



## SEPTEMBER QUARTERLY

31 October 2010

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### *Metminco to acquire 100% of Hampton A\$30 million equity raising*

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#### HIGHLIGHTS:

##### LOS CALATOS PROJECT

- Geophysics program underway across large Cu-Mo porphyry 'cluster'
- 50,000 metres drilling campaign to commence early December 2010

##### CORPORATE

- Ownership of Hampton to rise to 100%
  - A\$30 million raised by placement of 150 million shares
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#### SUMMARY:

Acquisition of 100% ownership of Hampton Mining Limited (Hampton) is a milestone for Metminco and helped pave the way for a major A\$30 million equity fund raising in October 2010.

This will enable the Company to concentrate on rationalising the operational and corporate aspects of the business and accelerate exploration activity across Hampton's projects particularly the implementation of an aggressive exploration program to build on the 926 Mt copper/molybdenum resource already announced, and to drill test new, high priority targets and anomalies on the Los Calatos Project.

# PROJECTS

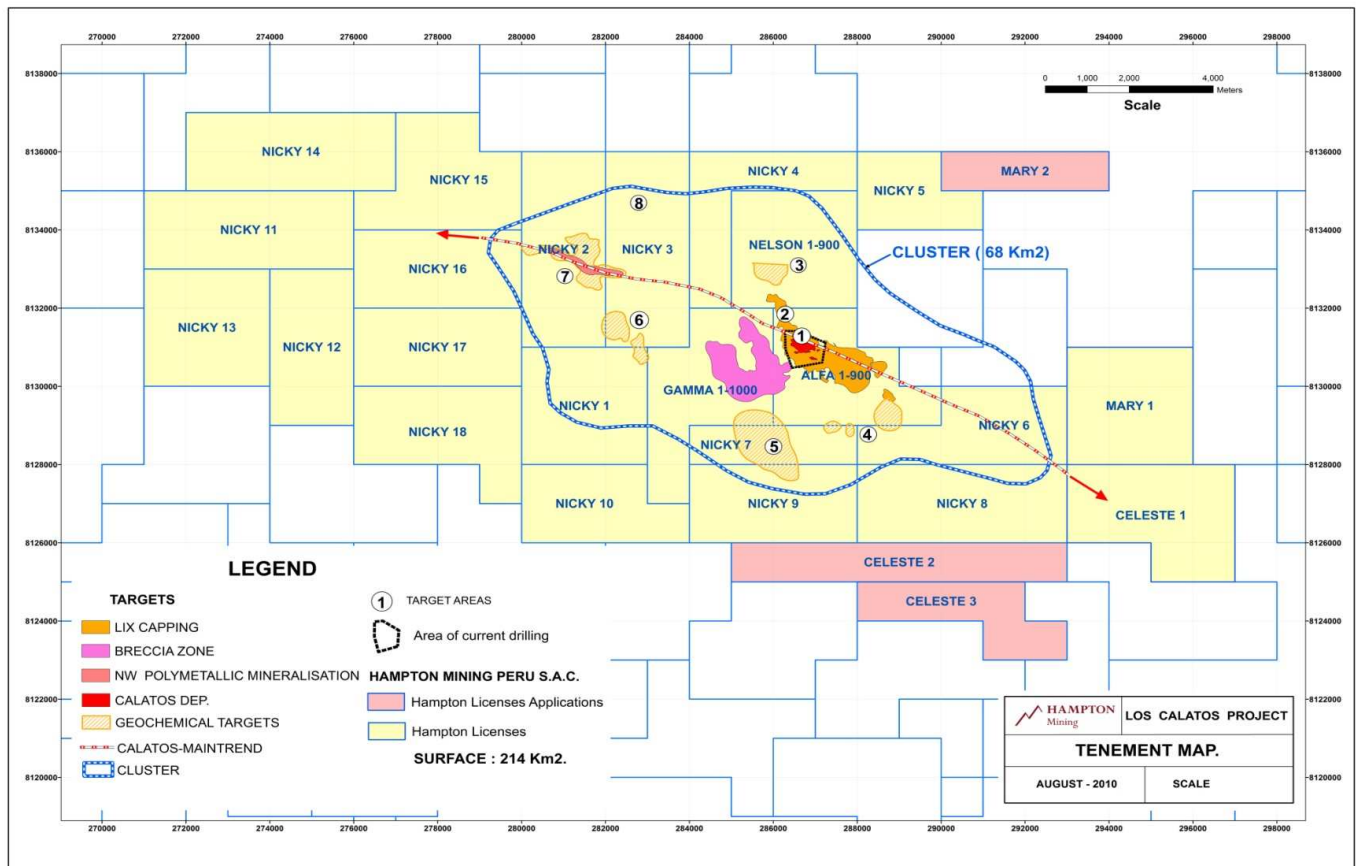
## Los Calatos Cu-Mo project - exploration program

### Geophysics

Hampton has commissioned a comprehensive program of ground geophysics across the large Los Calatos copper / molybdenum (Cu-Mo) porphyry 'cluster'. The program, being undertaken by Quantec, is surveying magnetic and electrical properties:

- Ground magnetic survey
- Ground 'Titan 24' DCIP MT survey:
  - Testing up to 750 metres depth with IP Chargeability and DC resistivity
  - Testing up to 1500 metres depth with MT resistivity

Surveying, analysis and interpretation of the resistivity and chargeability features will give a detailed subsurface 3D understanding of the alteration, structural and lithological features at Los Calatos. Integrated with the results of the surface sampling programs (including delineated Los Calatos targets 2 to 8 – refer Figure 1), and results of the drilling to date at Los Calatos 1, it will in turn provide an important guide to the occurrence of potential additional mineralisation across the 'cluster'.

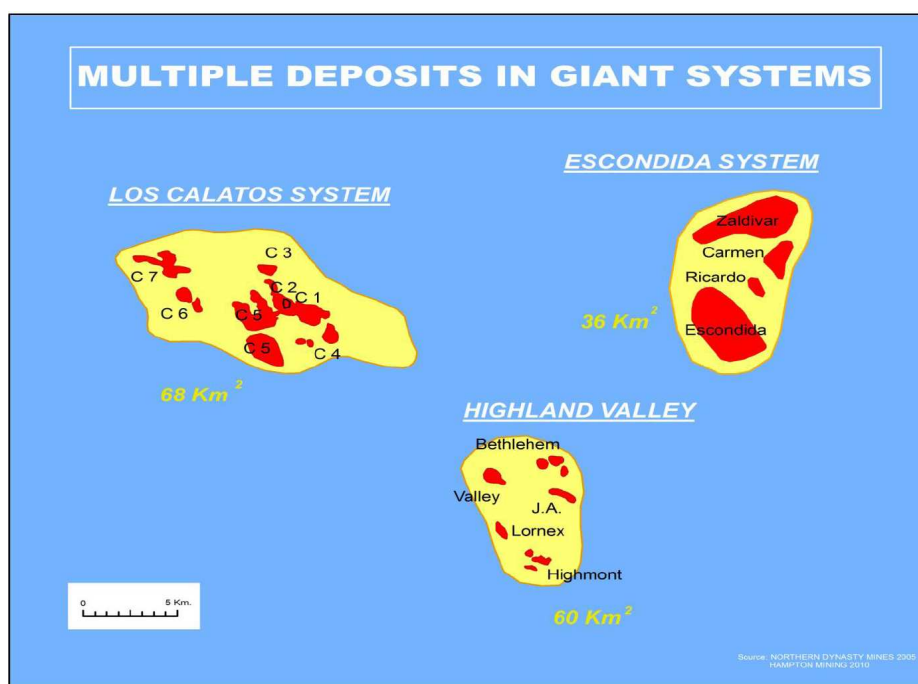


**Figure 1** : Hampton's licences, showing current outline of porphyry 'cluster', trend of mineralization, and exploration targets 1 to 8.

Application of the state-of-the-art Titan 24 geophysical technology since 2000 to the exploration of copper porphyry systems has proved materially successful, including detection for example of the world-class porphyry Cu-Mo Resolution deposit located in Arizona, USA.

## Surface exploration

Hampton has continued its surface geological mapping and sampling program at Los Calatos, recently focussing on infill geochemical sampling covering selected zones of interest.



**Figure 2:** The Los Calatos porphyry 'cluster', compared to two other examples, giant mineralised porphyry systems, often hosting multiple deposits. (Source : Northern Dynasty Minerals 2005, Hampton 2010)

## Drilling

The next phase of diamond drilling by Hampton (Phase 3) at Los Calatos will total approximately 50,000 metres and will commence in early December 2010. Hampton plans to deploy up to five drilling rigs, with a view to completing this phase of drilling by mid 2011.

Drilling will start immediately to infill and extend resources delineated so far within Los Calatos 1.

Results from the current geophysics program will be used to design detailed drill hole programs to start testing Los Calatos exploration targets 2 to 8.

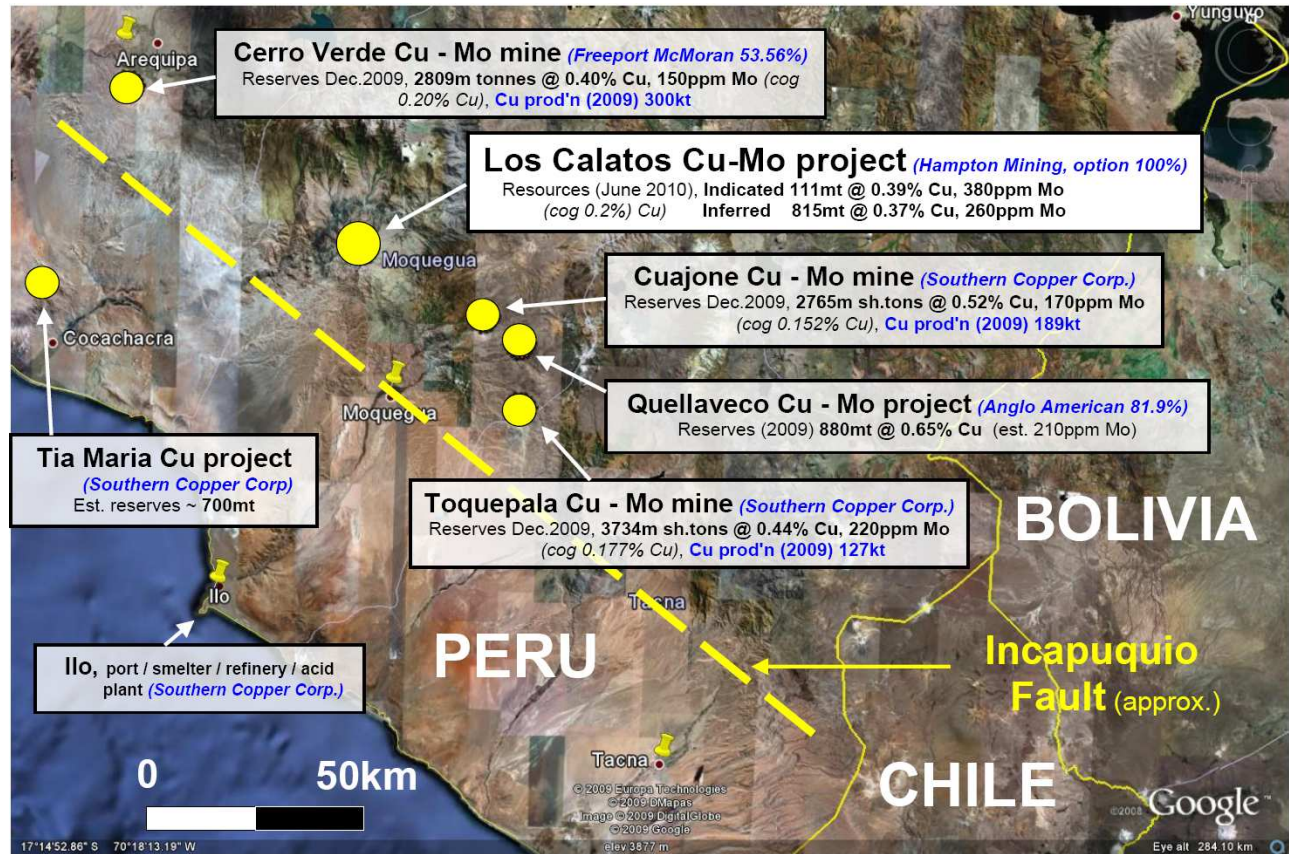
## Los Calatos Cu-Mo project - background

### Location

The Los Calatos Project is located in far south Peru, near the coast and at moderate elevation (approximately 2800 metres). The project site lies approximately an hour's drive north of the Pan American highway. The Project also occurs within a well known major copper porphyry belt, near three large existing mines and hence near infrastructure. Total current tenement area is 214 km<sup>2</sup> (refer Figure 1).

## Regional setting

Porphyry deposits typically occur in belts, such that all such deposits within a belt generally share the same approximate age and geological characteristics.



**Figure 3 :** Los Calatos, location in copper-molybdenum porphyry belt in southern Peru

Thus the Los Calatos project lies within the major Paleocene / early Eocene belt of copper-molybdenum porphyry deposits (mineralization approximately 55 million years old), located adjacent to the coast in far south Peru. It includes the following deposits:

- The Cuacone and Toquepala deposits to the south east of Los Calatos, both large existing mines, owned by Southern Copper Corporation, which also owns smelting and refining operations at the nearby port of Ilo; and,
- the Quellaveco deposit, also southeast, owned 81.6% by Anglo American, and now seeking permitting for development; and,
- Cerro Verde to the northwest, a large existing mine, owned 53.6% by Freeport McMoran), close to and southwest of Arequipa.

This major northwest-southeast structural trend includes the major Incapuquio Fault.

## Mineralisation, drilling and resources

A comprehensive and ongoing surface geological mapping and sampling program has outlined a large copper porphyry 'cluster' at Los Calatos, approximately 68 km<sup>2</sup> in area and over 10 km long. This major northwest-southeast trending zone of alteration parallels the regional structural trend. Figure 2 compares the Los Calatos 'cluster' with two other large porphyry cluster systems.

Within this 'cluster' eight (8) exploration targets have been identified to date, based on surface alteration and geochemical anomalies, of which only Los Calatos 1 has been drilled (refer Figure 1).

Note that volcanic ash from geologically recent eruptions is obscuring underlying geology across significant tracts of the tenements and therefore may be hiding additional anomalism.

Prior to Hampton's ownership, previous drilling totalled 5,295 metres of which 26 drill holes were reverse circulation and 13 were diamond cored boreholes drilled by Phelps Dodge Inc and Barrick Gold Corporation. Of this drilling 5 reverse circulation and 11 diamond drill holes, totalling 4,490 metres, are relevant to resources estimation.

Hampton's Phase 1 drilling program of 13 diamond cored boreholes, from July to December 2008, totalling 6,387 metres, resulted in an initial resource estimation of 262 million tonnes @ 0.64% CuEq (ratio of Cu/Mo prices of 5:1), at a cutoff grade of 0.2% Cu, reported in June 2009.

In the phase 2 drilling campaign Hampton drilled 10 core holes totalling 9,516 metres from November 2009 to March 2010. Hence total metres drilled on the Los Calatos Project to June 2010 were 21,261 metres, of which 20,393 metres were considered in the revised June 2010 resource estimate (refer Table 1).

**Table 1. Mineral Resource Statement for the Los Calatos Project, Peru, June 2010**

<i><b>Resource Classification</b></i>	<i><b>Tonnage , 000 tonnes</b></i>	<i><b>Copper %</b></i>	<i><b>Molybdenum %</b></i>
Indicated	111,264	0.39	0.038
Inferred	814,970	0.37	0.026

Note: 1. Cut-off grade of 0.2% Cu

Following the resources revision total resources at a range of cut-offs are as follows:

Cut-off Grade		Indicated Resources			Inferred Resources	
(%)	T ('000)	Cu (%)	Mo (%)	T ('000)	Cu (%)	Mo (%)
0.40	36,975	0.59	0.062	296,699	0.55	0.034
0.35	49,036	0.54	0.055	365,562	0.52	0.034
0.30	64,108	0.49	0.049	463,465	0.47	0.032
0.25	86,325	0.43	0.044	594,390	0.43	0.03
0.20	111,264	0.39	0.038	814,970	0.37	0.026
0.15	136,269	0.35	0.034	1,049,445	0.33	0.022

Total contained copper equivalent metal (CuEq), and average grade (% CuEq), for a range of cut-offs are as follows:

Cut-off Grade	Total Tonnes	Contained CuEq Metal	Average grade CuEq
(%)	('000)	('000) t	(%)
0.40	333,674	2,470	0.74
0.35	414,598	2,920	0.71
0.30	527,573	3,400	0.64
0.25	680,715	4,010	0.59
0.20	926,234	4,720	0.51
0.15	1,185,714	5,330	0.45

Note: 1. Copper equivalence assumes a ratio of Cu/Mo prices of 5.

At the 0.2% Cu cutoff grade, the drilling to date at Los Calatos 1 defines a mineralized porphyry body with a drill tested strike length of 900m (previously 600m), a maximum drill tested width of 500m (previously 300m), and a drill tested vertical depth of 1100m (previously 800m).

The cutoff grade of 0.2% Cu is broadly consistent with a development concept of large scale open pit mining.

## Metallurgy

Preliminary flotation testing in 2009 on composite samples from drill core returned favourable results. The averages for the most promising tests (predicted results from each of the locked cycle tests) are shown in the following table:

<i>Concentrate grades</i>		<i>Concentrate recoveries</i>	
<i>Cu %</i>	<i>Mo %</i>	<i>Cu %</i>	<i>Mo %</i>
24.0	2.5	87.5	79.1

The molybdenum grades are exceptionally high in virtually all of the composite samples and this is reflected in the results of the locked cycle tests. An overall molybdenum recovery of 68 % would be expected for a commercial grade molybdenum concentrate.

The concentrate grades for copper are a little below average, but it is believed that this can be improved by modifying the conditions and procedures of the flotation tests. Both **gold and silver** on average are above payable limits for copper concentrates and should contribute as credits to any revenue stream from operations at Los Calatos.

Element		Average of	
		8 samples	Range
Ag	ppm	42	12 - 91
Au	g/T	1.15	0.7 - 1.8
<b>Cu</b>	<b>%</b>	<b>24.93</b>	<b>21.4 - 30.5</b>
<b>Mo</b>	<b>%</b>	<b>3.08</b>	<b>0.62 - 5.94</b>

## **Mollacas Cu leach project - metallurgical testwork**

In November 2008, Hampton completed a 3,970 metre infill drilling program to upgrade the resource classification from Inferred to Measured and Indicated, and to provide material for further detailed leach testing.

Initial leach test work on representative samples from Mollacas drill core commissioned produced good leach results and copper recovery.

Hampton is currently proceeding with further and more detailed metallurgical leach test work on oxide and supergene ores for the Mollacas deposit, to provide information for leaching and solvent extraction/electrowinning design as part of a final feasibility study. The additional work will refine copper recoveries and provide more accurate estimates of operating and capital costs. Column leach testwork undertaken by CIMM laboratories in Santiago was completed late October 2010.

## **Vallecillo Au-Zn project**

### **Exploration potential**

Hampton's exploration of the La Colorada gold-zinc deposit at Vallecillo, including two drilling campaigns, together with a recent detailed surface geological and structural mapping and sampling program across most of the 54 km<sup>2</sup> of tenements, suggest (refer Figure 4):

- the presence of three well defined lead (Pb) surface geochemical targets (V2, V3 and V4) similar to, and adjacent, to the La Colorada target (V1), where Hampton has outlined significant Au-Zn resources (see below); and,
- a Cu and Au surface geochemical porphyry target (targets V5 and V6); and,
- an epithermal Au target (V7).

### **Resources at La Colorada**

Drilling by Hampton in 2006 and 2008, totalling 29 holes for 8,490 metres, generated JORC Indicated and Inferred Resources of 10.1 million tonnes @ 1.06g/t Au, 1.2% Zn & 11g/t Ag, or 2.19 g/t AuEq, containing 713,000 oz gold equivalent AuEq (assuming metal prices: Au US\$1000/oz, Ag US\$12/oz, Zn and Pb 60 US c/lb).

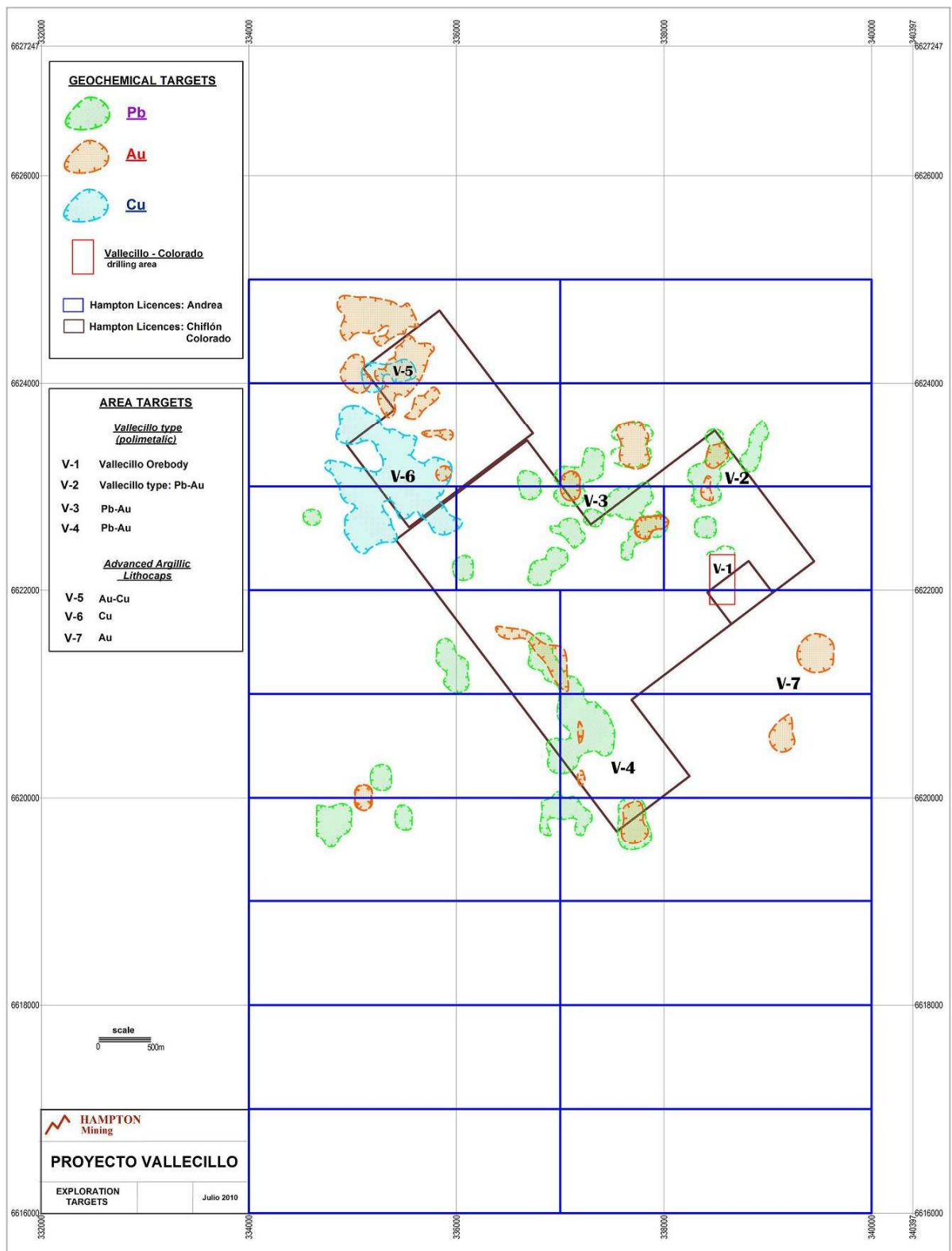
Mineralisation occurs as Au-Zn sulphide mineralization in breccia, with associated high grade veins, and is thought to be part of a porphyry system.

Preliminary metallurgical testwork suggests recoveries of > 90% Au on site into bullion and recovery of > 90% Zn into a Zn concentrate averaging 54% Zn).

### **Exploration program**

Planned work by Hampton on the Vallecillo project includes;

1. Undertaking a scoping study for the La Colorada project.
2. Infill and immediate extension drilling requirements at La Colorada to bring the resource to Measured and Indicated JORC status.
3. Exploration of the anomalies to the north and northwest of La Colorada including geophysics and RC drilling.
4. Exploration of the anomalous areas within the defined copper-gold porphyry system.



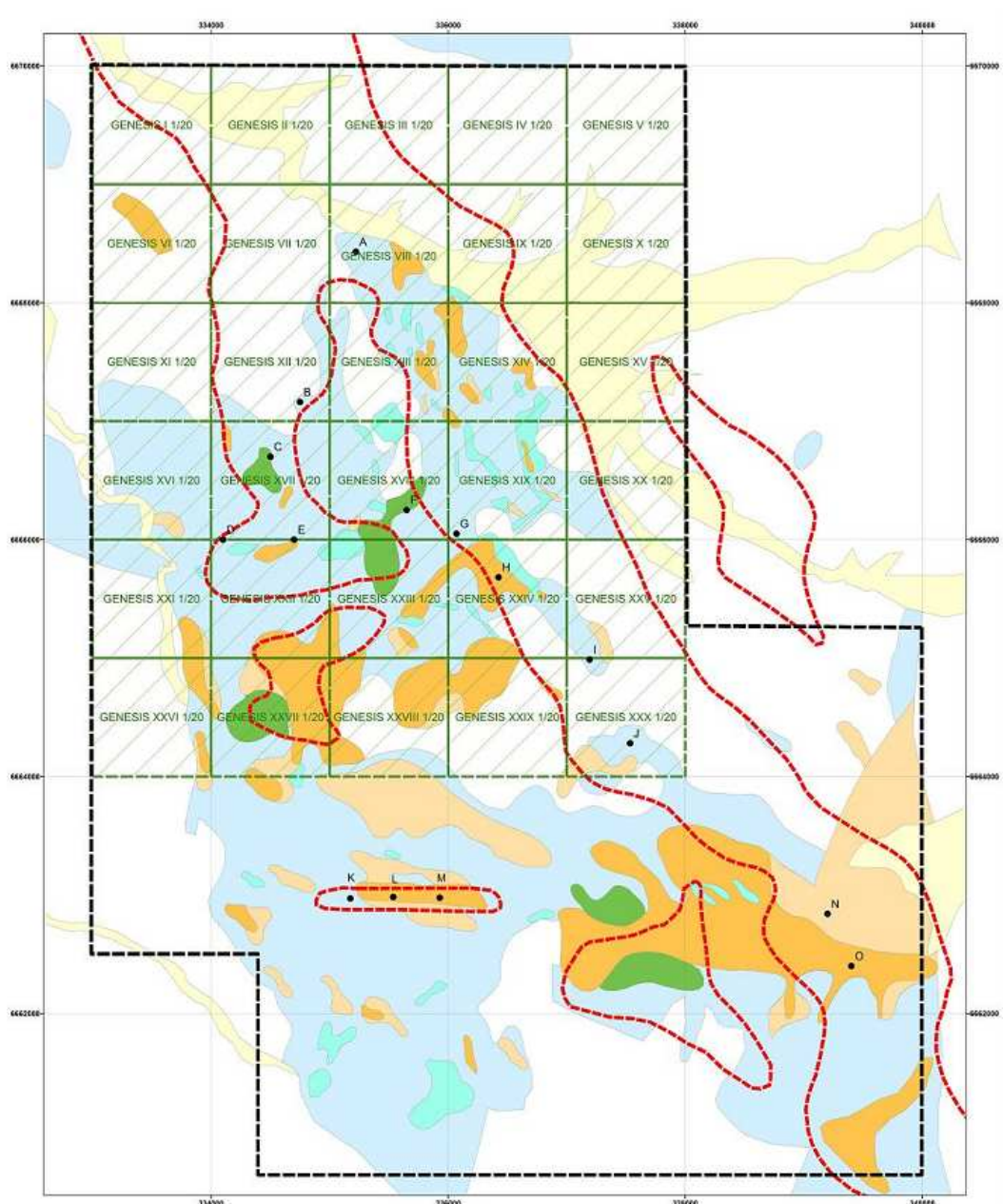
**Figure 4 : Vallecillo: geochemical exploration targets (Pb, Cu, Au)**

## Camaron Au project

Hampton has undertaken an extensive surface geological mapping and sampling exercise across its Camaron tenements over the last 18 months. The tenements have never previously been drilled.

Exploration results to date suggest that Camaron presents a large intensely leached gold-copper porphyry complex, also containing anomalous molybdenum. It expresses as a large alteration system (argillic / chloritic / silicification) covering approximately 10km x 6km and oriented northwest-southeast. Sampling reveals large zones anomalous in gold (plus copper and molybdenum) associated with the geology and the alteration (Figure 5).

Geological surveying and geochemical analysis suggests the gold anomalies are associated with low sulphidation 'Hot Springs' type gold mineralisation. Hampton has selected three main areas for drilling.



**Figure 5** : Camaron: large alteration system (argillic / chloritic / silicification) covering approximately 10km x 6km and oriented northwest-southeast

## **CORPORATE**

### **Metminco moving to 100% ownership of Hampton**

During the quarter Metminco increased its ownership of Hampton from 69.4% to 72.6% by acquisition of 5,376,562 fully paid ordinary shares in Hampton from Hampton minorities for consideration of 21,506,248 fully paid ordinary Metminco shares, and accepting its full entitlement in Hampton pro rata rights offers for consideration of A\$1.66 million.

On 30 September 2010 Metminco announced it will take 100% ownership of Hampton.

Pursuant to the Takoradi Share Exchange Agreement, Metminco will purchase Takoradi's current 25.4% stake in Hampton, subject to Metminco shareholder approval, for consideration of 195 million Metminco fully paid ordinary shares (Metminco Shares) and A\$3.35 million cash (A\$175,000 paid on signing and A\$3.175 million payable on completion). On completion Takoradi Limited (Takoradi) will be issued 160 million Metminco Shares and the Sentient Group will be issued 35 million Metminco Shares (at the irrevocable direction by Takoradi). 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 will resign as a director 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 addition, Metminco will issue Metminco Shares to each of Notesan Pty Ltd (Notesan) and A J Holdings Corporation (A J Holdings) to acquire their 1.3% and 0.7% respective equity stakes in Hampton.

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 Metminco 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.

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 within 14 days of closing under the Takoradi Share Exchange Agreement.

Hampton and wholly owned subsidiary, North Hill Holdings Group Inc 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.

### **Major fund raising**

Metminco announced on 11th October 2010 it had received commitments for a placement raising A\$30 million at A\$0.20 per share, through the issue of 150 million shares. BGF Equities acted as the lead manager. The placement, which is subject to shareholder approval, is primarily to institutional investors.

## Annual General Meeting

The annual general meeting of Metminco shareholders for the year ended 30 June 2010 has been called for 10am on 24 November 2010, Sydney time. Among other matters, shareholder approval will be sought for the issue of 150 million Metminco Shares to raise A\$30 million, and the issue of 160 million Metminco Shares to Takoradi and 35 million Metminco Shares to the Sentient Group in accordance the purchase agreement to acquire Takoradi's 25.4% minority interest in Hampton (refer above Takoradi Share Exchange Agreement).

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

On behalf of the Board

Philip Killen  
Company Secretary  
Metminco Limited

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Metminco Limited (Consolidated Entity)

ABN

43 199 759 349

Quarter ended ("current quarter")

30 September 2010

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date ( 3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for:		
	(a) exploration and evaluation	(1,288)	(1,288)
	(b) development		
	(c) production		
	(d) administration	(2,198)	(2,198)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	19	19
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	(180)	(180)
	<b>Net Operating Cash Flows</b>	<b>(3,647)</b>	<b>(3,647)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects		
	(b)equity investments	(1,661)	(1,661)
	(c) other fixed assets	(1)	(1)
1.9	Proceeds from sale of:		
	(a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (initial payment for purchase of Hampton Mining Limited shares from Takoradi Limited)	(175)	(175)
	<b>Net investing cash flows</b>	<b>(1,837)</b>	<b>(1,837)</b>
1.13	Total operating and investing cash flows (carried forward)	(5,484)	(5,484)

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(5,484)	(5,484)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	5,309	5,309
	Costs of issue	(335)	(335)
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Hampton minority )	29	29
	<b>Net financing cash flows</b>	<b>5,003</b>	<b>5,003</b>
	<b>Net increase (decrease) in cash held</b>	<b>(481)</b>	<b>(481)</b>
1.20	Cash at beginning of quarter/year to date	2,159	2,159
1.21	Exchange rate adjustments to item 1.20	139	139
1.22	<b>Cash at end of quarter</b>	<b>1,817</b>	<b>1,817</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	616
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Cash payments below are for the June 2010 and September 2010 quarters directors' fees and services:  
J Fillmore: \$36,000 director fees + \$12,445 legal fees = \$48,445  
WJ Howe: \$175,000  
W S Etheridge: \$91,667  
T. Read: \$25,002 director fees + \$47,356 services = \$72,358  
V. Vergara: \$25,002  
P J Wing: \$53,750 director fees + \$150,000 services = \$203,750  
(NB Directors agreed to defer directors' fees and services for the June 2010 quarter which were subsequently paid in the September 2010 quarter)

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (Convertible Notes US\$4.0 million)	4,123	4,123
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	
4.3 Production	
4.4 Administration	900
<b>Total</b>	<b>1,900</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,817	2,159
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,817</b>	<b>2,159</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	West Lake Eyre (EL3929) Sophie Downs (E 80/3742) Wilson's Reef (80/1673)	Relinquished on 06 July 2010  Relinquished on 23 July 2010 Surrendered on 23 July 2010		
6.2 Interests in mining tenements acquired or increased				

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference +securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	835,258,549	835,258,549		
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	36,666,666 21,506,248  1,556,360	36,666,666 21,506,248  1,556,360	A\$0.15 Consideration for purchase of 5,346,562 shares in Hampton Mining Limited Quarterly Interest on convertible notes	A\$0.15 Fully paid  Fully paid
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	36,649,413 (subject to USD/AUD exchange rate and the MNC Share price)		US\$4 million with a coupon rate of 16% pa convertible at the lower of A\$0.12 and 80% of VWAP over the three dealing days prior to conversion notice expiring 31 March 2012.	
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	Listed: 27,230,017 Unlisted: 4,500,000	Listed: 27,230,017 Unlisted: 4,500,000	<i>Exercise price</i> 25 cents 30 cents	<i>Expiry date</i> 04 Dec 2012 31 July 2012
7.8	Issued during quarter		Unlisted: 4,500,000	30 cents	31 July 2012
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

**Compliance statement**

+ See chapter 19 for defined terms.

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).
- 2 This statement does /does not\* ([delete one](#)) give a true and fair view of the matters disclosed.



Sign here:

Philip Killen  
(Director/Company secretary)

Date: 31 October 2010.

Print name: Philip Killen

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** [ASX](#) will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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