

# Metminco Limited

ACN 119 759 349

## Prospectus

For the offer of a non-renounceable pro rata rights issue of approximately 68,584,428 New Shares, on the basis of 1 New Share for every 20 Shares held, to Eligible Shareholders at an offer price of 14 cents per New Share, to raise approximately \$9.6 million.

**This Offer is not underwritten.**

### IMPORTANT NOTICE

This document is important and should be read in its entirety.

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001*. If after reading this Prospectus you have any questions in relation to the Offer or this Prospectus, you should immediately contact your professional adviser.

The New Shares offered by this Prospectus should be considered speculative.

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# IMPORTANT INFORMATION

## General

This Prospectus is dated 6 December 2011, and was lodged with ASIC and the ASX on that date.

Capitalised terms in this Prospectus are defined in the glossary in Section 6 and all monetary amounts in this Prospectus are expressed in Australian dollars, unless otherwise indicated. In this Prospectus, the words 'we', 'our' and 'us' refer to the Company. The words 'you' and 'your' refer to Eligible Shareholders.

If you wish to make an Application in respect of your Entitlement, you must complete the Entitlement and Acceptance Form attached to this Prospectus. By submitting an Entitlement and Acceptance Form, you acknowledge that you have read this Prospectus in its entirety and understand and agree with its terms.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application for Quotation of the New Shares will be made within 7 days of the date of this Prospectus.

Neither ASIC nor the ASX take any responsibility for the contents of this Prospectus. The fact that the ASX may admit the New Shares to Quotation is not to be taken in any way as an indication of the merits of the Company.

Only information in this Prospectus should be relied on as having been authorised by the Company. No person has authority to give any information or to make any representation in connection with the Rights Issue other than what is contained in this Prospectus and any such information or representation should not be relied on. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and then only to the extent so required.

Please read this document carefully before you make a decision to invest. In particular, in considering the Company's prospects, please consider the risk factors that could affect our performance and your own unique personal circumstances which may affect the appropriateness of any investment. You should seek advice from your professional adviser before accepting the Offer.

## Risk factors

An investment in the Company has risks that you should consider before making a decision to invest. Prospective investors should carefully consider the potential risk factors which are set out in Section 4.

## Foreign jurisdictions

The Offer is being made in Australia and New Zealand (**Eligible Jurisdictions**). This Prospectus does not constitute an offer in any overseas jurisdiction where it would be unlawful to make the Offer. You must ensure compliance with all laws of any country relevant to your Application. Return of a duly completed Entitlement and Acceptance Form will be taken by us as a representation by you that there has been no breach of any laws and that you are an Eligible Shareholder.

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the *Corporations Regulations 2001*. In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings–Australia) Regulations 2008*. The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law.

In the main, the Corporations Act sets out how the Offer must be made. There are differences in how securities are regulated under Australian law. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New

Zealand regulators will work together to settle your complaint. Please note that the taxation treatment of Australian securities is not the same as for New Zealand securities.

### **Electronic prospectus**

This Prospectus may be downloaded from our website, [www.metminco.com.au](http://www.metminco.com.au). If you access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus is only available to Australian residents. See Section 5.6 for more information.

The Corporations Act prohibits any person from passing on to another person the Entitlement and Acceptance Form unless it is accompanied by or included in a hard copy, or the complete and unaltered electronic version, of this Prospectus. If you wish to obtain a hard copy of this Prospectus free of charge, please contact us.

### **Transaction specific prospectus**

This Prospectus is a transaction-specific prospectus issued under section 713 of the Corporations Act, which allows the issue of a more concise prospectus for offers of continuously quoted securities. In preparing this Prospectus, consideration has been given to the fact that we are a disclosing entity for the purposes of the Corporations Act, and as a disclosing entity, we are subject to regular reporting and disclosure obligations. Please note that this Prospectus should be read in conjunction with the publicly available information which we have provided to ASIC and the ASX, and that copies of documents we have lodged with ASIC may be obtained from, or inspected at, an ASIC office.

### **Forward looking statements**

This Prospectus contains forward-looking statements that, despite being based on our current expectations of future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside our control and the Board. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include but are not limited to the risks outlined in Section 4. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'opportunity', 'plan', 'intend', 'aim', 'seek', 'believe', 'should', 'will', 'may' and similar expressions.

## KEY TERMS AND DATES

Key terms of the Rights Issue	
<b>Issue Price</b>	14 cents per New Share.
<b>Entitlement under the Rights Issue</b>	1 New Share for every 20 Shares held by Eligible Shareholders as at the Record Date.
<b>Maximum number of New Shares to be issued under the Rights Issue</b>	<p>The maximum number of New Shares to be issued to Eligible Shareholders is approximately 68,584,428.</p> <p>Where Option holders who reside in an Eligible Jurisdiction exercise their Options prior to the Record Date, they will be entitled to participate in the Rights Issue. This will increase the maximum number of New Shares to be issued under the Rights Issue.</p> <p>Further, as we are listed on AIM, holders of depository interests who elect to have their holding transferred to the CHES sub-register before the Record Date and who have an address in an Eligible Jurisdiction will be entitled to participate in the Rights Issue. This would also increase the maximum number of New Shares to be issued under the Rights Issue.</p>
<b>Maximum amount to be raised under the Rights Issue</b>	<p>The maximum amount raised under the Rights Issue will be approximately \$9.6 million, assuming full subscription.</p> <p>Where, before the Record Date, relevant persons with an address in an Eligible Jurisdiction:</p> <ul style="list-style-type: none"> <li>(a) exercise their Options; and/or</li> <li>(b) elect to convert their depository interest to a holding on the CHES sub-register,</li> </ul> <p>the maximum amount raised under the Rights Issue will increase.</p>

Key dates under the Rights Issue	
Announcement of Rights Issue and lodgement of Prospectus with ASIC and ASX	6 December 2011
Notice of Rights Issue sent to Eligible Shareholders	7 December 2011
“Ex” date (date from which Shares commence trading without the entitlement to participate in the Rights Issue)	8 December 2011
Record Date (to determine eligibility of Shareholders to participate under the Rights Issue)	5pm AEDT, 14 December 2011
Anticipated despatch of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders	15 December 2011
Closing Date	5.00pm AEDT, 3 January 2012
Despatch Date	11 January 2012
First trading date of New Shares expected to commence	12 January 2012

These dates are subject to change and are indicative only. We reserve the right, subject to the Corporations Act and the Listing Rules, to alter this timetable at any time, and in particular, to extend the Closing Date or to withdraw the Offer without prior notice.

# 1. Details of the Offer

## 1.1 Rights Issue

### (a) Background

Metminco is incorporated in Australia, with its Shares listed on ASX and cross-listed on AIM. The AIM listing is a listing of depository interests, rather than newly issued stock.

As announced on 28 November 2011, we have completed a fundraising to raise gross proceeds of approximately \$40 million through a placing of 285,714,286 Shares (**Placing Shares**) with institutional and sophisticated investors at an issue price of 14 cents per Placing Share (**Placing**). The Placing comprises 2 tranches, including:

- (i) 211,850,000 Placing Shares (**Firm Shares**), which were placed firm and issued pursuant to the Directors' existing authority under the Listing Rules; and
- (ii) 73,864,286 Placing Shares (**Conditional Shares**), which may be placed subject to receipt of Shareholder approval at an extraordinary general meeting of the Company to be held on or around 4 January 2012.

In addition, we make the Offer which consists of a pro-rata non-renounceable rights issue of approximately 68,584,428 New Shares to Eligible Shareholders on the basis of 1 New Share for every 20 Shares held by Eligible Shareholders at the Record Date at an offer price of 14 cents per New Share (**Rights Issue**). The Rights Issue, if fully subscribed, will raise approximately \$9.6 million.

At the date of this Prospectus, we have 1,674,466,146 Shares on issue (including the Firm Shares, which have been issued, but excluding the Conditional Shares, which have not been issued, as at the date of this Prospectus). We have also granted Options which remain unexercised over 69,217,517 Shares as at the date of this Prospectus. Where Option holders with an address in an Eligible Jurisdiction exercise their Options before the Record Date, they will be entitled to participate in the Offer. Accordingly, the number of New Shares to be issued and the funds raised as a result of the Rights Issue may vary.

### (b) Overview of Rights Issue

All Eligible Shareholders are entitled to participate in the Rights Issue. Holders of depository interests who elect to have their holding transferred to the CHESSE sub-register before the Record Date and who have an address in an Eligible Jurisdiction will be entitled to participate. Additionally, in accordance with the Listing Rules, we will give notice to Option holders of the Rights Issue before the Record Date.

The Rights Issue is made on the following basis:

- (i) you are entitled to subscribe for 1 New Share for every 20 Shares held as at the Record Date (being 5.00pm AEDT on 14 December 2011) at the Issue Price (being 14 cents per New Share);
- (ii) the Issue Price is payable in full on Application;
- (iii) an Entitlement and Acceptance Form setting out your Entitlement accompanies the Prospectus sent to you;
- (iv) the Rights Issue is conditional on the ASX accepting our application for Quotation of the New Shares; and
- (v) your Entitlement and Acceptance Forms must be received by the Closing Date (being 5.00pm AEDT on 3 January 2012).

We have appointed Canaccord BGF to act as Lead Manager in respect of the Rights Issue. Further information on Canaccord BGF's engagement in respect of the Rights Issue is set out in Section 5.4.

**(c) How to accept the Rights Issue**

Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

If you wish to accept your Entitlement, you should complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form and in accordance with the steps set out in Section 3.

**(d) New Shares to rank equally**

New Shares will rank equally with the Shares already on issue as at the date the New Shares are issued. The New Shares will participate fully in any dividends we declare and pay after the date of their issue. A summary of the rights attaching to the New Shares are set out in Section 5.1.

**(e) Non-renounceable**

The Rights Issue is non-renounceable, which means your Entitlement or part thereof is not transferable and cannot be sold.

**(f) Not underwritten and no minimum subscription**

The Rights Issue is not underwritten. There is no minimum subscription to be raised pursuant to the Rights Issue.

**(g) Shortfall**

Any Shortfall Securities may be allotted and issued at the discretion of the Board in accordance with the Corporations Act and the Listing Rules. The issue price of any Shortfall Securities will be no lower than 14 cents being the price at which the New Shares have been offered to Eligible Shareholders under the Rights Issue. As Lead Manager, Canaccord BGF will assist us in allotting any Shortfall Securities if we elect to do so. Further information on the role of Canaccord BGF is set out in Section 5.4.

**(h) Overseas Shareholders**

The Rights Issue is not being extended to any Shareholder whose registered address at the Record Date is not in an Eligible Jurisdiction (**Ineligible Shareholder**) and 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.

The Directors note the small number of such Ineligible Shareholders and the cost of complying with applicable regulations in jurisdictions outside the Eligible Jurisdictions as reasons why the Rights Issue is not being extended to other jurisdictions.

If you reside in New Zealand you should consult your professional advisers as to whether any government or other consents are required, or other formalities need to be observed, to enable you to exercise your Entitlements under the Rights Issue.

**(i) Closing Date**

We may, at our absolute discretion, reject any Entitlement and Acceptance Form we receive after the Closing Date. In the event that we reject your Application, you will receive a full refund of any payment of Application Money without interest.

**(j) Fractional Entitlements**

Fractional Entitlements will be rounded up to the nearest whole number of New Shares.



## 1.2 Allotment of New Shares

New Shares issued pursuant to the Rights Issue will be allotted as soon as practicable after the Closing Date. We will allot the New Shares on the basis of your Entitlement. Where the number of New Shares issued to you is less than the number applied for, or where no allotment is made, surplus Application Money will be refunded to you, without any interest, as soon as practicable after the Closing Date.

Pending the allotment and issue of the New Shares or payment of refunds pursuant to this Prospectus, we will hold all Application Money on trust for the Applicants in a separate bank account. We will, however, be entitled to retain all interest that accrues on any Application Money we hold and you waive your right to claim any interest.

## 1.3 ASX listing

Within 7 days of the date of this Prospectus, we intend to apply for Quotation of the New Shares on the ASX. If the ASX accepts our application, Quotation of the New Shares will commence after the allotment of the New Shares.

If any New Shares are not granted Quotation on the ASX within 3 months after the date of this Prospectus, we will not issue those New Shares and the Application Money in respect to those New Shares will be refunded to the Applicant without interest within the timeframe prescribed by the Corporations Act.

## 1.4 Investment risks

As with any investment, there are risks. An investment of this kind involves a number of risks, including risks that are specific to the Company and the industry in which it operates.

The Rights Issue should be considered speculative. As such, before deciding to invest in the Company, you should read this Prospectus in its entirety, consider all factors in light of your individual circumstances, and seek appropriate professional advice.

In particular, you should carefully read the risk factors outlined in Section 4.

Set out below is a summary of the key risk factors which should be considered before subscribing for New Shares. This list is not exhaustive and you should examine the contents of this Prospectus, including the risk factors outlined in more detail in Section 4, and consult your professional advisers before deciding whether to apply for New Shares.

The following is a summary of some of the specific risks involved with an investment in the Company:

### (a) Foreign governments and legal systems

The Chilean and Peruvian jurisdictions, where our assets reside and under which we are currently operating, differ from the legal systems found in Australia and New Zealand. This could lead to exposure to any of the following risks:

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

We cannot guarantee 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. In addition, political instability and changes in foreign law, including taxation law, may affect our ability to operate successfully, profitably or optimally in foreign jurisdictions.

**(b) Environmental risk**

Our operations are subject to risks related to the incidence and recurrence of natural disasters and extreme weather events that could affect both revenue and profitability such as the Chilean earthquakes in February 2010 centred south of Santiago, Chile. These earthquakes did not significantly affect our operations, however, further earthquakes or other natural disasters have the potential to do so. Additionally, our employees and those of our subsidiaries living in risk-prone areas around our tenements could potentially be affected by extreme weather events.

**(c) Litigation**

Legal proceedings may arise from time to time in the course of our business. In particular, the holder of surface titles in respect of the Mollacas Project, Agrícola Bauza Ltda has previously filed various actions against our subsidiaries in respect of claims relating to access and environmental accusations. Though these actions have, to date, been successfully defended, litigation poses an ongoing risk to our business and operations.

**1.5 Taxation**

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares. These taxation implications will vary depending on your individual circumstances. You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accept any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares.

**1.6 CHESSE**

We participate in the security transfer system known as CHESSE. ASX Settlement operates CHESSE in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESSE, you will not receive a share certificate but will receive a statement of holding of New Shares. If you are broker sponsored, and you take up all or part of your Entitlement, ASX Settlement will send you a CHESSE statement.

Your CHESSE statement will set out the number of New Shares issued to you under this Prospectus and provide details of your holder identification number and the participant identification number of the sponsor. If you are registered on the issuer sponsored sub-register, and you take up all or part of your Entitlement, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Prospectus and a security holder reference number. A CHESSE statement or issuer-sponsored statement will routinely be sent to holders of Shares at the end of any calendar month during which the balance of their holding of Shares changes. Holders of Shares may request a statement at any other time. However, a charge may be made for additional statements.

**1.7 Withdrawal of Prospectus**

The Directors may at any time withdraw this Prospectus, in which case we will repay, as soon as practicable and without interest, all Application Money we received from you.

**1.8 Enquiries**

If you have any questions regarding this Prospectus please contact us on (+612) 9460 1856.

## 2. Use of funds and effect of Rights Issue

### 2.1 Background

We have been advancing a strong portfolio of exploration projects located in Chile and Peru, mainly focused on copper, but with significant exposure to gold, molybdenum and zinc. Projects range from mine pre-feasibility, advanced exploration and grassroots exploration.

Drilling results received to date from our 35,000m Phase 3 diamond drilling program provide further confirmation that the Los Calatos project is a potential world class project with intersections demonstrating mineralisation from close to surface to vertical depths greater than 1,700m. The Phase 3 diamond drilling program is scheduled to be completed shortly and, in light of the results received so far, we intend to undertake a Phase 4 diamond drilling program of approximately 100,000m commencing in January 2012 to achieve an updated interim Joint Ore Reserves Committee (**JORC**) resource statement mid 2012 and an updated JORC resource statement by early 2013 on which to base our proposed pre-feasibility study.

At our Mollacas copper leach project, we recently completed a 2,250m diamond drilling program, which provided ore for metallurgical testwork and additional information for the derivation of a final JORC resource estimate which is expected during Q1 2012. A 1,154m reverse circulation (**RC**) drilling program completed in September 2011 will provide clearance for the planned infrastructure and for hydrogeological studies. Following completion of metallurgical work and the anticipated resource update, we expect to commence the Mollacas definitive feasibility study.

At our Vallecillo project, a 6,000m diamond drilling program to upgrade the existing JORC resource at the La Colorada polymetallic deposit is underway and expected to be completed by the end of Q4 2011, leading to a resource upgrade late Q1 2012. In light of the anticipated results of this diamond drilling program, we expect to commence a scoping / pre-feasibility study during the first half of 2012 and further metallurgical testwork to support the study. We are also in the early stages of our initial phase of drilling on a potential copper/molybdenum porphyry system that has been identified at Vallecillo.

Exploration at our Camaron and La Piedra projects continues with RC drilling totalling 10,000m expected to be completed during Q1 2012, following which we expect to continue with the exploration of these projects, subject to results.

For further information about us, please visit [www.metminco.com.au](http://www.metminco.com.au).

### 2.2 Use of funds

Further to our recent activities discussed above, we are seeking to raise a total of approximately \$49.6 million (**Total Raising**), which includes:

- (a) approximately \$40 million from the issue of Placing Shares; and
- (b) approximately \$9.6 million from this Rights Issue,

in order to continue to create value for Shareholders by funding the continuing development of our multiple prospective mining projects within optimal time frames, with a focus on the Los Calatos, Mollacas and Vallecillo projects.

Table 1 below provides an approximate summary of the proposed application of the Total Raising at the date of this Prospectus.

Table 2 below provides an approximate summary of the proposed application of the Rights Issue raising, which is a pro rata allocation of the Total Raising.

Table 1 – Proposed application of Total Raising<sup>1</sup>

Application	Budgeted Amount
Fund the approximately 100,000m Phase 4 diamond drilling programme at Los Calatos	\$31.5 million
Fund the detailed feasibility study and pre-development work at Mollacas	\$5.0 million
Fund the pre-feasibility/scoping study at Vallecillo	\$1.5 million
Provide additional funds to allow for exploration, project development and for working capital	\$9.1 million
Expenses of the Offer	\$2.5 million
<b>Total Raising</b>	<b>approximately \$49.6 million</b>

Table 2 – Proposed application of Rights Issue raising<sup>2</sup>

Application	Budgeted Amount
Fund the pre-feasibility/scoping study at Vallecillo	\$1.5 million
Provide additional funds to allow for exploration, project development and for working capital	\$7.8 million
Expenses of the Offer	\$0.3 million
<b>Total Raising</b>	<b>Approximately \$9.6 million</b>

### 2.3 Effect on Shareholders' equity and cash reserves

Assuming that all New Shares offered under the Rights Issue are issued, the principal effects of the Rights Issue on the Company will be to:

- (a) increase our cash reserves by approximately \$9.6 million, before taking into account the costs of the Rights Issue (see Section 5.11);
- (b) provide us with additional capital for the purposes referred to in Section 2.2; and
- (c) increase the total number of Shares on issue (see Section 2.4).

<sup>1</sup> Assumes all Conditional Shares, and all New Shares under the Rights Issue, are issued.

<sup>2</sup>. Assumes all New Shares under the Rights Issue are issued.

Further information summarising the effect of the Rights Issue on the Company is provided in Section 2.5, which includes pro-forma consolidated historical financial information of the Company.

## 2.4 Effect on capital structure

Assuming that all New Shares offered under the Rights Issue are issued, no Options are exercised and no depository interests are converted into Shares prior to the Record Date, the effect of the Offer on the Company's issued share capital will be as shown in the following Table 3.

Table 3 – Effect on capital structure

Event	Shares
Shares on issue at date of this Prospectus (including Firm Shares)	1,674,466,146
New Shares issued under the Rights Issue	68,584,428
<b>Total Shares on issue after completion of the Rights Issue</b>	<b>1,743,050,574</b>
Conditional Shares to be issued subject to Shareholder approval	73,864,286
<b>Total Shares on issue after completion of the Rights Issue and the placing of the Conditional Shares</b>	<b>1,816,914,860</b>

## 2.5 Pro forma consolidated statement of financial position

To illustrate the effect of the Rights Issue on the Company, a pro forma consolidated statement of financial position, shown in the following Table 4, has been prepared based on the audited consolidated statement of financial position as at 30 June 2011.

The pro forma consolidated statement of financial position provided shows the effect of the Rights Issue as if it had been made on 30 June 2011 (and taking into account its anticipated costs) and assumes that the maximum number of New Shares are issued under the Rights Issue.

The accounting policies adopted in preparation of the pro forma consolidated statement of financial position are consistent with the policies adopted for the 6 months ending 31 December 2010 and the half year ending 30 June 2011.

Table 4 – Pro forma consolidated statement of financial position

	30 June 2011 \$	Pro-forma consolidated 30 June 2011 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	31,436,784	78,538,604
Trade and other receivables	1,935,327	1,935,327
Equity swap derivative	1,012,511	1,012,511
Other assets	43,151	43,151
<b>TOTAL CURRENT ASSETS</b>	<b>34,427,773</b>	<b>81,529,593</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	2,877,217	2,877,217
Equity accounted investments	2,830,596	2,830,596
Property, plant and equipment	2,845,936	2,845,936
Exploration and evaluation expenditure	170,723,193	170,723,193
<b>TOTAL NON-CURRENT ASSETS</b>	<b>179,276,942</b>	<b>179,276,942</b>
<b>TOTAL ASSETS</b>	<b>213,704,715</b>	<b>260,806,535</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,435,233	2,435,233
Short-term provisions	165,538	165,538
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,600,771</b>	<b>2,600,771</b>
<b>TOTAL LIABILITIES</b>	<b>2,600,771</b>	<b>2,600,771</b>
<b>NET ASSETS</b>	<b>211,103,944</b>	<b>258,205,764</b>
<b>EQUITY</b>		
Issued capital	280,514,496	327,616,316
Reserves	(41,793,942)	(41,793,942)
Accumulated losses	(27,616,610)	(27,616,610)
<b>TOTAL EQUITY</b>	<b>211,103,944</b>	<b>258,205,764</b>

## 3. Action required by Eligible Shareholders

### 3.1 Actions under the Rights Issue

To subscribe to the Rights Issue, you must complete the accompanying personalised Entitlement and Acceptance Form in accordance with instructions set out in that form. You may take up your Entitlement in whole or in part or allow all of your Entitlement to lapse.

Please pay by cheque or by BPAY. If you pay by:

- (a) cheque, you should make the cheque payable to "Metminco Limited - New Issue A/C" and crossed "Not Negotiable";
- (b) BPAY, you should follow the procedure set out in your personalised Entitlement and Acceptance Form'.

Your payment must be in Australian currency. The amount payable on Application will be deemed not to have been received until cleared funds are received. Completed Entitlement and Acceptance Forms (and, if paying by cheque a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below:

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

All acceptances must be received by the Closing Date.

If we receive your Entitlement and Acceptance Form after the Closing Date, the Directors may, at their discretion, accept or reject your Application.

### 3.2 Important note

If you complete and lodge an Entitlement and Acceptance Form, you will be deemed to have accepted the Offer to subscribe, on the terms set out in this Prospectus and in the Entitlement and Acceptance Form, for the number of New Shares specified in the Entitlement and Acceptance Form.

In accordance with the Corporations Act, we will hold the Application Money on trust for you until we issue you with your New Shares. We will retain any interest earned on the Application Money, whether or not the New Shares are issued or allotted to you.

### 3.3 Brokerage

No brokerage fee is payable by Eligible Shareholders who apply for New Shares.

### 3.4 Further advice

If you are in any doubt as to how to complete or deal with your Entitlement and Acceptance Form, you should contact your stockbroker or financial adviser for assistance.

## 4. Risk factors

### 4.1 Introduction

An investment in the Company involves various risks.

There are a number of factors that may have a material adverse effect on our future operating and financial performance. The principal risk factors are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside our control and cannot be mitigated.

You should carefully consider the risks set out below, the information contained elsewhere in this Prospectus, and all other relevant material, including our public announcements and reports, before you make a decision to invest in the Company by applying for New Shares.

### 4.2 Specific risks

The following is a list of specific risks relevant to an investment in the Company.

#### (a) Foreign governments and legal systems

The Chilean and Peruvian jurisdictions, where we are currently operating, differ from the legal systems found in Australia and New Zealand. This could lead to exposure to any of the following risks:

- (i) lack of guidance or interpretation of the applicable rules and regulations; and
- (ii) delays in redress or greater discretion on the part of 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. In addition, political instability and changes in foreign law, including taxation law, may affect our ability to operate successfully, profitably or optimally in foreign jurisdictions.

#### (b) Environmental risk

Our operations are subject to risks related to the incidence and recurrence of natural disasters and extreme weather events that could affect both revenue and profitability such as the Chilean earthquakes in February 2010 centred south of Santiago, Chile. These earthquakes did not significantly affect our operations, however, further earthquakes or other natural disasters have the potential to do so. Additionally, our employees and those of our subsidiaries living in risk-prone areas around our tenements could potentially be affected by extreme weather events.

#### (c) Litigation

Legal proceedings may arise from time to time in the course of our business. In particular, the holder of surface titles in respect of the Mollacas Project, Agrícola Bauza Ltda has previously filed various actions against our subsidiaries in respect of claims relating to access and environmental accusations. Though these actions have, to date, been successfully defended, litigation poses an ongoing risk to our business and operations.

### 4.3 General risks

The following is a list of general risks relevant to an investment in the Company:

#### (a) Exploration activity

All of our projects are in the exploration phase.



Exploration is a process subject to unforeseen contingencies. It is an inherently high risk stage, with no guarantee of exploration success.

At present, we have identified numerous potential drilling locations. We cannot be sure, however, that actual drilling will take place. We cannot guarantee 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 our operations and on our 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:

- (i) failure to delineate commercial mining resources;
- (ii) delays in the availability of drilling rigs and the delivery of equipment;
- (iii) hiring rates for drill equipment;
- (iv) failure and/or breakdown of equipment;
- (v) industrial accidents;
- (vi) unexpected drilling conditions;
- (vii) availability of specialised personnel; and
- (viii) adverse weather conditions.

**(b) 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 we employ the 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.

**(c) 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, commodity prices and currency exchange rates. Any material change in the 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 our ability to extract any ore, could have a material adverse effect on our future operational results and on our financial condition.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Often estimates are 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 our resources could affect our development, mining plans and financial position.

**(d) Operating risk**

Our operations may be disrupted by a number of events that are beyond our control. These include but are not limited to:

- (i) the availability of transportation capacity;
- (ii) geological, geotechnical and seismic factors;
- (iii) industrial and mechanical accidents;
- (iv) equipment and environmental hazards;
- (v) power supply failure; and
- (vi) 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 or profitable mining operations.

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

**(e) Development of production operations**

Specific production operation risks in relation to a mine, which may affect our financial position, include:

- (i) delays in access to land;
- (ii) title to land;
- (iii) permitting;
- (iv) government regulation;
- (v) access to power; and
- (vi) access to water.

**(f) Production**

If production eventuates, specific production risks, which may affect our financial position, include:

- (i) adverse geological, seismic and geotechnical conditions;
- (ii) failure and/or breakdown of equipment;
- (iii) labour disputes;
- (iv) industrial accidents; and
- (v) other environmental hazards and risks.

**(g) Environmental regulations**

Our operations are subject to environmental regulation in all of the jurisdictions in which we operate. 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 us to incur additional expenses, capital expenditures, restrictions and delays in our activities, 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 our business, operations and financial performance. Damages occurring as a result of such risks may give rise to claims against us 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 our current or future operational target dates being delayed or interrupted and result in increased capital expenditure.

**(h) Health and safety**

Our activities will continue to be subject to health and safety standards and regulations. Failure to comply with such requirements, including by negligence or a failure to act, may result in fines and or penalties being assessed against us.

**(i) Additional requirements for capital**

Further funds will be required once we complete our current proposed exploration and development activities. Unless and until we develop or acquire income producing assets, we will be dependent upon our cash resources, any funds derived from the exercise of Options and our ability to obtain future equity or debt funding to support exploration, evaluation and development of the tenements in which we have an interest.

Our ability to raise further equity or debt, or to divest part of our 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.

If it is established that a mining production operation is technically, environmentally and economically viable, we may require substantial additional financing to permit and establish mining operations and production facilities. No assurances can be given that we 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, operating expenses and technical aspects are all factors which may 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 us, or at all. If we are unable to obtain additional financing as needed, we may be required to reduce the scope of our operations or anticipated expansion, forfeit our interest in some or all of our tenements, incur financial penalties, or reduce or terminate our operations.

**(j) 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 which may exceed our insurance coverage.

**(k) Key management and staff**

Our success is largely dependent on the abilities of our Directors, senior management and other key personnel. The loss of the services of these persons may have a materially adverse effect on our business and prospects. There is no assurance that we can retain the services of these persons. Failure to do so could have a materially adverse effect on us and our prospects.

**(l) Local community**

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

**(m) Economic risk and external market factors**

Factors, such as, but not limited to, world economic conditions, political instability, stock market trends, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes may all have an adverse impact on our revenues, operating costs, profit margins and share price. These factors are beyond our control and we cannot predict how they will impact on our business.

**(n) Speculative nature of the investment**

The above risk factors are not exhaustive. Other factors may in the future materially affect our financial performance and the value of the New Shares. As an investment in the Company is speculative, there is no guarantee with respect to the payment of dividends, return of capital or the market value of the New Shares at any given time.

## 5. Additional information

### 5.1 Rights and liabilities attaching to New Shares

#### (a) Overview

The rights attaching to ownership of Shares (including New Shares) arise from a combination of:

- (i) the Company's constitution; and
- (ii) in certain circumstances, the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the more significant rights attaching to the Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of our Shareholders.

#### (b) Voting, meeting and notices

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company.

At a general meeting, every Shareholder present in person or by proxy, representative or attorney will have 1 vote on a show of hands and, on a poll, 1 vote for each Share held.

#### (c) Dividends

The Directors may declare or determine to be payable, such dividends to Shareholders as appear to the Directors to be justified by our profits. Dividends are payable out of the Company's profits in the form of cash, further Shares or securities in the Company, the grant of Options and the transfer of assets.

#### (d) Return of capital

On a winding up of the Company, the holders of Shares will participate in any surplus assets (following distribution to secured creditors ranking ahead of shareholders as unsecured creditors) in proportion to the number of Shares held by them at the commencement of the winding up.

#### (e) Transfer of Shares

A Shareholder may transfer all or any of its Shares by:

- (i) in the case of an ASX Settlement regulated transfer, in any manner required or permitted by the Listing Rules or ASX Settlement Operating Rules; and
- (ii) in other cases, using any written transfer instrument in any common form or form approved or adopted by the ASX or the Directors.

The Directors may decline to register any transfer where permitted to do so by the Listing Rules and must decline to register a transfer of Shares where required by the Listing Rules.

#### (f) Variation of rights

Subject to the Listing Rules, the rights attaching to any Shares (unless otherwise provided by the terms of issue of the Shares) may be varied or abrogated in any way with the approval by way of special resolution passed at a separate meeting of the holders of the Shares or with the consent in writing of the holders of three-quarters of the Shares.

The Directors may, subject to the restrictions on the allotment of Shares imposed by the Company's constitution, the Corporations Act and the Listing Rules, from time to time issue and allot further Shares on such terms and conditions as they see fit.

## 5.2 Transaction specific prospectus and continuous reporting obligations

We are a disclosing entity and are therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, we are obliged to comply with all applicable continuous disclosure and reporting requirements in the Corporations Act and the Listing Rules. In particular, we must comply with the requirement to disclose to the ASX any information held by us which a reasonable person would expect to have a material effect on the price or value of the Shares.

As this Prospectus is a transaction-specific prospectus issued under section 713 of the Corporations Act, it is not required to contain all the information that you and your professional advisers would reasonably require to make an informed assessment of the effect of the Rights Issue on the Company, and the rights and liabilities attaching to the New Shares. In particular, this Prospectus is not required to provide information regarding our assets and liabilities, financial position and performance, profits and losses and prospects on the basis that such information is available through continuous disclosure notices we have given in accordance with our obligations under the Listing Rules and the Corporations Act.

Copies of the documents lodged by us with ASIC may be obtained from, or inspected at, an office of ASIC.

We will provide a copy of any of the following documents, free of charge, to any person who asks for a copy before the Closing Date:

- (i) our financial report for the 6 months ended 31 December 2010 being our most recently lodged annual report before the date of this Prospectus;
- (ii) any of our half year financial reports lodged with ASIC after the lodgement of our annual financial report and before the lodgement of this Prospectus with ASIC; and
- (iii) any other financial statements lodged in relation to us with ASIC and any continuous disclosure notices given by us to the ASX, in the period starting immediately after lodgement of our annual financial report for the 6 months ended 31 December 2010 with ASIC and before the lodgement of a copy of this Prospectus with ASIC.

All documents referred to above are separate documents to this Prospectus and are not incorporated by reference in this Prospectus.

Since we lodged our annual financial report for the 6 months ended 30 December 2010, we have made the following announcements to the ASX, shown in Table 5.

**Table 5 – Announcements to the ASX**

Date	Description of Document
08/04/2011	Appendix 3B
14/04/2011	Quarterly Activities Report and Appendix 5B
20/04/2011	Appendix 3B
21/04/2011	Trading Halt
28/04/2011	Metminco secures 100% of projects and raises A\$30.4 million

28/04/2011	Barrick agrees to surrender buy back right
28/04/2011	Metminco purchases 100% of Chilean assets
28/04/2011	Successful \$A30.4 million Capital Raising
28/04/2011	Notice of AGM/Proxy Form and Accounts
28/04/2011	Appendix 3B
02/05/2011	Becoming a substantial holder
02/05/2011	Change in substantial holding from TKG
04/05/2011	Becoming a substantial holder
11/05/2011	Appendix 3B
11/05/2011	Investor Presentation
27/05/2011	Appendix 3B
27/05/2011	Change of Director`s Interest Notice
30/05/2011	Results of Annual General Meeting
30/05/2011	Ceasing to be a substantial holder
31/05/2011	Metminco Investor Presentation June 2011
08/06/2011	Appendix 3B and Cleansing Notice
14/06/2011	Ceasing to be a substantial holder
14/06/2011	Response to a late Appendix 3Y
14/06/2011	Change of Director`s Interest Notice (re submit only)
04/07/11	Deep Drilling at Los Calatos
08/07/11	Option to purchase La Piedra project in Chile
11/07/11	Los Calatos declared a Project of National Interest
26/07/11	Appointment of new nomad and joint brokers on the AIM market
26/07/11	Quarterly Activities Report and Appendix 5B
22/08/11	Los Calatos Drilling Results
13/09/11	Half Yearly Report and Accounts 30 June 2011
26/09/11	Chile Project Update
19/10/11	Los Calatos Drilling Update

31/10/11	Quarterly Activities Report and Appendix 5B
24/11/11	Trading Halt
25/11/11	AIM release in relation to proposed placing and rights issue
25/11/11	AIM release in relation to the proposed placing
28/11/11	Metminco Investor Presentation November 2011
28/11/11	Capital Raising of US\$40 million dollars
2/12/11	Appendix 3B and Cleansing Notice
2/12/11	Change of Director`s Interest Notice
5/12/11	Notice of Shareholder Meeting
5/12/11	Appendix 3B issue of options under Employee Share Option Plan

### 5.3 Market price of Shares

The highest and lowest recorded closing market sale prices of the Shares quoted on the ASX during the 3 month period prior to the date of this Prospectus was 24 cents on 11 October 2011 and 13.5 cents on 29 November 2011.

The last closing market sale price of the Shares quoted on the ASX on the last day trading took place in the Shares before the date of this Prospectus was 14 cents on 5 December 2011.

### 5.4 Material Contracts

As at the date of this Prospectus, we have not entered into any material contracts that have not been disclosed to the ASX. However, details of Canaccord BGF's mandate (**BGF Mandate**) are set out below.

Under the BGF Mandate dated 25 November 2011, Canaccord BGF was appointed as Joint Lead Manager to the Placing, and as Lead Manager to the Asia – Pacific portion of the Placing. In addition, Canaccord BGF was appointed as sole Lead Manager to the Rights Issue and will place any Shortfall Securities on a best endeavours basis within 3 months of the Closing Date, as directed by the Board.

In addition to fees received from the Placing, Canaccord BGF will receive a fee of 2% of the funds raised from the Rights Issue, equivalent to a maximum of approximately \$192,000. Canaccord BGF will also receive a 3% commission to assist with the placement of any Shortfall Securities.

### 5.5 Litigation

We are not aware of any legal proceedings which have been commenced against us or our subsidiaries in any jurisdiction, except as disclosed below.

The holder of the surface titles in respect of the Mollacas Project, Agrícola Bauzá Ltda, has filed various actions against Minera Hampton Chile Limitada (a wholly owned subsidiary of Metminco) in respect of claims relating to access and environmental accusations. All claims determined by the Chilean judiciary to date have been successfully defended.

### 5.6 Electronic Prospectus

Pursuant to ASIC Class Order 00/044, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper



prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact us and we will send you either a hard copy or a further electronic copy of the Prospectus free of charge.

We reserve the right not to accept an Entitlement and Acceptance Form from you if we have reason to believe that when you accessed the electronic version of the Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 5.7 Board and management

The Board consists of:

- (a) Antonio Vicuna Ortuzar (Chairman);
- (b) William James Howe (Managing Director);
- (c) Francisco Vergara-Irarrazaval (Non Executive Director);
- (d) Timothy Philip Read (Non Executive Director);
- (e) Phillip John Wing (Non Executive Director); and
- (f) William Stirling Etheridge (Non Executive Director).

Philip Walter Killen is the Company Secretary and Chief Financial Officer.

For further information on our Board and management team, please visit our website at [www.metminco.com.au](http://www.metminco.com.au).

## 5.8 Directors' interests

### (a) Interests of Directors

Other than as disclosed in this Prospectus, no Director or proposed Director of the Company holds, or has held at any time during the last 2 years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or to be acquired by the Company in connection with the formation or promotion of the Offer; or
- (iii) the Offer,

and no amounts, whether in cash or Shares or securities or otherwise, have been paid or agreed to be paid, and no-one has given or agreed to give a benefit, to any Director or proposed Director of the Company either to induce them to become, or to qualify them as, a Director, or otherwise for services rendered by them in connection with the promotion or formation of the Company or the Rights Issue.

### (b) Interests in securities as at the date of this Prospectus

As at the date of this Prospectus, the Directors (and their respective associates) have relevant interests in the Shares and Options of the Company as set out in Table 6 below. Interests include those held directly and indirectly.

Each Director who is an Eligible Shareholder will be entitled to participate in the Rights Issue.

Table 6 – Directors' and Company Secretary's interests in the Company

Director	Number of Shares	Number of Options
Phillip John Wing	<b>15,893,336</b>	<b>Nil</b>
William James Howe	<b>48,264,168</b>	<b>Nil</b>
Francisco Vergara-Irarrazaval	<b>50,140,000</b>	<b>Nil</b>
Timothy Philip Read	<b>650,000</b>	3,000,000 Options exercisable at \$0.44 per Share no later than 6 December 2013  3,000,000 Options exercisable at \$0.525 per Share no later than 6 December 2013
Antonio Ortuzar-Vicuna	<b>6,400,000</b>	1,500,000 Options exercisable at \$0.44 per Share no later than 6 December 2013  1,500,000 Options exercisable at \$0.525 per Share no later than 6 December 2013
William Stirling Etheridge	<b>61,800,000</b>	<b>Nil</b>
Philip Walter Killen <sup>1</sup>	<b>3,949,836</b>	2,000,000 Options exercisable at \$0.44 per Share no later than 6 December 2013  2,000,000 Options exercisable at \$0.525 per Share no later than 6 December 2013  500,000 Options exercisable at \$0.215 per Share no later than 5 December 2014  500,000 Options exercisable at \$0.260 per Share no later than 5 December 2014

1. Company Secretary

**(c) Remuneration**

Details of remuneration for each Director for the financial year to 31 October 2011 are set out in Table 7 below.

Table 7 – Remuneration of Directors and Company Secretary

Director / Company Secretary	Director fees \$	Services /Salary \$	Super-annuation \$	Total \$
Antonio Ortuzar Vicuna	84,242	-	-	84,242
William James Howe	N/A	600,000	-	600,000
Francisco Vergara-Irarrazaval	62,500	-	-	62,500
Timothy Philip Read	62,500	50,122	-	112,622
Phillip John Wing	62,500	264,915	-	327,415
William Stirling Etheridge	57,500	177,999	58,876	299,375
Philip Walter Killen <sup>1</sup>	N/A	216,743	8,257	225,000

1. Company Secretary

## 5.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has had in the 2 years prior to the lodgement of this Prospectus, an interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Rights Issue; or
- (c) the Rights Issue,

and no benefit (whether in cash or Shares or otherwise) has been given or agreed to be given to such persons for services provided in connection with the promotion or formation of the Company or the Rights Issue.

Gadens Lawyers has acted as lawyers to the Company in relation to the Rights Issue. We estimate that we will pay approximately \$60,000 for their services. In the past 2 years, we have paid fees totalling approximately \$635,000 (excluding GST and disbursements) to Gadens Lawyers.

Canaccord BGF will receive a fee of 2% of the funds raised from Rights Issue, equivalent to a maximum of approximately \$192,000. Canaccord BGF will also receive a 3% commission to assist with the placement of any Shortfall Securities. In the past 2 years, we have paid fees totalling approximately \$3,173,025 (excluding GST and disbursements) to Canaccord BGF.

## 5.10 Corporate governance and the Board

The Board is responsible for our corporate governance and strives for high standards in this regard. The Board draws on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council, to monitor our business and affairs on your behalf. Whilst the Board attempts to adhere to the principles proposed by the ASX, it is mindful that there may be some instances where compliance is not practicable for a company of our size.

For a full overview of our corporate governance policies, please visit our website at [www.metminco.com.au](http://www.metminco.com.au).

## 5.11 Expenses of the Rights Issue

All expenses connected with the Rights Issue payable by the Company are estimated at approximately \$300,000. These estimated expenses include legal fees, broker fees, prospectus printing and other miscellaneous expenses directly attributable to the Rights Issue.

## 5.12 Privacy

As an Eligible Shareholder, we (and the Share Registry on our behalf) hold personal information about you. We do this to process and administer your investment and to provide related services to you. We may disclose your personal information, for purposes related to your investment, to our agents or service providers, including your sponsoring broker (if any) and the Share Registry.

In accordance with privacy laws, information collected in relation to you can be obtained by you by contacting us or the Share Registry.

## 5.13 Competent Person statement

The information in this Prospectus that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Colin Sinclair, who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Sinclair is a full-time employee of the Company. Mr Sinclair has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sinclair, as Competent Person for the Prospectus, has consented to the inclusion of this information in the form and context in which it appears.

## 5.14 Consents and disclaimers

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, and is not aware of any statement in this Prospectus which purports to be based on a statement by any of them, other than as specified in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Each of the following parties has consented to being named in this Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (a) Gadens Lawyers as solicitors for the Company in respect of the Rights Issue;
- (b) Security Transfer Registrars as the share registry in respect of the Rights Issue;

- (c) Colin Sinclair, as the Competent Person, as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'; and
- (d) Canaccord BGF as Lead Manager for the Company in respect of the Rights Issue.

### **5.15 Directors' statement**

This Prospectus is issued by Metminco and its issue has been authorised by the Board.

Each Director has, in accordance with section 720 of the Corporations Act, given, and has not withdrawn, before the date of this Prospectus, his consent to the lodgement of this Prospectus with ASIC, and this Prospectus has been duly signed on behalf of the Directors of the Company.

## 6. Glossary

<b>AEDT</b>	Australian Eastern Daylight Time
<b>AIM</b>	the London Stock Exchange's international market for smaller growing companies
<b>Applicant</b>	a person who submits an Entitlement and Acceptance Form
<b>Application</b>	an application for New Shares under the Rights Issue
<b>Application Money</b>	the Issue Price multiplied by the total number of New Shares applied for by an Applicant under an Entitlement and Acceptance Form
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	ASX Limited ACN 008 624 691, and the Australian securities exchange it operates
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ACN 008 504 532
<b>ASX Settlement Operating Rules</b>	the operating rules of ASX Settlement
<b>Canaccord BGF</b>	Canaccord BGF Limited ACN 075 071 466
<b>CHESS</b>	the Australian Clearing House Electronic Subregister System
<b>Closing Date</b>	the time and date at which the Offer expires, being 5.00pm AEDT, 3 January 2012, subject to the Company varying this date in compliance with the Listing Rules
<b>Company or Metminco</b>	Metminco Limited ACN 119 759 349
<b>Conditional Shares</b>	the meaning given in Section 1.1(a)
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth)
<b>Directors or Board</b>	the board of directors of the Company for the time being
<b>Eligible Jurisdiction</b>	Australia and New Zealand
<b>Eligible Shareholders</b>	Shareholders with a registered address in an Eligible Jurisdiction at the Record Date
<b>Entitlement</b>	the entitlement to take up New Shares under the Rights Issue
<b>Entitlement and Acceptance Form</b>	the entitlement and acceptance form attached to or accompanying a hardcopy of this Prospectus, personalised for each Eligible Shareholder, which allows each Eligible Shareholder to accept the Offer
<b>Firm Shares</b>	the meaning given in Section 1.1(a)
<b>Ineligible Shareholder</b>	a Shareholder who is not an Eligible Shareholder
<b>Issue Price</b>	14 cents per New Share, being the price payable per New Share
<b>Listing Rules</b>	the official listing rules of the ASX
<b>Los Calatos project</b>	our mining and exploration tenements located in southern Peru covering an covering an area of 214 square kilometres

<b>Mollacas project</b>	our mining and exploration tenements located approximately 500 kilometres north of Santiago, Chile covering an area of 32 square kilometres
<b>New Shares</b>	the Shares offered under the Rights Issue
<b>Offer</b>	the offer to Eligible Shareholders of New Shares under the Rights Issue
<b>Options</b>	options to acquire Shares
<b>Quotation</b>	official quotation on the ASX
<b>Placing</b>	the meaning given in Section 1.1(a)
<b>Placing Shares</b>	the meaning given in Section 1.1(a)
<b>Prospectus</b>	this prospectus dated 6 December 2011 modified or varied by any supplementary prospectus made by the Company and lodged with ASIC from time to time and any electronic copy of this prospectus and any supplementary prospectus
<b>Record Date</b>	5:00pm AEDT, 14 December 2011
<b>Rights Issue</b>	the meaning given in Section 1.1(a)
<b>Section</b>	a section of this Prospectus
<b>Share Registry</b>	Security Transfer Registrars Pty Ltd ACN 008 894 488, 770 Canning Highway, Applecross, WA, 6153, Australia
<b>Shareholders</b>	ordinary shareholders of the Company
<b>Shares</b>	fully paid ordinary shares in the issued capital of the Company
<b>Shortfall Securities</b>	the New Shares not taken up by Eligible Shareholders under the Rights Issue, which then become available on application by other Eligible Shareholders in addition to the other Eligible Shareholders' Entitlement
<b>Total Raising</b>	the meaning given in Section 2.2
<b>Vallecillo project</b>	our mining and exploration tenements located approximately 500 kilometres north of Santiago, Chile covering an area of 200 square kilometres

## 7. Directors' consent

Each Director of the Company has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent prior to lodgement of this Prospectus.

The Directors have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors, or anyone else, in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to you or your professional advisers.



Antonio Vicuna Ortuzar  
Chairman  
Metminco Limited

Dated 6 December 2011



## 8. Corporate directory

<p><b>Metminco Limited</b></p> <p>Level 6, 122 Walker Street North Sydney NSW 2060 Australia</p> <p>T: +61 (0)2 9460 1856 F: +61 (0)2 9460 1857</p>	<p><b>Company Directors and Secretary</b></p> <p><b>Directors:</b></p> <p>Antonio Ortuzar- Vicuna William James Howe Francisco Vergara-Irarrazaval Timothy Philip Read Phillip John Wing William Stirling Etheridge</p> <p><b>Company secretary:</b></p> <p>Philip Walter Killen</p>
<p><b>Lawyers to the Rights Issue</b></p> <p><b>Gadens Lawyers</b></p> <p>77 Castlereagh Street Sydney NSW 2000 Australia</p> <p>T: +61 (0)2 9931 4999 F: +61 (0)2 9931 4888</p>	<p><b>Share Registry</b></p> <p><b>Security Transfer Registrars Pty Ltd</b></p> <p>770 Canning Highway Applecross WA 6153 Australia</p> <p>T: +61 (0) 8 9315 2333 F: +61 (0)8 9315 2233</p>
<p><b>Lead Manager</b></p> <p><b>Canaccord BGF</b></p> <p>Level 15 9 Castlereagh Street Sydney NSW 2000 Australia</p> <p>T: +61 (0)2 9263 2700 F: +61 (0) 2 9267 0806</p>	<p><b>ASX code</b></p> <p><b>MNC</b></p>