)	(6,697,848)	(1,245,134)
Total comprehensive loss attributable to:					
Members of the parent entity		(6,398,667)	(1,245,134)	(6,697,848)	(1,245,134)
Non controlling interests		221,149	–	–	–
		(6,177,518)	(1,245,134)	(6,697,848)	(1,245,134)
Loss per share					
From continuing operations:					
Basic loss per share (cents)	7	(1.70)	(2.35)		
Diluted loss per share	7	(1.70)	(2.35)		

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

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		2010 \$	2009 \$	2010 \$	2009 \$
ASSETS					
Current assets					
Cash and cash equivalents	8	2,159,428	991,713	1,189,206	991,713
Trade and other receivables	9	2,317,751	–	1,999,915	–
Other assets	10	215,694	21,280	158,537	21,280
Total current assets		4,692,873	1,012,993	3,347,658	1,012,993
Non-current assets					
Trade and other receivables	9	4,036,253	–	1,767,453	–
Financial assets	11	–	–	100,561,933	–
Investments accounted for using equity method	12	5,053,371	–	–	–
Property, plant and equipment	15	820,461	19,333	2,883	19,333
Exploration and evaluation expenditure	16	101,608,247	1,035,963	–	1,035,963
Total non-current assets		111,518,332	1,055,296	102,332,269	1,055,296
TOTAL ASSETS		116,211,205	2,068,289	105,679,927	2,068,289
LIABILITIES					
Current liabilities					
Trade and other payables	17	3,350,183	107,827	2,756,220	107,827
Short term provisions	19	68,519	4,024	23,036	4,024
Total current liabilities		3,418,702	111,851	2,779,256	111,851
Non-current liabilities					
Borrowings	18	6,854,208	–	6,854,208	–
Total non-current liabilities		6,854,208	–	6,854,208	–
TOTAL LIABILITIES		10,272,910	111,851	9,633,464	111,851
NET ASSETS		105,938,295	1,956,438	96,046,463	1,956,438
EQUITY					
Issued capital	20	106,133,934	5,399,061	106,133,934	5,399,061
Reserves	29	1,412,576	249,628	302,628	249,628
Accumulated losses		(11,200,866)	(3,692,251)	(10,390,099)	(3,692,251)
Parent interest		96,345,644	1,956,438	96,046,463	1,956,438
Non-controlling interest		9,592,651	–	–	–
TOTAL EQUITY		105,938,295	1,956,438	96,046,463	1,956,438

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2010

	ISSUED CAPITAL \$	ACCUMULATED LOSSES \$	OPTION RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	NON-CONTROLLING INTERESTS \$	TOTAL \$
Consolidated Group						
Total equity as at 1 July 2008	5,349,061	(2,447,117)	249,628	-	-	3,151,572
Loss attributable to members of the parent entity	-	(1,245,134)	-	-	-	(1,245,134)
Total comprehensive loss	-	(1,245,134)	-	-	-	(1,245,134)
Shares issued during the period	50,000	-	-	-	-	50,000
Transaction costs	-	-	-	-	-	-
Balance as at 30 June 2009	5,399,061	(3,692,251)	249,628	-	-	1,956,438
Total equity as at 1 July 2009	5,399,061	(3,692,251)	249,628	-	-	1,956,438
Loss attributable to members of the parent entity	-	(7,508,615)	-	-	-	(7,508,615)
Loss attributable to non-controlling interests	-	-	-	-	(267,977)	(267,977)
Options issued to director	-	-	53,000	-	-	53,000
Other comprehensive income	-	-	-	1,109,948	489,126	1,599,074
Total comprehensive loss	-	(7,508,615)	53,000	1,109,948	221,149	(6,124,518)
Recognition of non-controlling interest of Hampton	-	-	-	-	9,371,502	9,371,502
Shares issued during the period	101,901,908	-	-	-	-	101,901,908
Transaction costs	(1,167,035)	-	-	-	-	(1,167,035)
Balance as at 30 June 2010	106,133,934	(11,200,866)	302,628	1,109,948	9,592,651	105,938,295
Company						
Total equity as at 1 July 2008	5,349,061	(2,447,117)	249,628	-	-	3,151,572
Loss attributable to members of the parent entity	-	(1,245,134)	-	-	-	(1,245,134)
Total comprehensive loss	-	(1,245,134)	-	-	-	(1,245,134)
Shares issued during the period	50,000	-	-	-	-	50,000
Transaction costs	-	-	-	-	-	-
Balance as at 30 June 2009	5,399,061	(3,692,251)	249,628	-	-	1,956,438
Total equity as at 1 July 2009	5,399,061	(3,692,251)	249,628	-	-	1,956,438
Loss attributable to members of the parent entity	-	(6,697,848)	-	-	-	(6,697,848)
Options issued to director	-	-	53,000	-	-	53,000
Total comprehensive loss	-	(6,697,848)	53,000	-	-	(6,644,848)
Shares issued during the period	101,901,908	-	-	-	-	101,901,908
Transaction costs	(1,167,035)	-	-	-	-	(1,167,035)
Balance as at 30 June 2010	106,133,934	(10,390,099)	302,628	-	-	96,046,463

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

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		2010 \$	2009 \$	2010 \$	2009 \$
Cash flows from operating activities					
Payments to suppliers and employees		(3,146,544)	(1,222,566)	(2,180,445)	(1,222,566)
Interest received		50,554	106,667	46,727	106,667
Finance costs paid		(173,304)	–	(173,304)	–
Net cash used in operating activities	25(b)	(3,269,294)	(1,115,899)	(2,307,022)	(1,115,899)
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,298)	(1,782)	(1,298)	(1,782)
Payments for exploration expenditure		(1,450,772)	(407,383)	(108,701)	(407,383)
Proceeds from sale of assets		13,998	–	13,998	–
Payment for subsidiary net of cash acquired		(13,945,118)	–	(17,003,250)	–
Net cash used in investing activities		(15,383,190)	(409,165)	(17,099,251)	(409,165)
Cash flows from financing activities					
Proceeds from issue of shares		16,067,225	–	16,067,225	–
Proceeds from borrowing		4,407,334	–	4,407,334	–
Payments in respect to capital raisings		(1,167,035)	–	(1,167,035)	–
Proceeds from equity swap		156,251	–	156,251	–
Proceeds from issue of shares to non-controlling interest by subsidiary		31,584	–	–	–
Net cash provided by financing activities		19,495,359	–	19,463,775	–
Net increase/(decrease) in cash and cash equivalents held					
Cash and cash equivalents at 1 July 2009		991,713	2,516,777	991,713	2,516,777
Effect of exchange rates on cash holdings in foreign currencies		324,840	–	139,991	–
Cash and cash equivalents at 30 June 2010	25(a)	2,159,428	991,713	1,189,206	991,713

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Metminco Limited and controlled entities for the year ended 30 June 2010 ("Consolidated Group" or "Group") and the separate financial statements and notes of Metminco Limited as an individual parent entity ("Parent Entity" or "Company") for the year ended 30 June 2010.

The Company has applied Australian Securities & Investment Commission class order CO 10/654 in the preparation of the financial statements. CO 10/654 permits entities to continue to include parent entity financial statements in their financial reports. Entities taking advantage of the relief are not required to present the summary parent entity information otherwise required by regulation 2M.3.01.

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The financial statements were authorised for issue by the directors on 30 September 2010.

a. Going concern basis of accounting

Both the Consolidated Group and the Company have made losses for the financial year. Metminco Limited is an exploration Company currently without an operating cash flow and the net cash position of the Group will continue to decrease until such time as the Group has an operating cashflow.

The Group will need to raise additional capital to maintain and advance its current portfolio of exploration projects and meet ongoing working capital requirements. The directors are satisfied that the Company and Group have sufficient cash reserves to maintain its current portfolio and meet its debts as and when they fall due.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Metminco at the end of the reporting period. A controlled entity is any entity over which Metminco has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 14 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

c. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

d. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of property, plant and equipment constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Property	Nil
Plant and equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

f. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

g. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

h. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. Financial liabilities

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

i. Derivative financial instruments

The Consolidated Group uses derivative financial instruments. In relation to the convertible note (Note 18), changes in the fair value of this derivative are included in the statement of comprehensive income, together with any changes in the fair value of the liabilities that the derivatives are attributable to.

j. Impairment of Non-Financial Assets

At each the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

k. Investments in Associates

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the reporting dates of the Group and the associate are different, the associate prepares, for the Group's use, financial statements as of the same date as the financial statements of the Group with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of jointly controlled assets have been included in the appropriate line items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 13.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting (refer to Note 1(k) for details) in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account at cost.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group however will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

m. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

n. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

o. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

p. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

q. Revenue and Other Income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

r. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

s. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

t. Comparative Figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

u. Key estimates

i. Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

ii. Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$101,608,247.

iii. Acquisition of Hampton

Metminco acquired 36.5% of Hampton by way of share issue on 8 July 2009. No shareholder (individually or with their associates) held more than one half of the voting rights in the merged entity or governed the financial or operating policies of the merged Group. The date of control has been assessed as 31 March 2010 when the agreement was executed for the acquisition of Junior Investment Company's 31.2% ownership interest in Hampton at time of completion taking the Company's total ownership interest in Hampton to 69.4%. Metminco is deemed to be the acquirer at this point in time.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Metminco Limited.

AASB 3: Business Combinations

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the Group's financial statements in relation to the acquisition of an ownership interest in Hampton and North Hill.

Recognition and measurement impact

Recognition of acquisition costs — The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

As such \$21,384 of costs associated with the acquisition of an ownership interest in Hampton and North Hill were expensed during the current financial year.

Measurement of contingent considerations — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

Measurement of non-controlling interest — For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

Recognition of contingencies — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

There were no contingencies associated with the acquisition of an ownership interest in either Hampton or North Hill.

Business combinations achieved in stages — The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

On acquisition of the ownership interest in Hampton or North Hill, no fair value gain was recognised in the statement of comprehensive income.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept. No third statement of financial position has been disclosed as there has been no changes to accounting policies during the year.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

w. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011). This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

AASB 2009-9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

AASB 2009–10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS continued

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 2: REVENUE				
Interest received – other persons	51,297	106,667	47,469	106,667
NOTE 3: LOSS FOR THE YEAR				
Expenses				
Expenses from continuing operations:				
Finance costs	360,810	–	360,810	–
Impairment of receivable	96,625	–	96,625	–
Foreign currency translation (gains)/losses	(170,942)	–	13,436	–
AIM listing costs	1,164,478	–	1,164,478	–
Rental expense on operating leases	111,708	–	–	–
Capitalised exploration expenditure impaired	1,588,013	545,888	1,144,664	545,888
Share of loss of associates and joint ventures ¹	793,156	–	–	–
Hampton takeover costs	21,384	370,082	21,384	370,082
Employee and directors' benefits	1,180,443	193,906	902,910	193,906
Fair value loss on convertible notes	2,185,129	–	2,185,129	–

1 The Company's 36.5% share of Hampton's loss to the date of consolidation.

NOTE 4: INCOME TAX EXPENSE

a. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss before tax	(7,776,592)	(1,245,134)	(6,697,848)	(1,245,134)
Total income tax benefit calculated at 30% (2009: 30%)	(2,332,978)	(373,540)	(2,009,354)	(373,540)
Tax effect of:				
Foreign exchange losses/(gains)	(51,283)	–	4,031	–
Impairment of receivables	(28,988)	–	(28,988)	–
Gain on consolidation of a subsidiary	(180,019)	–	–	–
Fair value loss on convertible notes	655,539	–	655,539	–
Write off capitalised exploration expenditure	476,404	62,147	343,399	62,147
Exploration expenditure capitalised	(32,610)	(137,215)	(32,610)	(137,215)
Share of associates' loss	237,947	–	–	–
	(1,255,988)	(448,608)	(1,067,983)	(448,608)
Deferred tax asset not brought to account	1,255,988	448,608	1,067,983	448,608
Income tax expense on pre-tax loss	–	–	–	–
Applicable weighted average effective tax rate	0%	0%	0%	0%
Deferred tax asset not taken to account				
Tax losses carried forward:				
Revenue losses carried forward	11,195,916	6,179,071	8,256,672	4,715,239

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet considered probable that future taxable income will be available to utilise them. The Group does not have any capital losses.

b. Tax effects relating to each component of other comprehensive income

	2010			2009		
	BEFORE-TAX AMOUNT \$000	TAX (EXPENSE) BENEFIT \$000	NET-OF-TAX AMOUNT \$000	BEFORE-TAX AMOUNT \$000	TAX (EXPENSE) BENEFIT \$000	NET-OF-TAX AMOUNT \$000
Consolidated Group						
Exchange differences on translating foreign controlled entities	1,599,074	–	1,599,074	–	–	–
	1,599,074	–	1,599,074	–	–	–

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010.

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

	CONSOLIDATED	
	2010	2009
	\$	\$
Short term employee benefits	1,050,975	273,517
Post-employment benefits	23,928	12,780
Other long term benefits	–	–
Termination benefits	–	–
Share based payments	53,000	–
	1,127,903	286,297

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) continued

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNER- ATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE	VESTED AND UNEXER- CISABLE
30 June 2010								
John Fillmore	1,099,999	-	-	-	1,099,999	-	1,099,999	-
William Howe	-	-	-	-	-	-	-	-
Philip Wing	-	-	-	-	-	-	-	-
William Etheridge	-	-	-	-	-	-	-	-
Tim Read	-	-	-	-	-	-	-	-
Francisco Vergara- Irrazaval	-	-	-	-	-	-	-	-
Philip Killen	-	-	-	-	-	-	-	-
Colin Sinclair	-	-	-	-	-	-	-	-
Keith Weston	274,999	-	-	-	274,999	-	274,999	-
Shane Turner	-	1,000,000	-	-	1,000,000	-	1,000,000	-
	1,374,998	1,000,000	-	-	2,374,998	-	2,374,998	-
30 June 2009								
John Fillmore	1,099,999	-	-	-	1,099,999	-	1,099,999	-
Keith Weston	274,999	-	-	-	274,999	-	274,999	-
	1,374,998	-	-	-	1,374,998	-	1,374,998	-

- i. 1,374,998 options were granted on 4 December 2007, their exercise price is \$0.25 and their expiry date is 4 December 2012.
- ii. 1,000,000 options were granted on 30 November 2009, their exercise price is \$0.25 and their expiry date is 4 December 2012.

KMP Shareholdings

The number of ordinary shares in Metminco Limited held by each KMP of the Group during the year is as follows:

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
30 June 2010					
John Fillmore	2,220,000	-	-	-	2,220,000
William Howe	-	-	-	48,264,168	48,264,168
Philip Wing	-	-	-	15,893,336	15,893,336
William Etheridge	-	-	-	62,400,000	62,400,000
Tim Read	-	-	-	250,000	250,000
Francisco Vergara - Irarrazaval	-	-	-	50,140,000	50,140,000
Philip Killen	-	-	-	3,949,836	3,949,836
Colin Sinclair	-	-	-	5,766,353	5,766,353
Keith Weston	550,000	-	-	-	550,000
Shane Turner	40,000	-	-	-	40,000
	2,810,000	-	-	186,663,693	189,473,693
30 June 2009					
Keith Weston	550,000	-	-	-	550,000
John Fillmore	2,220,000	-	-	-	2,220,000
Shane Turner	40,000	-	-	-	40,000
	2,810,000	-	-	-	2,810,000

Other KMP Transactions

There have been no other KMP transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP refer to Note 27 Related Party Transactions.

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 6: AUDITORS' REMUNERATION				
Audit services				
Parent	70,000	26,161	70,000	26,161
Subsidiaries				
Hampton Mining Limited	20,000	-	-	-
	90,000	26,161	70,000	26,161
Experts reports and professional services	223,287	-	223,287	-
	313,287	26,161	293,287	26,161

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 7: LOSS PER SHARE

	CONSOLIDATED	
	2010 \$	2009 \$
a. Reconciliation of earnings to loss		
Loss	(7,776,592)	(1,245,134)
Loss attributable to minority equity interest	(267,977)	–
Loss used in the calculation of basic and dilutive EPS	(7,508,615)	(1,245,134)
	NO.	NO.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	443,794,287	53,080,827
Weighted average number of dilutive options outstanding	–	–
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	443,794,287	53,080,827
c. Anti-dilutive options on issue not used in dilutive EPS calculation		
	NO.	NO.
d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	443,794,287	53,080,827
Weighted average number of dilutive options outstanding	–	–
e. Anti-dilutive options on issue not used in dilutive EPS calculation	27,230,017	26,230,017

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 8: CASH AND CASH EQUIVALENTS				
Cash at bank	2,151,232	17,803	1,181,010	17,803
Short-term bank deposits	8,196	973,910	8,196	973,910
	2,159,428	991,713	1,189,206	991,713

NOTE 9: TRADE AND OTHER RECEIVABLES

Current

Other receivables	389,751	–	71,915	–
Receivable from equity swap – secured	1,928,000	–	1,928,000	–
Total current trade and other receivables	2,317,751	–	1,999,915	–

Non-current

Other receivables	2,268,800	–	–	–
Receivable from equity swap – secured	1,864,078	–	1,864,078	–
Provision for impairment	(96,625)	–	(96,625)	–
Total non-current trade and other receivables	4,036,253	–	1,767,453	–
Total trade and other receivables	6,354,004	–	3,767,368	–

The Company has entered into a subscription agreement, an equity swap confirmation, an interest rate swap confirmation and a credit support agreement. Pursuant to these agreements the Company issued 25,000,000 shares at 9p per share for an aggregate subscription amount of £2,250,000. As security for the proceeds of these shares the recipient of the shares has placed £2,250,000 in government bonds with an escrow agent as security for the proceeds receivable. Over a 24 month period the Company will exchange £93,750 worth of government bonds per month for a cash payment the amount of which is determined against a benchmark price of \$A0.12 per ordinary share. If the volume weighted average price of an ordinary share for the five dealing days prior to settlement exceeds the benchmark price then the Company will receive more than 100% of the monthly payment due. If the price is less than the benchmark price, the Company will receive less than 100% of the monthly payment due. There is no higher or lower limit on the amount of the payments due to the Company under these arrangements but the total number of shares issued is fixed.

Provision for impairment

The non-current receivable from the equity swap is assessed on recoverability according to the terms of the equity swap agreement. A provision for impairment is recognised when there is objective evidence that the receivable is impaired.

Movement in the provision for impairment of receivables is as follows:

	OPENING BALANCE 1.7.2008	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30.6.2009
Consolidated Group				
Non-current receivable from equity swap	–	–	–	–
Company				
Non-current receivable from equity swap	–	–	–	–
	OPENING BALANCE 1.7.2009	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30.6.2010
Consolidated Group				
Non-current receivable from equity swap	–	96,625	–	96,625
Company				
Non-current receivable from equity swap	–	96,625	–	96,625

No other receivables are past due or considered impaired.

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 10: OTHER ASSETS				
CURRENT				
Prepayments	215,694	2,370	158,537	2,370
GST refund receivable	–	18,910	–	18,910
Total current other assets	215,694	21,280	158,537	21,280
NOTE 11: FINANCIAL ASSETS				
Investments in Controlled Entities:				
– Shares at cost	–	–	100,561,933	–

NOTES TO THE FINANCIAL STATEMENTS continued

	NOTE	CONSOLIDATED		COMPANY	
		2010 \$	2009 \$	2010 \$	2009 \$
NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Advances to joint venture entities		110,485	–	–	–
Equity accounted investments in joint venture entities		4,942,886	–	–	–
	13	5,053,371	–	–	–

NOTE 13: INTEREST IN JOINT VENTURES

Interests are held in the following:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				2010	2009	2010	2009
Unlisted:							
SCM Ovalle	Exploration	Chile	Ordinary	50%	–	1,552,146	–
SCM San Lorenzo	Exploration	Chile	Ordinary	50%	–	3,501,225	–
						5,053,371	–

In July 2008 Minera Hampton Chile Limitada (a wholly owned subsidiary of Hampton Mining Limited) and MN Ingenerious (an unrelated entity) formed a jointly owned (ie each party holding 50% of the equity) Chilean company, Sociedad Contractual Minera Ovalle.

In January 2009, in accordance with an agreement between Golden Amazonas (Amazonas) and Hampton Chile entered into on 19 May 2008, SCM San Lorenzo was incorporated and title of the San Lorenzo Properties and US\$ 3 million being the purchase price that Hampton Chile paid to acquire 50% of the San Lornezo Properties were transferred to SCM San Lorenzo. The shareholders of SCM San Lorenzo are Hampton Chile, with 50% of the shares, and five minor shareholders with the remaining 50%.

Advances by Minera Hampton Chile Limitada to Sociedad Contractual Minera Ovalle and Sociedad Contractual Minera San Lorenzo are in USD and are non interest bearing with no fixed repayment terms.

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
a. Movements during the year in equity accounted investment in joint venture entities:				
Balance as at the beginning of the financial year	–	–	–	–
Add new investment during the year	5,846,527	–	–	–
Share of joint venture company's loss after tax	(793,156)	–	–	–
Balance as at the end of the financial year	5,053,371	–	–	–
b. Equity accounted losses of joint venture companies are broken down as follows:				
Share of joint venture companies' loss before income tax	(793,156)	–	–	–
Share of joint venture companies' income tax expense	–	–	–	–
Share of joint venture companies' loss after income tax	(793,156)	–	–	–
c. Summarised presentation of aggregate assets, liabilities and performance of joint venture				
Current assets	6,682	–	–	–
Non-current assets	9,986,963	–	–	–
Total assets	9,993,645	–	–	–
Current liabilities	103,444	–	–	–
Total liabilities	103,444	–	–	–
Net assets	9,890,201	–	–	–
Loss after income tax	(1,586,312)	–	–	–

NOTE 14. CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		2010 %	2009 %
a. Controlled Entities consolidated			
<i>Subsidiaries of Metminco Limited:</i>			
Hampton Mining Limited	Australia	69.4	–
North Hill Holdings Group Inc	British Virgin Islands	100	–
<i>Wholly owned subsidiaries of Hampton:</i>			
Hampton Minera Peru S.A.C	Chile	69.4	–
Minera Hampton Chile Limitada	Peru	69.4	–
<i>Wholly owned subsidiaries of North Hill:</i>			
Cerro Norte Mining Inc	British Virgin Islands	100	–
Minera Cerro Norte SA	Peru	100	–
Minera CN SAC	Peru	100	–

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 14. CONTROLLED ENTITIES continued

b. Acquisition of controlled entities

On 8 July 2009 the parent entity acquired a 36.5% ownership interest in Hampton. On 19 May 2010 the parent entity acquired a further 31.9% ownership interest in Hampton. The acquisition resulted in Metminco obtaining control of Hampton (iv).

On 14 May 2010 the parent entity acquired 100% of North Hill. The acquisition resulted in Metminco obtaining control of North Hill (iv).

	FAIR VALUE \$
Acquisition of Hampton Mining Limited	
Purchase consideration:	
Cash	16,074,555
Ordinary shares	59,397,920
Non controlling interest (i)	9,339,919
	84,812,394
Less:	
Cash	2,090,132
Receivables (ii)	2,474,582
Prepayments	87,778
Investments	4,605,297
Property, plant and equipment	763,033
Exploration expenditure	75,925,424
Payables	(1,082,736)
Provisions	(51,116)
Identifiable assets acquired and liabilities assumed	84,812,394
Acquisition of North Hill Holding Group Inc.	
Purchase consideration:	
Cash	2,221,049
Ordinary shares	22,500,000
	24,721,049
Less:	
Receivables (ii)	19
Exploration expenditure	24,796,230
Payables	(75,200)
Identifiable assets acquired and liabilities assumed	24,721,049

(i) A 30.6% interest in Hampton was held by non controlling interests at 30 June 2010.

(ii) The Directors believe the receivables are fully recoverable and no provision for impairment is required.

(iii) Included within administration expense in the statement of comprehensive income are acquisition related costs totaling \$21,384. The costs include advisory, legal, accounting and other professional fees.

(iv) The financial statements of Hampton and North Hill are prepared for the year ended 31 December. This reporting period aligns with the reporting periods in Chile where Hampton's business activity is located.

(v) The consolidated loss of Hampton and North Hill included in the Group consolidated loss since the acquisition date amounted to \$876,084. If the consolidated results of Hampton and North Hill had been consolidated from 1 July 2009, the loss of the consolidated Group would have been \$8,538,456.

(vi) The fair value of the Company's shares was derived from their trading price on the ASX at the date of acquisition.

(vii) The number of share issued for the acquisition of Hampton was 303,690,732. The number of shares issued for the acquisition of North Hill was 150,000,000.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

Land

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
At cost	372,629	-	-	-
Accumulated depreciation	-	-	-	-
Total land	372,629	-	-	-

Plant and equipment

At cost	583,445	30,034	6,587	30,034
Accumulated depreciation	(135,613)	(10,701)	(3,704)	(10,701)
Total plant and equipment	447,832	19,333	2,883	19,333
Total property, plant and equipment	820,461	19,333	2,883	19,333

Reconciliations

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

Land

Carrying amount at beginning of year	-	-	-	-
Additions through acquisition of entity	347,179	-	-	-
Impact of foreign exchange movement on balance at beginning of year	25,450	-	-	-
Depreciation	-	-	-	-
Carrying amount of plant and equipment at end of year	372,629	-	-	-

Plant and equipment

Carrying amount at beginning of year	19,333	24,625	19,333	24,625
Additions	1,298	1,782	1,298	1,782
Disposals	(13,636)	-	(13,636)	-
Additions through acquisition of entity	415,854	-	-	-
Impact of foreign exchange movement on balance at beginning of year	30,204	-	-	-
Depreciation	(5,221)	(7,074)	(4,112)	(7,074)
Carrying amount of plant and equipment at end of year	447,832	19,333	2,883	19,333
Carrying amount at end of year	820,461	19,333	2,883	19,333

NOTES TO THE FINANCIAL STATEMENTS continued

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 16: EXPLORATION AND EVALUATION EXPENDITURE				
Costs carried forward in respect of areas of interest in:				
– exploration and evaluation phases at the end of year	101,608,247	1,035,963	–	1,035,963
Reconciliations				
Carrying amount at the beginning of year	1,035,963	785,737	1,035,963	785,737
Expenditure incurred during current year	1,450,772	457,383	108,701	457,383
Additions through acquisition of entity	100,721,654	–	–	–
Impact of foreign exchange movement during the year	(12,129)	–	–	–
Exploration written off	(1,588,013)	(207,157)	(1,144,664)	(207,157)
Carrying amount at the end of year	101,608,247	1,035,963	–	1,035,963

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of mineral reserves. Capitalised costs amounting to \$1,450,772 (2009: \$407,383) have been included in cash flows from investing activities.

NOTE 17: TRADE AND OTHER PAYABLES

Trade payables	855,273	83,643	526,661	83,643
Amount payable to wholly owned subsidiary	–	–	37,191	–
Other payables and accrued expenses	2,494,910	24,184	2,192,368	24,184
	3,350,183	107,827	2,756,220	107,827

NOTE 18: BORROWINGS

NON CURRENT

Unsecured liabilities				
Convertible notes	4,669,079	–	4,669,079	–
Fair value loss	2,185,129	–	2,185,129	–
Total non-current borrowings	6,854,208	–	6,854,208	–
Total borrowings	6,854,208	–	6,854,208	–

Convertible loan facility

The Company has a convertible loan facility of \$US4 million provided by three parties. The loan is repayable within two years. The interest rate is fixed at 16% per annum which is capitalised at \$0.12 per share. The principal may be capitalised at the lender's option at any time after six months following drawdown at the lower of A\$0.12 per share and 80% of the average mid market closing price for the Company's shares on the ASX over the three dealing days prior to service of the relevant notice. The lender may convert earlier on a change of control of the Company, defined as the acquisition of 50% or more of the voting rights in the shares of the Company by a party or a change in more than 50% in the board of directors, a capital raising by the Company of \$US2 million or more, or upon the disposal of a material asset. The Company paid a fee to the lender of 4% of funds borrowed on drawdown. At balance date the fair value adjustment on the convertible notes is \$2,185,129.

NOTE 19: PROVISIONS

	SHORT-TERM EMPLOYEE BENEFITS \$000	TOTAL \$000
Consolidated Group		
Opening balance at 1 July 2009	4,024	4,024
Additional provisions	13,379	13,379
Additions through acquisition of entity	51,116	51,116
Balance at 30 June 2010	68,519	68,519
Company		
Opening balance at 1 July 2009	4,024	4,024
Additional provisions	19,012	19,012
Balance at 30 June 2010	23,036	23,036

Analysis of Total Provisions

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
Current	68,519	4,024	23,036	4,024

NOTE 20: CONTRIBUTED EQUITY

778,862,608 (2009: 53,250,005) fully paid ordinary shares

	CONSOLIDATED		COMPANY	
	2010 NO.	2009 NO.	2010 NO.	2009 NO.
a. Movements in ordinary share capital				
Balance at beginning of the reporting period	53,250,005	53,000,005	53,250,005	53,000,005
Shares issued				
– 5 March 2009	–	250,000	–	250,000
– 9 July 2009	303,690,732	–	303,690,732	–
– 26 September 2009	16,666,667	–	16,666,667	–
– 11 December 2009	7,140,529	–	7,140,529	–
– 23 December 2009	30,000	–	30,000	–
– 19 January 2009	170,000	–	170,000	–
– 1 March 2010	111,793,842	–	111,793,842	–
– 3 May 2010	72,887,884	–	72,887,884	–
– 14 May 2010	150,000,000	–	150,000,000	–
– 19 May 2010	59,899,616	–	59,899,616	–
– 30 June 2010	3,333,333	–	3,333,333	–
At the end of the reporting period	778,862,608	53,250,005	778,862,608	53,250,005

NOTES TO THE FINANCIAL STATEMENTS continued

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 20: CONTRIBUTED EQUITY continued				
b. Movements in ordinary share capital				
Balance at beginning of the reporting period	5,399,061	5,349,061	5,399,061	5,349,061
Shares issued				
– 5 March 2009	–	50,000	–	50,000
– 9 July 2009	39,479,795	–	39,479,795	–
– 26 September 2009	2,227,180	–	2,227,180	–
– 11 December 2009	1,075,188	–	1,075,188	–
– 23 December 2009	5,100	–	5,100	–
– 19 January 2009	28,900	–	28,900	–
– 1 March 2010	14,838,822	–	14,838,822	–
– 3 May 2010	10,933,183	–	10,933,183	–
– 14 May 2010	22,500,000	–	22,500,000	–
– 19 May 2010	8,984,942	–	8,984,942	–
– 30 June 2010	661,763	–	661,763	–
At the end of the reporting period	106,133,934	5,399,061	106,133,934	5,399,061

On 8 July 2009 the Company issued 303,690,732 shares in its bid for Hampton on the basis of 4 Metminco shares for each Hampton share. The shares rank for dividends immediately.

On 16 September 2009 the Company issued 16,666,667 shares to raise \$2,227,180 net of costs for working capital purposes. The shares rank for dividends immediately.

On 11 December 2009 the Company issued 7,140,529 shares to raise \$1,075,188 net of costs for working capital purposes. The shares rank for dividends immediately.

On 23 December 2009 the Company issued 30,000 shares to raise \$5,100 for working capital purposes. The shares rank for dividends immediately.

On 19 January 2010 the Company issued 170,000 shares to raise \$28,900 for working capital purposes. The shares rank for dividends immediately.

On 1 March 2010 the Company issued 111,793,842 ordinary shares in relation to its listing on the AIM market in the U.K. The shares rank for dividends immediately.

On 3 May 2010 and 19 May 2010 the Company issued a total of 132,787,500 ordinary shares to Junior Investment Company to acquire a further 31.9% ownership interest in Hampton. The shares rank for dividends immediately.

On 14 May 2010 the Company issued 150,000,000 ordinary shares to Highland Holding Resources Inc to acquire a 100% ownership interest in North Hill. The shares rank for dividends immediately.

On 30 June the Company issued 3,333,333 shares to raise \$661,763 net of costs for working capital purposes. The shares rank for dividends immediately.

Holders of ordinary shares are entitled to receive dividends as declared from time to time irrespective of the amounts paid or credited as paid on the shares. Holders of fully paid ordinary shares are entitled on a show of hands to one vote for each fully paid share held.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

c. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital, convertible notes and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Management intends to raise additional capital through equity raisings within the next 12 months.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains between 1% and 10%. The gearing ratios for the year ended 30 June 2010 and 30 June 2009 are as follows:

	NOTE	CONSOLIDATED		COMPANY	
		2010 \$	2009 \$	2010 \$	2009 \$
Face value of convertible notes		4,669,079	–	4,669,079	–
Loss on fair value		2,185,129	–	2,185,129	–
Total borrowings	18	6,854,208	–	6,854,208	–

The loss on fair value will only be incurred if the borrowings are repaid by the issue of shares.

Borrowings repayable by cash		4,669,079	–	4,669,079	–
Less cash and cash equivalents	8	2,159,428	991,713	1,189,206	991,713
Net debt		2,509,651	Nil	3,479,873	Nil
Total equity		105,938,295	1,956,438	96,046,463	1,956,438
Gearing ratio		2.4%	–	3.6%	–

NOTE 21: OPTIONS

EXPIRY DATE	EXERCISE PRICE \$	OUTSTANDING AT 30 JUNE 2009	ISSUED DURING YEAR	EXERCISED DURING YEAR	LAPSED DURING YEAR	OUTSTANDING AT 30 JUNE 2010
Unlisted						
2010						
4 December 2012	\$0.25	26,230,017	1,000,000	–	–	27,230,017
2009						
4 December 2012	\$0.25	26,230,017	–	–	–	26,230,017

The options were part of share based remuneration to Shane Turner a director. The fair value was determined by applying the Black and Scholes valuation methodology.

NOTES TO THE FINANCIAL STATEMENTS continued

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 22: CAPITAL AND LEASING COMMITMENTS				
a. Operating Lease Commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable (minimum lease payments)				
– not later than 12 months	197,152	–	–	–
– between 12 months and 5 years	262,286	–	–	–
– greater than 5 years	–	–	–	–
	459,438	–	–	–
The Group has non-cancellable leases over five premises in Santiago Chile with terms ranging from 6 to 37 months. Rent is payable monthly in advance.				
b. Exploration Tenement Licence Commitments				
Non-cancellable licence fees for exploration tenements contracted for but not capitalised in the financial statements				
Payable (minimum lease payments)				
– not later than 12 months	661,821	–	–	–

NOTE 23: COMMITMENTS AND CONTINGENT LIABILITIES

The holder of the surface titles in respect of the Mollacas Project, Agrícola Bauzá Ltda has filed various actions against Hampton Chile (a wholly owned subsidiary of Hampton), MN Ingenieros (an unrelated entity) and Sociedad Contractual Minera Ovalle (jointly owned and controlled by Hampton Chile and MN Ingenieros) in respect of claims relating to access and environmental accusations. All claims determined by the Chilean judiciary to date have been successfully defended.

On 23 August 2007 Hampton Chile entered into an option to purchase 100% of the Genesis tenements, forming part of the Camaron project located in the Vicuna area of Chile. To exercise its right to acquire the Genesis tenements, Hampton Chile must pay monthly installments of A\$11,000 (US\$10,000) and complete an independent scoping study which will determine the resources and reserves on the Genesis tenements. An additional US\$0.005 (half a cent of dollar) per pound copper equivalent is payable on resources identified by the scoping study, or a bankable feasibility study if such a study is completed prior to acquisition. Hampton Chile has met its commitments under the option agreement as at the date of this report. An extension to the Genesis option for a further 12 months is expected to be finalised prior to the expiry of the current option in September 2010.

In a letter to the Chairman of Hampton dated 3 March 2010, Mr Hudspeth, executive chairman of Takoradi Limited (Takoradi) and a director of Hampton gave notice that he would be seeking leave under s 237 of the Corporations Act 2001 to bring proceedings in the name of Hampton against Metminco and fellow Hampton Directors in relation to the exercise by Hampton of an option to acquire 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.

On 22 March 2010, Takoradi announced to the ASX that Mr Hudspeth had applied to the Federal Court to seek leave pursuant to Section 237 of the Corporations Act 2001 to bring proceedings in the name of Hampton against Metminco and fellow Hampton Directors and Directors of Metminco, William Howe and Phillip Wing to protect the assets of Hampton and therefore Takoradi's shareholding in Hampton.

The Chairman of Hampton, Mr Ortuzar and independent directors Mr Rodriguez and Director, Mr Olate, do not support Mr Hudspeth's application. However, Mr Willsted another Director of Hampton nominated to that Board by Takoradi in January 2010 in accordance with a subscription agreement between Takoradi and Hampton dated April 2006, does support the application. Pursuant to s 237 of the Corporations Act 2001 Mr Hudspeth will need to establish, before any leave can be granted, among other things that:

- (a) he is acting in good faith;
- (b) it is in the best interests of Hampton; and
- (c) there is a serious question to be tried.

The Company believes that Mr Hudspeth's claims are without merit. Accordingly the Company's view is that he will not be able to satisfy the Court that leave should be granted.

No hearing date for the court application has as yet been fixed.

Subject to completion of the Takoradi Share Exchange Agreement (Note 26), Mr. Hudspeth's application to the Federal Court seeking leave under s 237 of the Corporations Act 2001 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.

NOTE 24: OPERATING SEGMENTS

The Company's primary activity is mineral exploration in the geographic area of South America. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily for the sole purpose of mineral exploration.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

b. Inter-segment transactions

There are no inter segment transactions

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 24: OPERATING SEGMENTS continued

e. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations

	MINERAL EXPLORATION		UNALLOCATED		TOTAL	
	2010 \$	2009 \$	2010 \$	2009 \$	2010 \$	2009 \$
<i>i. Segment performance</i>						
Revenue						
Interest revenue	3,827	–	47,470	106,667	51,297	106,667
Total segment revenue	3,827	–	47,470	106,667	51,297	106,667
Total group revenue					51,297	106,667
Segment loss before tax	(1,078,744)	(545,888)	(6,697,848)	(699,246)	(7,776,592)	(1,245,134)
Loss before tax from continuing operations					(7,776,592)	(1,245,134)
<i>ii. Segment assets</i>						
Segment assets	111,093,211	1,035,963	5,117,994	1,032,326	116,211,205	2,068,289
Segment asset increases for the period						
– capital expenditure	–	–	1,298	1,782	1,298	1,782
– acquisitions	110,742,495	–	–	–	110,742,495	–
	110,742,495	–	1,298	1,782	110,743,793	1,782
Included in segment assets are:						
– Equity accounted associates and joint ventures	5,053,371	–	–	–	5,053,371	–
Reconciliation of segment assets to group assets						
Total group assets					116,211,205	2,068,289
<i>iii. Segment liabilities</i>						
Segment liabilities	639,446	–	9,633,464	111,851	10,272,910	111,851
Reconciliation of segment liabilities to group liabilities						
Total group liabilities					10,272,910	111,851

iv. *Revenue by geographical region*

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

Australia
South America
Total revenue

30 JUNE 2010 \$	30 JUNE 2009 \$
47,470	106,667
3,827	–
51,297	106,667

v. *Assets by geographical region*

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

Australia
South America
Total assets

5,117,994	2,068,289
111,093,211	–
116,211,205	2,068,289

CONSOLIDATED		COMPANY	
2010	2009	2010	2009
\$	\$	\$	\$

NOTE 25: NOTES TO THE STATEMENTS OF CASH FLOWS

a. Reconciliation of Cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents

2,159,428	991,713	1,189,206	991,713
2,159,428	991,713	1,189,206	991,713

NOTES TO THE FINANCIAL STATEMENTS continued

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
NOTE 25: NOTES TO THE STATEMENTS OF CASH FLOWS continued				
b. Reconciliation of loss from ordinary activities after Income Tax to net cash used in operating activities				
Loss from ordinary activities after income tax	(7,776,592)	(1,245,134)	(6,697,848)	(1,245,134)
Add/(less) non-cash items:				
Depreciation and amortisation	5,221	7,074	4,112	7,074
Gain on sale of equipment	(362)	–	(362)	–
Gain on consolidation of subsidiary	(600,062)	–	–	–
Fair value loss on convertible notes	2,185,129	–	2,185,129	–
Share of net loss of associates	793,156	–	–	–
Exchange loss/(gains)	(170,942)	–	13,436	–
Impairment of receivables	96,625	–	96,625	–
Impairment of exploration properties	1,588,013	207,157	1,144,664	207,157
Expense on grant of options	53,000	–	53,000	–
Finance costs	186,763	–	186,763	–
Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year:				
Decrease/(Increase) in receivables	71,479	12,581	(2,223)	12,581
Decrease/(Increase) in prepayments	(156,167)	(2,370)	(156,167)	(2,370)
(Increase)/Decrease in payables	426,868	(94,703)	846,837	(94,703)
(Increase)/Decrease in provisions	28,577	(504)	19,012	(504)
Net cash used in operating activities	(3,269,294)	(1,115,899)	(2,307,022)	(1,115,899)

CONSOLIDATED		COMPANY	
2010	2009	2010	2009
\$	\$	\$	\$

c. Acquisition of Entities

During the year a 69.4% ownership interest in Hampton and a 100% ownership interest in North Hill was acquired. Details of this transaction are:

Purchase consideration

Consisting of:

- Cash consideration	18,295,604	-	18,295,604	-
- Ordinary shares	81,897,920	-	81,897,920	-
Total consideration	100,193,524	-	100,193,524	-
Cash consideration	18,295,604	-	18,295,604	-
Cash outflow	16,205,472	-	16,205,472	-
Assets and liabilities held at acquisition date:				
Cash	2,090,132	-	2,090,132	-
Receivables	2,474,601	-	2,474,601	-
Prepayments	87,778	-	87,778	-
Investments	4,605,297	-	4,605,297	-
Property, plant and equipment	763,033	-	763,033	-
Exploration	100,721,654	-	100,721,654	-
Payables	(1,157,936)	-	(1,157,936)	-
Provisions	(51,116)	-	(51,116)	-
	109,533,443	-	109,533,443	-
Gain on consolidation	(600,062)	-	(600,062)	-
Minority equity interests in acquisitions	(9,339,919)	-	(9,339,919)	-
	99,593,462	-	99,593,462	-

Information regarding the acquisitions, including the profit since acquisition, is disclosed in Note 14b.

d. Non-cash Financing and Investing Activities

Share issue

586,478,232 ordinary fully paid shares were issued at an average price of \$0.14 per share as part of the consideration for the purchase of Hampton and North Hill. The share issue was based on the fair value of the two companies prior to the purchase.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

Matters that have arisen in the interval between the end of the financial year and the date of this report of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Metminco Group, the results of those operations, or the state of affairs of the Metminco Group, in future financial years are as follows:

- In July 2010 the Company completed a capital raising of A\$5.5 million by placement of 36,666,666 Metminco Shares at A\$0.15 each to institutional and professional investors (A\$0.5 million received on 30 June 2010).
- The Company made a final payment of A\$1.7 (US\$1.5) million to Highland Holdings Resources Inc. in respect of the acquisition of North Hill, the ultimate owner of the Alpha, Gamma and Nelson tenements at the Los Calatos project. All drilling to date by Hampton at the Los Calatos project has been undertaken on these tenements.
- In July 2010 Metminco completed the acquisition of 5,376,562 fully paid ordinary shares in Hampton, increasing its interest in Hampton from 69.4% to 71.9%. Consideration for the acquisition was satisfied by the issue of 21,506,248 fully paid ordinary Metminco shares.
- The Company accepted its full entitlement in accordance with a Hampton pro rata rights offer dated 26 July 2010 and late August 2010 was allotted 3,509,339 fully paid ordinary Hampton shares for a total cost of A\$982,615 increasing its interest in Hampton from 71.9% to 72.6%.
- On 29 September 2010 the Company entered into the following share exchange agreements with the remaining Hampton minorities to increase its interest in Hampton from 72.6% to 100%:
 - i. Acquisition of 56,511,906 Hampton shares (25.7% interest) from Takoradi Limited for consideration of 195,000,000 shares in the Company and a payment of \$3.35 million (Takoradi Share Exchange Agreement);
 - ii. Acquisition of 2,858,519 Hampton shares (1.3% interest) from Notesan Pty Limited for consideration of 11,434,076 shares in the Company (Notesan Share Exchange Agreement) and;
 - iii. Acquisition of 1,600,000 Hampton shares (0.7% interest) from A J Holdings Corporation, for consideration of 6,400,000 shares in the Company (A J Holdings Exchange Agreement).

Subject to completion of the Takoradi Share Exchange Agreement, Mr. Hudspeth's application to the Federal Court seeking leave under s 237 of the Corporations Act 2001 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.

The Takoradi Share Exchange Agreement is subject to approval by the shareholders of the Company and 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 the Company. The Notesan Share Exchange Agreement is subject to completion of the Takoradi Share Exchange Agreement and A J Holdings Exchange Agreement is subject to completion of the Notesan Share Exchange Agreement. Completion of the Takoradi Share Exchange Agreement must occur by 31 December 2010, with completion of the A J Holdings agreement to occur within 14 days of the completion of the other two share exchange agreements.

Hampton and North Hill have also entered into a variation agreement whereby Hampton's option to acquire the Alpha, Gamma and Nelson tenements which form part of the Los Calatos Project is extended from 30 September 2010 to 24 January 2011, by which time Hampton, subject to completion of the above share exchange agreements, will be a 100% owned subsidiary of Metminco.

- After announcing a 350% increase in resources at Los Calatos on 1 July 2010 (refer [Review of operations](#) above), Hampton announced on 20 August 2010 that eight exploration targets had been identified within a 'Cluster' at Los Calatos by diamond core drilling and geochemistry and/or rock chip sampling. The Los Calatos 'Cluster' occurs within an area of approximately 68sq.km. 'Cluster' groupings are often associated with large mineralised porphyries where Giant Systems host Multiple Deposits. Examples include the Escondida system hosting the multiple deposits of Escondida, Zaldivar, Carmen and Ricardo within a 36 sq.km limit, the Highland Valley/Bethlehem system in North America within a 60 sq.km limit and the Grasberg/Ertsberg system in Indonesia within a 16 sq.km limit.

Other than the matters noted above, no other matters have arisen in the interval between the end of the financial year and the date of this report of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group, in future financial years.

NOTE 27: RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors

The names of each person holding the position of Director of Metminco Limited during the financial year are:

John Fillmore, Phillip Wing (appointed 17 July 2009), William J Howe (appointed 17 July 2009), William S Etheridge (appointed 17 July 2009), Tim Read (appointed 1 April 2009), Francisco Vergara (appointed 1 April 2009) Keith Weston (resigned 31 October 2009) and Shane Turner (resigned 31 October 2009).

Details of Key Management Personnel remuneration are set out in Note 5.

Transactions with related parties:

a. Directors

Legal services fees totaling \$79,638 were paid to JA Fillmore and Co. of which John Fillmore is principal.

Accounting services fees totalling \$40,700 were paid to Shane Turner and Associates of which Shane Turner is principal.

Apart from the details disclosed in this Note, no Directors entered into a material contract with the Company or the Group since the end of the previous financial year and, there were no material contracts involving Directors' interests existing at year end.

Directors' and Executive Officer's holdings of shares and options

The aggregate interests of Directors and the Executive Officer of the reporting entity and their Director-related entities in shares and share options of entities within the Consolidated Group at year end are set out in the Directors' Report and at Note 5.

b. Associated companies

Advances by Minera Hampton Chile Limitada to Sociedad Contractual Minera Ovalle and Sociedad Contractual Minera San Lorenzo are in USD and are non interest bearing with no fixed repayment terms. Total advances to the associated companies as at 30 June 2010 was \$110,485. Refer Notes 12 and 13.

NOTE 28: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, trade and other receivables, trade and other payables and convertible notes.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

NOTE	CONSOLIDATED		COMPANY		
	2010 \$	2009 \$	2010 \$	2009 \$	
Financial Assets					
Cash and cash equivalents	8	2,159,428	991,713	1,189,206	991,713
Receivables	9	6,354,004	–	3,767,368	–
Total Financial Assets		8,513,432	991,713	4,956,574	991,713
Financial Liabilities					
Financial liabilities at amortised cost					
– Trade and other payables	17	3,350,183	107,827	2,756,220	107,827
– Borrowings	18	6,854,208	–	6,854,208	–
Total Financial Liabilities		10,204,391	107,827	9,610,428	107,827

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 28: FINANCIAL RISK MANAGEMENT continued

Financial Risk Management Policies

The Board of Directors is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, and foreign currency risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the regular monitoring of exposures and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at reporting date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

With the exception of the receivable from the equity swap which is secured (Note 9), the Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to South America and the United Kingdom given the substantial operations in those regions.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial Liability and Financial Asset Maturity Analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group								
Financial liabilities due for payment								
Convertible notes	-	-	6,854,208	-	-	-	6,854,208	-
Trade and other payables (excluding est. annual leave)	3,350,183	107,827	-	-	-	-	3,350,183	107,827
Total contractual outflows	3,350,183	107,827	6,854,208	-	-	-	10,204,391	107,827
Total expected outflows	3,350,183	107,827	6,854,208	-	-	-	10,204,391	107,827
Financial assets – cash flows realisable								
Cash and cash equivalents	2,159,428	991,713	-	-	-	-	2,159,428	991,713
Trade, term and loans receivables	2,317,751	-	4,036,253	-	-	-	6,354,004	-
Convertible note repayment settled by issue of shares	-	-	6,854,208	-	-	-	6,854,208	-
Total anticipated inflows	4,477,179	991,713	10,890,461	-	-	-	15,367,640	991,713
Net (outflow)/inflow on financial instruments	1,126,996	883,886	4,036,253	-	-	-	5,163,249	883,886
Company								
Financial liabilities due for payment								
Convertible notes	-	-	6,854,208	-	-	-	6,854,208	-
Trade and other payables (excluding est. annual leave)	2,719,029	107,827	-	-	-	-	2,719,029	107,827
Amounts payable to related parties	37,191	-	-	-	-	-	37,191	-
Total contractual outflows	2,756,220	107,827	6,854,208	-	-	-	9,610,428	107,827
Total expected outflows	2,756,220	107,827	6,854,208	-	-	-	9,610,428	107,827
Financial assets – cash flows realisable								
Cash and cash equivalents	1,189,206	991,713	-	-	-	-	1,189,206	991,713
Trade, term and loans receivables	1,999,915	-	1,767,453	-	-	-	3,767,368	-
Convertible note repayment settled by issue of shares	-	-	6,854,208	-	-	-	6,854,208	-
Total anticipated inflows	3,189,121	991,713	8,621,661	-	-	-	11,810,782	991,713
Net (outflow)/inflow on financial instruments	432,901	883,886	1,767,453	-	-	-	2,200,354	883,886

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 28: FINANCIAL RISK MANAGEMENT continued

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

iii. Equity price risk

The convertible notes issued by the Company provide the note holders with the right to require the Company to repay the loan by the issue of ordinary fully paid shares. The conversion price has a fixed price element of \$0.12 per share. The Group is exposed to equity price risk which may increase the value of its financial liability if its share price is higher than \$0.12 when the note holders can exercise their conversion right.

The Consolidated Group is exposed to interest rate and foreign exchange risk through cash assets held and financial liabilities owed as at the reporting date.

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
Cash assets held in Australian dollars and subject to floating interest rate	1,131,339	991,713	953,924	991,713
Cash assets held in Australian dollars and subject to a fixed interest rate	8,196	–	–	–
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	1,019,893	–	235,282	–
Total cash assets	2,159,428	991,713	1,189,206	991,713
Financial liabilities repayable in US dollars				
Convertible notes	4,669,079	–	4,669,079	–

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables

Interest Rate Sensitivity Analysis

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Change in profit				
Increase in interest rate by 2%	43,189	9,917	23,784	9,917
Decrease in interest rate by 2%	(43,189)	(9,917)	(23,784)	(9,917)
Change in equity				
Increase in interest rate by 2%	43,189	9,917	23,784	9,917
Decrease in interest rate by 2%	(43,189)	(9,917)	(23,784)	(9,917)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2010, the effect on profit and equity as a result of changes in the in the value of the Australian dollar (AUD) compared to the US dollar (USD), with all other variables remaining constant would be as follows:

	CONSOLIDATED		COMPANY	
	2010 \$	2009 \$	2010 \$	2009 \$
Change in profit				
Improvement in AUD to USD by 5%	(48,566)	–	(23,243)	–
Decline in AUD to USD by 5%	48,566	–	23,243	–
Change in equity				
Improvement in AUD to USD by 5%	(48,566)	–	(23,243)	–
Decline in AUD to USD by 5%	48,566	–	23,243	–

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 28: FINANCIAL RISK MANAGEMENT continued

Net Fair Values continued

FOOTNOTE	2010		2009		
	NET CARRYING VALUE \$	NET FAIR VALUE \$	NET CARRYING VALUE \$	NET FAIR VALUE \$	
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	2,159,428	2,159,428	991,713	991,713
Trade and other receivables	(i)	2,317,751	2,317,751	–	–
Term receivables	(ii)	4,036,253	4,036,253	–	–
Total financial assets		8,513,432	8,513,432	991,713	991,713
Financial liabilities					
Trade and other payables	(i)	3,350,183	3,350,183	107,827	107,827
Convertible notes	(iii)	6,854,208	6,854,208	–	–
Total financial liabilities		10,204,391	10,204,391	107,827	107,827
Parent Entity					
Financial assets					
Cash and cash equivalents	(i)	1,189,206	1,189,206	991,713	991,713
Trade and other receivables	(i)	3,767,368	3,767,368	–	–
Investments		100,561,933	100,561,933	–	–
Total financial assets		105,518,507	105,518,507	991,713	991,713
Financial liabilities					
Trade and other payables	(i)	2,756,220	2,756,220	107,827	107,827
Convertible notes	(iii)	6,854,208	6,854,208	–	–
Total financial liabilities		9,610,428	9,610,428	107,827	107,827

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- (ii) The fair value of term receivables generally approximates carrying value.
- (iii) The convertible notes are valued at face value plus an adjustment to reflect the value of the option to convert to fully paid ordinary shares using the Company's prevailing price quoted on the ASX.

NOTE 29: RESERVES

a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

b. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

NOTE 30: COMPANY DETAILS

Metminco Limited is a company domiciled in Australia and its registered office is located at:

Level 2
224 Queen Street
Melbourne VIC 3000
Australia

The Company's principal office is located at:

119 Willoughby Rd
Crows Nest NSW 2065
Australia.

The Group's principal activities are exploration and development of mineral prospects primarily located in Chile and Peru, South America.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 29 to 71, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards;
 - b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group; and
 - c. comply with International Financial Reporting Standards as discussed in Note 1.
2. the Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



John A Fillmore

Chairman

Dated this 30th day of September 2010

INDEPENDENT AUDITOR'S REPORT to the Members of Metminco Limited



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Report on the financial report

We have audited the accompanying financial report of Metminco Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

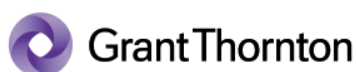
The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT continued



In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Metminco Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Metminco Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to read "A G Rigele", with a long horizontal line extending to the right.

A G Rigele
Director – Audit & Assurance

Sydney, 30 September 2010

SHAREHOLDER INFORMATION

1. Shareholding

a. Distribution of shareholders

Category	Ordinary
SIZE OF HOLDING	NUMBER
1 – 1,000	19
1,001 – 5,000	122
5,001 – 10,000	209
10,001 – 100,000	675
100,001 – and over	321
	1346

b. The number of shareholdings held in less than marketable parcels is 29.

c. The names of the substantial shareholders listed in the holding company's register as at 6 October 2010 are:

Category	Ordinary
SHAREHOLDER	NUMBER
Highland Holdings Resources	150,000,000
Junior Investment Company	132,787,500
Mining Investment Services	62,400,000

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 largest shareholders – Ordinary shares

	NAME	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1.	HSBC Custody Nominees	152,611,910	18.27
2.	Highland Holdings Resources Inc	150,000,000	17.96
3.	Mining Investment Services (ATF WSE Superannuation Fund)	49,600,000	5.94
4.	Computershare Clearing Pty Ltd	44,145,021	5.29
5.	Tangarry Pty Ltd	41,066,664	4.92
6.	NJ Howe & WJ Howe (ATF Howe Superannuation Fund)	30,800,000	3.69
7.	National Nominees Limited	28,969,213	3.47
8.	Wilnic Pty Ltd	17,464,168	2.09
9.	Mr Maxwell James Green	15,600,000	1.87
10.	Mining Investment Services	12,800,000	1.53
11.	Mr M. James Green & RL Green (ATF Green Superannuation Fund)	10,400,000	1.25
12.	Chile Copper Mine Pty Ltd	10,266,668	1.23
13.	RBC Dexia Investor Services	9,699,854	1.16
14.	Monetti Pty Ltd	8,449,526	1.01
15.	Nutsville Pty Ltd	5,850,000	0.70
16.	JBN Holdings Pty Ltd	5,679,492	0.68
17.	Mr Colin Sinclair & Ms Maria Jaureguierry (Sinclair Family S/F A/C)	5,578,956	0.67
18.	Hammerfest Investments	5,566,668	0.67
19.	Mr Neville Joel Katz	5,130,952	0.61
20.	Mr John Daniel Powell	5,110,066	0.61
		614,789,158	73.62

Percentage holding of twenty largest shareholders is 73.62%

Total ordinary fully paid shares on issue: 835,258,549 shares

f. 20 largest optionholders – Options expiring 4 December 2012 (exercise price 25 cents)

	NAME	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1.	Surpion Pty Ltd	1,100,000	4.0
2.	Mr John Daniel Powell	1,100,000	4.0
3.	Kelmist Pty Ltd	1,099,999	4.0
4.	Mr Mark William Bolton	1,050,000	3.9
5.	Rylet Pty Ltd	1,043,439	3.8
6.	Mr Shane Gordon Turner	1,000,000	3.7
7.	Victoria House Investments Pty	1,000,000	3.7
8.	Mr Leslie Robert Knight (Knight Super Fudn A/C)	845,000	3.1
9.	Aznanob Pty Ltd	835,000	3.1
10.	Notemarl Pty Ltd	800,000	2.9
11.	Mr Werner Damm	800,000	2.9
12.	Minico Pty Ltd	740,000	2.7
13.	Brahman Pastoral Pty Ltd	650,000	2.4
14.	Citicorp Nominees Pty Ltd	522,500	1.9
15.	Pethol (Vic) Pty Lty	500,000	1.8
16.	Ms Sonia Popovic	500,000	1.8
17.	Mr Rodney Laurence Staggard (DLB Superannuation Fund A/C)	500,000	1.8
18.	Mr Clarke Barnett Dudley	438,000	1.6
19.	Mr John Richard Hassell (The Hassell S/F A/C)	430,000	1.6
20.	Tigerland Investments Pty Ltd	382,400	1.4
		15,336,338	56.1

Percentage holding of twenty largest optionholders is 56.10%

Total options expiring 4 December 2012 on issue: 27,230,017 options

g. As at 6 October 2010 the Company had on issue 4,500,000 unlisted options exercisable at 30 cents share per fully paid ordinary on or before 31 July 2012 to Chalmersbury Nominees Pty Ltd (Black A/C).

2. The name of the company secretary is Mr Philip Killen.

3. The registered office in Australia is:

Level 2
224 Queen Street
Melbourne VIC 3000
Australia

The principal office in Australia is:

119 Willoughby Rd
Crows Nest
Sydney NSW 2065
Australia
Telephone +61 2 9956 3800

4. Registers of securities are held at the following address:

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited and AIM Market of the London Stock Exchange

6. Unquoted Securities

Options over Unissued Shares

A total of 27,230,017 options are on issue. 21,977,065 options are on issue to 269 holders of ordinary securities. 2,099,999 options are on issue to two directors, one of which retired from office on 31 October 2009.

CORPORATE DIRECTORY

Directors

John Anthony Fillmore (*Chairman*)
William James Howe (*Non Executive Director*)
Timothy Philip Read (*Non Executive Director*)
Francisco Vergara-Irarrazaval (*Non Executive Director*)
William Stirling Etheridge (*Director*)
Phillip John Wing (*Director*)

Company Secretary

Philip Walter Killen

Registered Office

Level 2, 224 Queen Street
Melbourne Vic 3000
Australia

Principal Place of Business

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119 Willoughby Road
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Fax: +61 (2) 9439 2157

SANTIAGO, CHILE

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Las Condes
Santiago
Chile
Ph: +56 (2) 411 2600
Fax: +56 (2) 411 2610

Website

www.metminco.com.au

ASX and AIM code

MNC

Share Registry

Australia Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Australia

Depository

UK Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
UK

Auditors

Grant Thornton Corporate Finance Pty Limited
Level 17
383 Kent Street
Sydney NSW 2000
Australia

Lawyers

Gadens Lawyers
Skygarden Building
77 Castlereagh Street
Sydney NSW 2000
Australia

Metminco Limited
ABN 43 119 759 349

www.metminco.com.au

Annexure 4

Risk Factors

Prospective investors should be aware that an investment in the Company involves a high degree of risk and may result in the loss of all or part of the investment. Investors are accordingly advised to consult an investment adviser who specialises in the acquisition of shares and other securities before making a decision to invest in the Company. In addition to the other information contained in this Prospectus, the following risk factors affecting the Company should be considered carefully in evaluating whether to make an investment in the Company.

Annexure 4 contains what the Directors believe to be the principal risk factors associated with an investment in the Company. In addition to the other information contained in this Prospectus, these risk factors should be considered carefully in evaluating whether to make an investment in the Company. If any of the following risks, which are not exhaustive, were to materialise, the Group's business, financial condition, results, or future operations could be materially adversely affected. In any such case, the market price of the Shares could decline and a Shareholder may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Group. Prospective investors should carefully consider the other information in this Prospectus. Prospective investors should note that the risks described below are not the only risks faced by the Group and are not set out in any order of priority.

SPECIFIC RISKS RELATING TO THE GROUP

The Directors are responsible for ensuring that appropriate policies and procedures are in place to identify and monitor risks faced by the Group and to ensure that wherever possible such risks are managed with a level determined by the Directors as prudent.

A summary of some of the risk factors which have been taken into account include, but are not limited to, the following.

Generally

Metminco has a limited operating history. Metminco does not have cash flow producing assets and the ultimate success of the Group will depend on its ability to develop and generate cash flow from its projects in the future and to successfully discover new deposits on its exploration assets.

In the mean time Metminco will be dependent on financial markets for funding its project exploration and development activities, and then dependent on capital markets to fund possible development of operations based on its projects.

There is a possibility that not all, or indeed any, of the projects in the Group's current portfolio will develop as anticipated, and that the Group may not be able to access the necessary finance.

Litigation

Legal proceedings may arise from time to time in the course of the Group's business. Furthermore, litigation may be brought against third parties which could have an adverse affect on the Group.

Exploration Activity

All of Hampton's projects are in the exploration phase. This is an inherently high risk stage and there is no guarantee of exploration success. Numerous potential drilling locations have been identified, but the Group cannot be sure that it will drill them. No assurance is given that future exploration efforts will result in the discovery of further mineral reserves or mineral resources or result in the discovery of any ore bodies suitable for economic extraction. Unsuccessful exploration activities could have a material adverse effect on the results of operations and the Group's financial condition.

Success in exploration is dependent upon a number of factors including, but not limited to, prospective projects, systematic target generation and follow-up, use of the latest technology, strong management oversight and project level execution and availability of exploration capital. Exploration involves numerous specific risks:

- Failure to delineate commercial mining resources;
- Delays in the availability of drilling rigs and the delivery of equipment;
- Hiring rates for drill equipment;
- Failure and/or breakdown of equipment;
- Industrial accidents;
- Unexpected drilling conditions;
- Constraints on availability of specialised personnel; and

- Adverse weather conditions.

Exploration and appraisal is a process subject to unforeseen contingencies. The exploration program must be flexible enough to respond to results obtained. The actual scope and cost of the exploration program may differ substantially from the proposals set out in this Prospectus. Financial failure or default by any future alliance or joint venture partner of the Group may require the Group to face unplanned expenditure or risk forfeiting interests in relevant areas.

Geological Risks

The delineation of geological conditions and the definition of mineral resources and ore reserves is a complex process requiring input from many areas of specialisation and a high degree of interpretation of results obtained from exploration programs. Even if the Group employs best industry practice to develop reliable estimates, there remains a risk that when mining commences geological conditions could vary with those projected. In this case, there is a risk that geological conditions could adversely affect ongoing operations and in extreme circumstances, result in the abandonment of a project.

Mineral Reserves and Resources are Estimates Only

There is no certainty that the mineral resources, or any mineral reserve, will be realised. Until a deposit is actually mined and processed, the quantity of mineral resources and reserves, and grades, must be considered as estimates only. In addition, the value of mineral resources and any mineral reserve will depend upon, among other things, metal prices and currency exchange rates. Any material change in quantity of mineral resources, or any mineral reserve, or grade, may affect the economic viability of any future mines. Any material reductions in the estimates or mineral resources, or mineral reserves, or the Group's ability to extract any ore, could have a material adverse affect on Metminco's future results of operation and financial condition.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the Group's resources could affect the Group's development and mining plans.

Operating Risk

The operations of the Group may be disrupted by a number of events that are beyond the control of Metminco. These include but are not limited to:

- The availability of transportation capacity;
- Geological, geotechnical and seismic factors;
- Industrial and mechanical accidents;
- Equipment and environmental hazards;
- Power supply failure; and
- Unscheduled shut downs or other processing problems.

As a consequence, it cannot be guaranteed that any of the exploration projects carried out will bring about any new commercial mining operations being brought into operation.

As is common with all mining operations, there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These can be difficult to predict and are often affected by factors outside Metminco's control. If any such risks actually occur, the Group's business, financial condition and/or results of operations could be materially and adversely affected. In such a case, a shareholder may lose all or part of their investment.

Development of Production Operations

Specific risks include:

- Delays in access to land;
- Title to land;
- Permitting;
- Government regulation;
- Access to power; and
- Access to water.

Production

If production eventuates, specific risks include:

- Adverse geological, seismic and geotechnical conditions;
- Failure and/or breakdown of equipment;
- Labour disputes;
- Industrial accidents; and

- Other environmental hazards and risks.

Risk of Payment Obligations

Under the exploration licenses and certain other contractual agreements to which the Group will be a party or may in the future become a party to, the Group may become subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of interests held by such companies. The Group may not have, or be able to obtain, financing for all such obligations as they arise.

Reliance on Strategic Relationships

In three of its projects, Hampton depends on a relationship with its partner MN Ingenieros. The success of the projects may be dependent on the quality of the relationship with our partners...

Environmental Regulations

The Group's operations are subject to environmental regulation in all of the jurisdictions in which it operates.

Such legislation covers a wide array of matters, including waste disposal, protection of the environment, worker safety, mine development, land and water use and the protection of endangered and protected species among others. Existing and possible future environmental legislation, regulations and actions could cause the Group to incur additional expenses, capital expenditures, restrictions and delays in the activities of the Group, the extent of which cannot be predicted.

Although precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have a material adverse impact on the business, operations and financial performance of Metminco. Damages occurring as a result of such risks may give rise to claims against a member of the Group which may not be covered, in whole or part, by any insurance taken out. In addition, the occurrence of any of these incidents could result in the Group's current or future operational target dates being delayed or interrupted and result in increased capital expenditure.

Health and Safety

The Group's activities will continue to be subject to health and safety standards and regulations. Failure to comply with such requirements may result in fines and or penalties being assessed against the Group.

Additional Requirements for Capital

Further funds will be required once the Group completes its current proposed exploration and development activities. Unless and until the Group develops or acquires income producing assets, it will be dependent upon its cash resources, any funds derived from the exercise of options and its ability to obtain future equity or debt funding to support exploration, evaluation and development of the properties in which it has an interest.

The Group's ability to raise further equity or debt, or to divest part of its interest in a project, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the projects, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, substantial additional financing will be required by the Group to permit and establish mining operations and production facilities. No assurances can be given that the Group will be able to raise the additional finances that may be required for such future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures and operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There are no assurances that additional financing will be available on terms acceptable to the Group, or at all. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its tenements, incur financial penalties and reduce or terminate its operations.

Insurance Coverage

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Group's insurance coverage will be limited to public liability cover in Australia and public liability and work related coverage in Chile and Peru.

Key Management and Staff

The success of the Group is largely dependent on the abilities of its directors and its senior management. The loss of the services of these persons may have a materially adverse effect on the Group's business and its prospects. There is no assurance that the Group can retain the services of these persons. Failure to do so could have a materially adverse effect on the Group and its prospects.

Reliance on Key Personnel

In its business going forward the Group will be reliant on key personnel and consultants. Loss of key personnel or consultants could adversely affect the Group's performance.

Local Community

The Group's policy will be to actively consider, sponsor (through community projects) and work with the local communities.

Positive relationships with local populations cannot be guaranteed. Such relationships are important and can affect the ability of the Group to secure, amongst other things, surface rights, access, infrastructural support and the necessary labour required to operate a mine.

Legal Climate Considerations

The Chilean and Peruvian jurisdictions, where the Company is currently operating, differ from the legal system found in Australia and the UK. This could lead to exposure to any of the following risks:

- lack of guidance or interpretation of the applicable rules and regulations; and
- delays in redress or greater discretion on the part of the governmental authorities.

There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be certain.

GENERAL RISKS RELATING TO THE GROUP

General Risks

The activities of the Group will be subject to usual commercial risks and such factors as industry competition and economic conditions generally may affect the Group's ability to explore and develop income generating projects.

Competition

The Group will compete with numerous other mining companies (many of which have greater financial resources, operational experience and technical capabilities than the Group) in connection with the acquisition of mineral properties as well as for the recruitment and retention of qualified employees.

Growth Management

An inability to manage growth effectively could have a material adverse effect on the Group's business, results of operations and financial condition.

Economic Risks

Emerging markets such as Chile and Peru are potentially subject to more volatility and greater risks than more mature markets.

Changes in Economic Conditions

Factors such as inflation, currency fluctuation, interest rates, changes in legislation, political decisions, cost escalation and industrial disruption have an impact on operating costs and on metal prices.

Currency Risk

Expenditures of the Group will be incurred in a range of currencies, including Australian Dollars, US Dollars, Chilean Pesos and Peruvian Sols. Changes in currency rates may have a negative impact on the financial statements of the Group.

Commodity Prices

Historically, commodity prices have fluctuated widely, affected by numerous external factors. Changes in commodity prices, especially for copper, and also gold and molybdenum, may have an impact on the Group's capability to raise additional funds, in the future.

If and when any of the Group's projects go into production, changes in relevant commodity prices may affect the profitability or viability of these mineral projects.

Changes in Government Policy

The Group will be subject to the rules and regulations of the countries it does business in, currently Australia, Chile and Peru. Its exploration activities, development projects and any future mining operations are subject to laws and regulations governing the acquisition and retention of title to mineral rights, mine development, health and worker safety, employment standards, fiscal matters, waste disposal, protection of the environment, and protection of endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could have a material and adverse impact on the exploration activities of the Group and on planned development projects or future mining operations. Moreover, where required, obtaining necessary permits to conduct exploration or mining operations can be a complex and time consuming process and Metminco cannot provide assurance that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all.

Geopolitical Climate

The political climate in Chile and Peru is currently stable and generally held to offer a favourable outlook for foreign investments. There is no guarantee that it will remain so in the future. Changes in government, regulatory and legislative regimes, potentially leading to expropriation of mining rights cannot be ruled out.

Forward looking statements

This Prospectus contains certain forward looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this Prospectus, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward looking statements in this Prospectus use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms.

Consequently, the actual results of the Group may be different from the expectations both expressed and/or implied in the Prospectus.

RISKS RELATING TO THE ORDINARY SHARES AND THEIR TRADING MARKET

AIM and the ASX

Application will be made for the existing New Shares and the Placement Shares to be admitted to the ASX and to AIM.

AIM has been in existence since June 1995 and is primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the United Kingdom Listing Authority. There can be no assurances as to the future success of AIM.

Share dilution

Future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior to or otherwise adversely affect those attached to the Shares.

Volatility in share price and liquidity

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors, some of which are general or market specific, others of which are sector specific and others of which are specific to the Company. It may be the case that the market price of Shares does not fully reflect the underlying value of the Company.

The market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in New Shares may be difficult to realise and the share price may be subject to greater fluctuations than might otherwise be the case.

Market value of the Shares

The market value of, and the income derived from Shares can fluctuate and can go down as well as up. Investors may not get back the full value of their investment. The market value of Shares also takes into account the relevant dividend yield and prevailing interest rates. The market value may vary considerably from the underlying net asset value of the Group.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company. Accordingly and as noted above, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business.

Annexure 5

Corporate Directory

Existing Directors

John Anthony Fillmore	(Chairman)
William James Howe	(Managing Director)
Timothy Read	(Non Executive Director)
Francisco Vergara-Irarrazaval	(Non Executive Director)
William Stirling Etheridge	(Director)
Phillip John Wing	(Director)

Company Secretary Philip Walter Killen

Registered Office

Level 2, 224 Queen Street
Melbourne
Victoria 3000
Australia

Stock Exchange Listing – Sydney

Australian Stock Exchange
(Home Exchange: Melbourne, Victoria)
Code: MNC

Stock Exchange Listing – London

AIM Market, London Stock Exchange
Code: MNC

Principal Place of Business

119 Willoughby Road
Crows Nest
New South Wales 2065
Australia

Lawyers to the Company, Australia

Gadens Lawyers*

Skygarden Building
77 Castlereagh Street
Sydney
New South Wales 2000
Australia

Reporting Accountants

Grant Thornton Corporate Finance Pty Limited*

Level 17
383 Kent Street
Sydney
New South Wales 2000
Australia

Registrars to Company, Australia

Security Transfer Registrars Pty Ltd*

770 Canning Highway
Applecross 6153
Western Australia

Registrars to Company, UK

Computershare Investor Services PLC*

The Pavilions
Bridgwater Road
BRISTOL BS99 6ZZ
United Kingdom

** provided for information purposes only*

d) authorises the Company to send the applicant a substituted Application Form (if this Application Form ceases to be current) to the applicant's email address set out in this application.

PLC: 600

CORRECT FORMS OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Application forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full name and the surname is required for each natural person. Application forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below:

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Brown <John David Brown A/C>	John Brown Family Trust
Deceased Estates	Mr John David Brown < Est John David Brown A/C>	John Brown <Deceased>
Partnerships	Mr John David Brown and Mr Michael James Brown	John Brown & Son
Clubs/ Unincorporated Bodies	Mr John David Brown <ABC Tennis Association A/C>	Brown Investment Club or ABC Tennis Association
Super Funds	John Brown Pty Ltd <Super Fund A/C>	John Brown Superannuation Fund