

## QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

### 3 MONTHS TO JUNE 2012

#### HIGHLIGHTS

##### Los Calatos

- Drilling in the quarter confirmed the existence of high-grade geological domains that could provide ore feed in the initial years of an open pit operation, thereby materially improving the associated financial returns;
- The current drilling program has been trimmed from 100,000m to 61,000m to focus on upgrading those higher grade resources which will potentially be included in an initial open pit. The reduction will save approximately US\$12 million in the current year;
- The Company's focus has shifted to the assessment of conceptual mining scenarios prior to commencing a pre-feasibility study in early 2013.

##### Mollacas Project

- A final Mineral Resource Estimate was completed for the Copper Leach Project (oxide and secondary sulphide zone) of 15.5 million tonnes containing 79,111 tonnes leachable copper and 61,650 tonnes soluble copper;
- A combined primary and transitional sulphide resource of 18.8 million tonnes containing 52,638 tonnes copper and 112,745 ounces gold was estimated for the first time.

#### KEY RESULTS

Significant progress during the quarter at Los Calatos in Peru, and Mollacas in Chile, has taken Metminco Limited ("Metminco" or the "Company") closer to mine development and, ultimately, copper production.

At Los Calatos, an interim Mineral Resource Estimate was announced in April 2012, and conceptual mining studies have started ahead of a pre-feasibility study to be commissioned in early 2013. Ongoing conceptual mining studies have demonstrated that the Company has considerable optionality in terms of a phased development of Los Calatos, enabling more favourable deployment of capital expenditure and resulting cash flows. This is viewed positively by management, and is particularly relevant in these challenging macro-economic times.

In July 2012, a Mineral Resource Estimate was finalised for the Mollacas Project of 34.3 million tonnes containing 131,749 tonnes of copper and 176,408 ounces of gold. This includes a maiden primary sulphide resource (mineralisation open at depth), as well as a significant gold resource.

Mr William Howe, Managing Director commented "*The current phase of drilling at Los Calatos is nearing completion, and we have initiated conceptual mining studies ahead of a pre-feasibility study to be started in early 2013.*"

*At Mollacas, the new resource demonstrates the quality of the project and provides Metminco with optionality in terms of its development.*

*Progress at both projects is a considerable achievement for Metminco."*

## REVIEW OF OPERATIONS

### Los Calatos

At Los Calatos an interim mineral resource of 2.3 billion tonnes at 0.40% Cu and 210 ppm Mo (11.9 million tonnes CuEq<sup>1</sup>), demonstrating the world-class nature of the copper-molybdenum deposit, was declared during the quarter (see Table 1).

A major infill drilling program continued during the quarter, focussed at better defining the higher grade zones developed within the overall deposit. This drilling has produced encouraging results, demonstrating that the deposit has the capacity to provide higher grade ore early in the life of any future mining operation, which is likely to have a material and positive impact on the project's economics, particularly in terms of timing of capital expenditure and resulting cash flow.

The remaining drilling this year will focus on converting the high-grade portions of the mineral resource to an Indicated Mineral Resource category. Importantly, the current drilling program has been reduced from 100,000m to 61,000m, resulting in a saving of approximately US\$12 million without compromising the quality of the dataset.

### Mollacas

At Mollacas, the final drilling program culminated in a total mineral resource estimate for the project of 34.3 million tonnes containing 131,749 tonnes copper and 176,408 ounces gold (see Tables 7a and 7b). Of this, however, a mineral resource of 15.5 million tonnes containing 79,111 tonnes copper has been estimated for the oxide and secondary sulphide zone, which is amenable to leaching ("Copper Leach Project") (see Tables 5a and 5b).

In addition, Metminco has now been able to declare a separate transitional and primary sulphide resource, as well as a gold resource, providing options for the development of the project. Earlier development scenarios have focussed solely on copper recoveries from the Copper Leach Project, and did not capture the potential value of the primary sulphide and gold resource.

The options available to the Company include the following:

- a) Proceed with the commissioning of a Feasibility Study in support of the development of the Copper Leach Project. This would preclude the recovery of the copper in the primary sulphide zone, as well as the gold.
- b) Conduct a trade-off study to evaluate the merits of a heap leach operation versus a conventional sulphide (flotation) plant, where the latter would facilitate the recovery of the copper and gold associated with the secondary, transitional and primary sulphide zones.
- c) Monetise the project through a sale. This may be of interest to a party looking to develop and operate a copper leach project, or to a party who has a suitable metallurgical plant to process the primary and secondary sulphide resource.

In the interim, Metminco's principal focus is to advance the development of the Copper Leach Project. Accordingly, metallurgical column leach test work continues on those ore types comprising the oxide and secondary sulphide zones in order to optimise the process design ahead of a planned Feasibility Study. The latter study has, however, been delayed to late September 2012 to provide the opportunity to evaluate the options alluded to in terms of a) to c) above, by way of comparative financial returns.

### Other Projects

Diamond drilling at the Vallecillo Project was completed in January 2012, and all related assay results were received by the end of Q1 2012. The Company is presently refining the current geological model for the La Colorada deposit, which required additional sampling of the available

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<sup>1</sup> Refer to Glossary.

drill core. A 3-D geological model and updated drilling database will then be finalised and submitted to SRK Consulting (Chile) S.A. ("SRK") for resource estimation purposes.

A reverse circulation ("RC") drilling program comprising 12 drill holes has recently been completed in the northern sector of the Camaron Project (Genesis Licences). Although the drilling confirmed the presence of subsurface gold, copper and zinc mineralisation over narrow drill intercepts, the mineralisation style is unlikely to be amendable to bulk mining. As such, the exploration focus will shift to the southern sector of the project, where co-incidental copper and molybdenum anomalies will be drill tested in the medium term.

## TECHNICAL SUMMARY

### Los Calatos

#### Interim Mineral Resource Estimate

The interim Mineral Resource Estimate completed in April 2012 incorporates the drilling results from 113 drill holes totalling 90,403 metres, of which 31,550 metres of mineralised intercepts were used in estimating the mineral resource associated with the Los Calatos mineralised envelope.

The Mineral Resource Statement has been reported at a 0.2% Cu cut-off grade, and is categorised into Indicated and Inferred Mineral Resources in accordance with the JORC (2004) standards for Reporting Mineral Resources and Mineral Reserves (Table 1 below).

**Table 1: Mineral Resource Statement for the Los Calatos Copper-Molybdenum Project, Arequipa, Peru, SRK Consulting (Chile) S.A., April 19, 2012.**

Category	Tonnage (kilotonnes)	Cu (%)	Mo (%)
Measured	-	-	-
Indicated	884,608	0.42	0.027
<b>Total Measured and Indicated</b>	<b>884,608</b>	<b>0.42</b>	<b>0.027</b>
Inferred	1,431,556	0.40	0.018
<b>Total</b>	<b>2,316,164</b>	<b>0.40</b>	<b>0.021</b>

*Note: Mineral Resource reported at a 0.2% Cu cut-off.*

Appendix 1 provides a grade-tonnage table which demonstrates the sensitivity of the mineral resource to various Cu cut-off grades.

Further, and based on Table 1, the contained metal by resource category is summarised in Table 2 below.

**Table 2: Contained Metal Content by Resource Category.**

Category	Tonnage (kilotonnes)	Cu (million tonnes)	Mo (kilotonnes)
Indicated	884,608	3.7	239
Inferred	1,431,556	5.7	258
<b>Total</b>	<b>2,316,164</b>	<b>9.4</b>	<b>497</b>

*Note: Rounding-off of figures may result in minor computational discrepancies, where this happens, it is not deemed significant.*

## Recent drilling results

The drilling results returned to date for Phase 4 (CD-50 to CD-77) are summarised in Appendix 2.

As announced on 26 July 2012, and since the release of the Interim Mineral Resource Estimate for Los Calatos in April 2012, 17 drill holes (CD-61 to CD-77) have been completed. The drill holes, as described in Table 3 below, returned intercepts that met, or exceeded, expectations (Table 4 below and Appendix 3 [Figures 1 to 4]).

**Table 3: Objectives of drill holes CD-61 to CD-77.**

BHID	Mineralised Zone	Objective
CD-61 & CD-64	Breccia	Definition drilling; northern margin
CD-66B, CD-67; CD-69, CD-71, CD-72, CD-75B & CD-77	Porphyry & Diatreme Complex	Infill drilling of potential Stage 1 Open Pit
CD-63, CD-65, CD-68, CD-70 & CD-73	Porphyry and Diatreme Complex	Confirm depth extension of mineralisation
CD-62 & CD-76	Diatreme Complex	Confirm eastern continuity of high grade zones
CD-74	Porphyry	Confirm western extension

Note: BHID = Borehole identification number.

**Table 4: Significant drill hole results (CD-61 to CD-77).**

BHID	Mineralised Intercept	Depth Interval (m)	
		From	To
CD-61	933m at 0.51% Cu and 407ppm Mo	767	1,700
	<i>including</i> 309m at 0.97% Cu and 1,052ppm Mo	878	1,187
CD-62	324m at 0.53% Cu and 51ppm Mo	652	976
CD-64	956m at 0.48% Cu and 408ppm Mo	464	1,420
	<i>including</i> 63m at 1.07% Cu and 565ppm Mo	494	557
	<i>including</i> 42m at 1.23% Cu and 2,224ppm Mo	914	956
CD-73	647m at 0.36% Cu and 92ppm Mo	1,256	1,903
	<i>including</i> 79m at 0.53% Cu and 59ppm Mo	1,385	1,464
CD-75B	179m at 0.61% Cu and 79ppm Mo	1,351	1,530
	<i>including</i> 67m at 1.07% Cu and 139ppm Mo	1,411	1,478
CD-76	58m at 0.45% Cu and 12ppm Mo	539	597
	<i>and</i> 128m at 0.59% Cu and 43ppm Mo	685	813

The drilling results for the porphyry are generally consistent with the mineralisation model used for constraining the April 2012 Mineral Resource Estimate.

However, drill holes CD-61 and CD-64 returned higher grade intersections than were estimated in the block model for the high grade breccia zone located on the northern margin of the deposit, with CD-61 returning a grade of 0.97% Cu over 309 metres, and CD-64 returning grades of 1.07% and 1.23% Cu over 63 metres and 42 metres respectively.

Two drill holes (CD-62 and CD-76) were completed on the eastern edge of the mineralised envelope (diatreme complex), which returned grades of 0.53% Cu over 324 metres (CD-62), and 0.59% Cu over 128 metres (CD-76).

### **Categorisation of mineralisation types**

The mineralisation types for Los Calatos can be grouped into three broad categories:

- a) High-grade anhydrite breccia (Appendix 3; Figure 2): Mineralisation tends to be well-constrained, occurs near surface, and continues to depths in excess of 1,700 metres. The breccia would constitute the primary focus of an initial, Stage 1, open pit.
- b) High-grade diatreme complex (Appendix 3; Figure 3): Mineralisation tends to be well-constrained, occurring within, and peripheral to the diatreme complex. As the associated mineralisation occurs at depths in excess of 500 metres, the identified mineralisation would be exploited as part of a larger open pit, and/or an underground bulk mining (viz. block caving) operation.
- c) Low to medium grade porphyry (Appendix 3; Figure 4): Mineralisation tends to be more diffuse, occurs from near surface, and continues to depths in excess of 1,700 metres. The mineralised porphyry would be incorporated into a Stage 1 open pit, and any subsequent, larger, open pit.

### **Revised drilling program**

Following the completion of the mineralisation model used to constrain the April 2012 Mineral Resource Estimate, the Phase 4 drilling program was revised to focus on high-grade zones identified within the Los Calatos mineralised envelope.

In general, the high-grade zones identified within the Los Calatos porphyry system are associated with a well-developed breccia system, and a younger diatreme complex.

Based on a preliminary Company assessment of the drilling, and the fact that the high-grade breccia zone occurs near surface, and persists at depth, the breccia zone will broadly be the focus of an initial, Stage 1, open pit.

The Phase 4 drilling program has therefore been reduced from 100,000 metres to 61,000 metres to focus on the high grade breccia zone, in addition to the high grade zones associated with the diatreme complex. The objective of the remaining drilling is threefold:

- Definition of geological domains: Delineate the areal extent of the high grade zones that have been identified within the Los Calatos mineralised envelope, and confirm their geological attributes;
- High-grade anhydrite breccia: Upgrade that part of the current Inferred Mineral Resource which will potentially be included in a Stage 1 open pit, to an Indicated Mineral Resource, ahead of the planned pre-feasibility study; and
- Diatreme Complex: Develop a better understanding of the high-grade zones that occur within, and peripheral to, the diatreme complex, and their lateral and vertical continuity.

### **Proposed work program**

The revised Phase 4 drilling program is scheduled for completion in early Q4 2012<sup>2</sup>, following which a further Mineral Resource Estimate will be finalised in accordance with the JORC Code

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<sup>2</sup> Errata: The ASX Release of 26 July 2012 incorrectly reported this as early Q3 2012.

(2004). This resource update will be followed by the commissioning of a pre-feasibility study in early 2013.

The Company is undertaking an internal mining study to identify the main requirements of the pre-feasibility study. This will address aspects such as pit optimisation studies (and key input parameters), planned seawater pipeline from the coast, the design of a port/loading facility for concentrate, the quantification of the metallurgical testwork required to evaluate the use of sea water for flotation purposes (and refine recoveries) and access to the regional power grid.

As part of the mining study, several conceptual mining scenarios will be evaluated involving the phased development of Los Calatos, commencing with an initial, Stage 1, open pit. These studies will be finalised by the end of 2012, following the completion of an updated Mineral Resource Estimate.

## **Mollacas**

### **Resource Modelling**

With the completion of the final drilling program at the Mollacas Project in early 2012, a further Mineral Resource Estimate was completed by SRK Consulting (Chile) S.A. on 6 July 2012.

The mineral resource model incorporates the results from 119 drill holes (16,280 metres), of which 95 holes are diamond drill holes (12,784 metres) and 24 are reverse circulation holes (3,496 metres).

The Mineral Resource Estimate is reported at a 0.2% Cu cut-off grade, and has been classified in accordance with the JORC Code (2004) for reporting Mineral Resources and Mineral Reserves.

### **Mineral Resource Estimate**

The Mineral Resource Estimate for the Mollacas Project is reported for the oxide and secondary sulphide zone (Tables 5a and 5b), the primary and transitional sulphide zone (Tables 6a and 6b), and for the project as a whole (Tables 7a and 7b). Sensitivities of the mineral resource to various Cu cut-off grades are summarised in Appendix 4.

Appendix 5 provides a cross-section through the Mollacas Block Model, showing the different mineralised zones, as well as the copper grades.

Prior resource estimates have not included the contained gold and the primary sulphide zone.

### **Oxide and Secondary Sulphide Zone (Copper Leach Project)**

The Copper Leach Project was the subject of a Scoping Study conducted in 2008, that supported the robust economics of the project as an open pit, copper leach operation. Exploration work conducted since has improved the confidence levels in the Mineral Resource Estimate to the extent that the associated Inferred Mineral Resource has been fully converted to Measured and Indicated Mineral Resource categories.

The Measured and Indicated Mineral Resource for the oxide and secondary sulphide zone is 15.5 million tonnes containing 79,111 tonnes of leachable copper and 63,663 ounces gold, as categorised in Tables 5a and 5b below. Of the leachable copper, 61,650 tonnes is soluble (15.5 million tonnes at 0.40% Cu).

It must be noted in Tables 5a and 5b below that CuT represents total leachable copper, whereas Cu\_Sol represents total soluble copper.



**Table 5a: Mineral Resource Statement – Oxide and Secondary Sulphide Zone, Mollacas Project, SRK Consulting (Chile) S.A., July 06, 2012.**

Category	Tonnes	CuT (%)	Cu_Sol (%)	Au (g/t)
Measured	11,168,047	0.55	0.44	0.124
Indicated	4,313,870	0.41	0.29	0.138
<b>Total</b>	<b>15,481,917</b>	<b>0.51</b>	<b>0.40</b>	<b>0.128</b>

Note: Reported at a 0.2% Cu cut-off grade.

**Table 5b: Contained Metal Content by Resource Category – Oxide and Secondary Sulphide Zone.**

Category	Tonnes	CuT (tonnes)	Cu_Sol (tonnes)	Au (oz)
Measured	11,168,047	61,424	49,140	44,523
Indicated	4,313,870	17,687	12,510	19,140
<b>Total</b>	<b>15,481,917</b>	<b>79,111</b>	<b>61,650</b>	<b>63,663</b>

Note: Rounding-off of figures may result in minor computational discrepancies, where this happens, it is not deemed significant.

Of significance is the fact that the Mineral Resource Estimate for the Copper Leach Project of 15.5 million tonnes is lower than that of November 2007 estimate of 17.0 million tonnes, due to the exclusion of the transitional sulphide zone, which accounts for 1.44 million tonnes.

#### Primary and Transitional Sulphide Zone

A Mineral Resource Estimate has not previously been reported for the primary sulphide zone. Further, the transitional sulphide zone has been combined with the newly defined primary sulphide resource due to the low solubility.

The primary and transitional sulphide zone comprises a Measured, Indicated and Inferred Mineral Resource of 18.8 million tonnes containing 52,638 tonnes copper and 112,745 ounces gold, as categorised in Tables 6a and 6b below.

**Table 6a: Mineral Resource Statement – Transitional and Primary Sulphide Zone, Mollacas Project, SRK Consulting (Chile) S.A., July 06, 2012.**

Category	Tonnes	CuT (%)	Au (g/t)
Measured	8,206,798	0.30	0.216
Indicated	5,113,495	0.27	0.182
<b>Measured &amp; Indicated</b>	<b>13,320,293</b>	<b>0.29</b>	<b>0.203</b>
Inferred	5,465,646	0.26	0.147
<b>Total</b>	<b>18,785,939</b>	<b>0.28</b>	<b>0.187</b>

Note: Reported at a 0.2% Cu cut-off grade.

**Table 6b: Contained Metal Content by Resource Category – Transitional and Primary Sulphide Zone.**

Category	Tonnes	CuT (tonnes)	Au (oz)
Measured	8,206,798	24,620	56,993
Indicated	5,113,495	13,807	29,921
<b>Measured &amp; Indicated</b>	<b>13,320,293</b>	<b>38,427</b>	<b>86,914</b>
Inferred	5,465,646	14,211	25,831
<b>Total</b>	<b>18,785,939</b>	<b>52,638</b>	<b>112,745</b>

Note: Rounding-off of figures may result in minor computational discrepancies, where this happens, it is not deemed significant.

### Mollacas Project

The total mineral resource for the Mollacas Project (oxide, secondary sulphide, transitional sulphide and primary sulphide zones) is 34.3 million tonnes containing 131,749 tonnes copper and 176,408 ounces gold, as categorised in Tables 7a and 7b below.

On a copper equivalent basis, and using a long term Cu price of US\$2.75/lb and Au price of US\$1,500/oz, this translates to 175,400 CuE tonnes.

**Table 7a: Mineral Resource Statement for the Mollacas Project, SRK Consulting (Chile) S.A., July 06, 2012.**

Category	Tonnes	CuT (%)	Au (g/t)
Measured	19,374,845	0.45	0.163
Indicated	9,427,365	0.34	0.162
<b>Measured &amp; Indicated</b>	<b>28,802,210</b>	<b>0.41</b>	<b>0.163</b>
Inferred	5,465,646	0.26	0.147
<b>Total</b>	<b>34,267,856</b>	<b>0.39</b>	<b>0.160</b>

Note: Reported at a 0.2% Cu cut-off grade.

**Table 7b: Contained Metal Content by Resource Category – Mollacas Project.**

Category	Tonnes	CuT Tonnes	Gold (oz)
Measured	19,374,845	86,044	101,516
Indicated	9,427,365	31,494	49,061
<b>Measured &amp; Indicated</b>	<b>28,802,210</b>	<b>117,538</b>	<b>150,577</b>
Inferred	5,465,646	14,211	25,831
<b>Total</b>	<b>34,267,856</b>	<b>131,749</b>	<b>176,408</b>

Note: Rounding-off of figures may result in minor computational discrepancies, where this happens, it is not deemed significant.

### **Proposed work program**

Confirmatory column leach testwork continues at Mollacas to establish a definitive process design for the Copper Leach Project in terms of the envisaged solvent extraction – electrowinning (SX-EW) processing route.



This includes permeability testing on the ore types to be used for the column leach testwork, which will be completed in July 2012, and actual column tests which will commence in mid-August 2012.

The geotechnical study in support of the planned open pit (viz. pit profiles and slopes) is nearing completion, whereas the geotechnical design of the requisite leach pads has been completed.

With the definition of an additional primary sulphide and gold resource, alternative processing routes and related costs will be evaluated to establish comparative financial returns.

The terms of reference for the conduct of the planned Feasibility Study have been prepared, which will form the basis of a tender process by suitable consulting groups. The commencement of the Feasibility Study has recently been deferred to September 2012.

### **Vallecillo**

The recent in-fill drill program completed at the La Colorada deposit in Q1 2012 has, in conjunction with the prior drill results, formed the basis of the current geological model (Appendix 6) for the deposit.

In reviewing the geological model, and the associated style of mineralisation, it became clear that further refinement to the model was required, which necessitated the sampling of previously un-sampled zones, and additional geological analysis of the drill core.

Once the results of the additional sampling program have been received, and the geological model has been refined, a 3-D geological model will be finalised and submitted to SRK for resource estimation purposes. A further Mineral Resource Estimate is thus expected to be completed in late Q3 2012.

Once the updated mineral resource estimate is available, a pre-feasibility study will be commissioned.

### **Camaron**

A reverse circulation ("RC") drilling program comprising 12 drill holes (3,600 metres) has recently been completed in the northern sector of the Camaron Project ("Genesis Licences").

The drilling program was designed to confirm the presence of subsurface mineralisation which resulted in the precious and base metal soil geochemical anomalies identified by the Company in a prior exploration program. In particular, the area covered by the Genesis Licences was assessed to provide the Company with sufficient information to make a decision with respect to the exercise of the current option that allows the Company to increase its interest in the Genesis Licences to 100% under the Genesis Joint Venture Agreement.

The RC drilling intersected numerous narrow zones (< 10 metres) comprising quartz veins and/or breccia's within hydrothermally altered volcanic and/or intrusive rocks, characterised by the presence of anomalous precious and/or base metal mineralisation. Significant mineralised intercepts included a 4.6g/t gold value over a 2 metre sample width (289 to 291 metres) in hole GR-06; a 0.7g/t gold value over 4 metres (68 to 72 metres) in hole GR-05; and a 0.24% copper and 0.52% zinc value over 11 metres (61 to 72 metres) in hole GR-04.

Having assessed the results, the Company decided that, while the drilling has successfully intersected and tested the likely cause for the geochemical and alteration anomalies evident at surface, the mineralisation style is unlikely to be amenable to bulk mining. Accordingly the Company is unlikely to exercise its option under the Genesis Joint Venture Agreement.

However, the remaining project area in which Metminco holds a 100% interest will be retained, and the coincidental copper and molybdenum soil geochemical anomalies identified by previous exploration work, will be drill tested in the medium term.

## **La Piedra**

Limited exploration work was conducted on the project during the quarter.

Work conducted earlier in the year by independent contract geologists included mapping, sampling and the compilation of geological and alteration maps. In addition, two traverses were sampled across the main alteration zone at different elevations in an effort to determine any vertical zonation, and these were submitted for ICP analysis.

While analytical results indicate that anomalous base and precious metal mineralisation occurs along a narrow linear belt of 1,000 metres by 300 metres, the associated geochemical elements indicate that the mineralisation is likely to be relatively distal to a medium to large scale porphyry complex. As such the identified style of mineralisation would not be amenable to bulk mining.

The results of the exploration work completed to-date, including the work conducted by independent geologists, will be assessed prior to initiating any further exploration work.

The Company has successfully negotiated a six-month extension to 30 December 2012 for the payment of the next option fee in order to complete the abovementioned assessment.

## **CORPORATE**

### **Annual General Meeting of Shareholder**

The Company's Annual General Meeting of shareholders for the year ended 31 December 2011 was held at 54 McLaren Street, North Sydney NSW, 2060 on Thursday, 31 May 2012. All resolutions put before the Annual General Meeting were approved by shareholders, and the results can be found on the Company's website.

### **Cash Position**

As at 30 June 2012, Metminco had cash reserves of approximately A\$32.3 million.

In June 2012, the Company undertook a detailed review of its work programs for 2012 taking into account information obtained from work undertaken during the first half of 2012 and the need to optimise cash outlays.

The Company has now implemented a revised work plan for 2012, which will achieve the Company's objectives for 2012, but require a lower cash outlay than previously planned. Initiatives include a reduction of the Los Calatos Phase 4 drilling program from 100,000m to 61,000m, saving approximately US\$12 million. This followed a decision to focus the remaining drilling on that portion of the current mineral resource which would potentially be exploited in the early years of a future open pit operation.



**William Howe**  
**Managing Director**

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**Company Background**

Metminco is a dual ASX and AIM listed company with a portfolio of copper, molybdenum and gold projects in Peru and Chile.

The Los Calatos Project, located in southern Peru, has a Mineral Resource of 2,316 million tonnes, comprising an Indicated Resource of 885 million tonnes at 0.42% Cu and 270 ppm Mo, and an Inferred Resource of 1,431 million tonnes at 0.40% Cu and 180 ppm Mo (at a 0.2% copper cut-off).

The Chilean assets include the Mollacas Project with a Mineral Resource of 34.3 million tonnes consisting of a Measured Resource of 19.4 million tonnes at 0.45% Cu and 0.16g/t Au, an Indicated Resource of 9.4 million tonnes at 0.34% Cu and 0.16g/t Au, and an Inferred Resource of 5.5 million tonnes at 0.26% Cu and 0.15g/t Au (at a 0.2% copper cut-off); and the Vallecillo gold/zinc project with a Mineral Resource of 10.1 million tonnes consisting of an Indicated Resource of 7.9 million tonnes at 1.14g/t Au; 11.4g/t Ag; 1.32% Zn; 0.29% Pb and an Inferred Resource of 2.2 million tonnes at 0.78g/t Au; 8.2g/t Ag; 0.58% Zn; 0.26% Pb (at a cut-off grade of 0.3g/t Au).

The Company also has a number of early stage exploration projects where initial exploration activities have identified anomalous copper, molybdenum and gold values.

**Competent Persons Statement**

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Colin Sinclair, BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of the Company as Executive General Manager.

Colin Sinclair has sufficient experience (over 30 years) which is relevant to the style of mineralisation, 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 'Australasian Code for Reporting of Exploration Results'. Mr Sinclair, as Competent Person for this announcement, has consented to the inclusion of the information in the form and context in which it appears herein.

### **SRK Consulting (Chile) S.A.**

Metminco supplied SRK with a geological model and the drill data. Copper and gold grades were estimated into a block model using ordinary kriging with GEMCOM software.

The information provided in this ASX Release as it relates to Exploration Results and Mineral Resources of the Mollacas Project is based on information compiled by George G. Even, Principal Geologist of SRK Consulting in Santiago, Chile. Mr Even, a Qualified Person for JORC compliant statements, reviewed the technical information presented in this document. Mr Ernesto Jaramillo, Principal Resource Geologist with SRK Santiago, performed the resource estimation. Mr Even has sufficient experience that is relevant to the style of mineralisation and type of mineral deposit under consideration, and to the activity which was undertaken, to make the statements found in this report in the form and context in which they appear.

Mr Even and Mr Jaramillo have consented to be named in this announcement, and have approved of the inclusion of the information attributed to them in the form and context in which it appears herein.

### **Forward Looking Statement**

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Metminco are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Metminco that could cause Metminco’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Metminco does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

## APPENDIX 1

### Los Calatos Project: Grade – Tonnage Table

#### Sensitivity of the Mineral Resource to the copper cut-off grade.

Cut-off	Indicated			Inferred			Total		
	Tonnage (Kton)	Cu (%)	Mo (%)	Tonnage (Kton)	Cu (%)	Mo (%)	Tonnage (Kton)	Cu (%)	Mo (%)
1.00	15,151	1.26	0.061	9,206	1.18	0.021	24,358	1.23	0.046
0.95	19,801	1.19	0.059	12,501	1.13	0.021	32,302	1.17	0.044
0.90	26,150	1.13	0.056	18,438	1.06	0.021	44,588	1.10	0.042
0.85	34,032	1.07	0.054	25,673	1.01	0.020	59,705	1.04	0.039
0.80	42,803	1.02	0.052	38,549	0.95	0.020	81,352	0.98	0.037
0.75	56,530	0.96	0.049	50,174	0.91	0.021	106,704	0.93	0.036
0.70	74,652	0.90	0.048	69,516	0.86	0.023	144,168	0.88	0.036
0.65	97,983	0.85	0.047	96,580	0.80	0.024	194,563	0.83	0.036
0.60	126,598	0.80	0.045	140,931	0.75	0.027	267,529	0.77	0.036
0.55	166,542	0.74	0.044	211,008	0.69	0.029	377,549	0.71	0.035
0.50	217,615	0.69	0.042	292,356	0.64	0.028	509,971	0.66	0.034
0.45	283,215	0.64	0.041	412,024	0.59	0.027	695,240	0.61	0.033
0.40	365,033	0.59	0.039	551,301	0.55	0.025	916,334	0.57	0.031
0.35	469,176	0.54	0.036	744,183	0.51	0.024	1,213,359	0.52	0.028
0.30	594,614	0.50	0.033	967,584	0.46	0.022	1,562,198	0.48	0.026
0.25	731,995	0.46	0.030	1,220,954	0.43	0.019	1,952,949	0.44	0.023
<b>0.20</b>	<b>884,608</b>	<b>0.42</b>	<b>0.027</b>	<b>1,431,556</b>	<b>0.40</b>	<b>0.018</b>	<b>2,316,164</b>	<b>0.40</b>	<b>0.021</b>
0.15	1,020,734	0.38	0.025	1,642,684	0.37	0.016	2,663,418	0.37	0.019
0.10	1,100,729	0.37	0.023	1,782,029	0.35	0.015	2,882,758	0.36	0.018
0.05	1,111,809	0.36	0.023	1,886,417	0.33	0.014	2,998,225	0.34	0.017
0.00	1,116,276	0.36	0.023	1,890,465	0.33	0.014	3,006,741	0.34	0.017

## APPENDIX 2

## Los Calatos Project: Summary of Phase 4 drill hole results.

Hole ID	Easting (m)	Northing (m)	RL (m)	Azimuth true (degrees)	Dip (degrees)	Hole depth (m)	Depth (m)		Interval (m)	Cu (%)	Mo (ppm)
							From	To			
CD-50	286415	8130424	2978	39	-63	993.3	183	855	672	0.28	217
CD-51	286941	8130464	2916	205	-60	918	383	587	204	0.32	295
CD-52	287111	8130240	2936	238	-69	674.5	318	415	97	0.42	9
CD-53	286312	8130086	3047	31	-64.5	1976.4	670	1089	419	0.42	223
						includes	905	1039	134	0.69	293
							1163	1323	160	0.15	21
							1371	1634	263	0.39	161
							1682	1780	98	0.16	80
CD-54	286502	8130076	3020	23	-70	1577.35	482	836	354	0.25	165
							853	921	68	0.23	292
							933	957	24	0.30	142
							974	1013	39	0.36	129
							1213	1279	66	0.26	7
							1351	1390	39	0.12	11
							1506	1572	66	0.21	78
CD-55	287415	8130772	2924	207	-59	1588.25	762	816	54	0.47	51
							830	998	168	0.36	18
							1125	1154	29	0.13	101
							1240	1435	195	0.26	55
CD-56	287331	8130859	2951	216	-64.5	2003.9	980	1270	290	0.80	184
						includes	990	1102	112	1.14	244
							1289	1385	96	0.47	151
							1401	1734	333	0.43	494
						includes	1672	1732	60	0.75	627
							1772	2004	232	0.55	146
						includes	1809	1843	34	1.02	151
CD-57	286733	8131226	3041	201	-72	1894.8	711	826	115	0.44	634
							850	870	20	0.37	440
							879	1894	1015	0.51	233
						includes	1197	1282	85	1.05	221
CD-58	286423	8131111	2983	206.5	-64	1263.2	870	1263	393	0.26	155

Hole ID	Easting (m)	Northing (m)	RL (m)	Azimuth true (degrees)	Dip (degrees)	Hole depth (m)	Depth (m)		Interval (m)	Cu (%)	Mo (ppm)
							From	To			
CD-59	286429	8130214	2997	31.5	-61	1277.9	413	601	188	0.20	116
							700	1002	302	0.17	145
							1014	1194	180	0.22	99
CD-60	287001	8130475	2921	221.5	-65.5	997.35	70	103	33	0.17	4
							542	819	277	0.24	146
							912	955	43	0.13	12
CD-61	286842	8131190	3062	204.5	-63	1753.35	767	1700	933	0.51	407
						includes	878	1187	309	0.97	1,052
CD-62	287298	8130550	2913	212.5	-60.5	1195.05	652	976	324	0.53	51
CD-63	287047	8130677	2941	200	-60	1137.7	140	231	91	0.16	9
							424	451	27	0.24	14
							666	685	19	1.32	23
							698	987	289	0.35	93
							1006	1051	45	0.24	20
CD-64	286703	8131161	3030	206	-60	1419.9	345	391	46	0.51	37
							464	1420	956	0.48	408
						includes	494	557	63	1.07	565
						includes	914	956	42	1.23	2224
CD-65	287412	8130778	2940	200	-65	1804.2	1087	1262	175	0.17	39
							1414	1438	24	0.18	75
CD-66B	286277	8130089	3064	20	-65	1812.6	688	1139	451	0.24	142
							1254	1812	558	0.29	63
CD-67	286500	8130080	3035	24	-65	1538.25	490	844	354	0.22	80
							899	1003	104	0.22	98
							1054	1205	151	0.21	101
CD-68	286723	8131475	3047	208.5	-72	1807.5					
CD-69	286582	8130422	2955	35	-63	856.2	70	233	163	0.20	84
							323	417	94	0.19	264
							428	659	231	0.27	260
CD-70	287054	8130737	2934	215	-67	1528.85	608	1382	774	0.30	131
							1399	1423	24	0.11	6
						includes	1254	1311	57	0.92	343

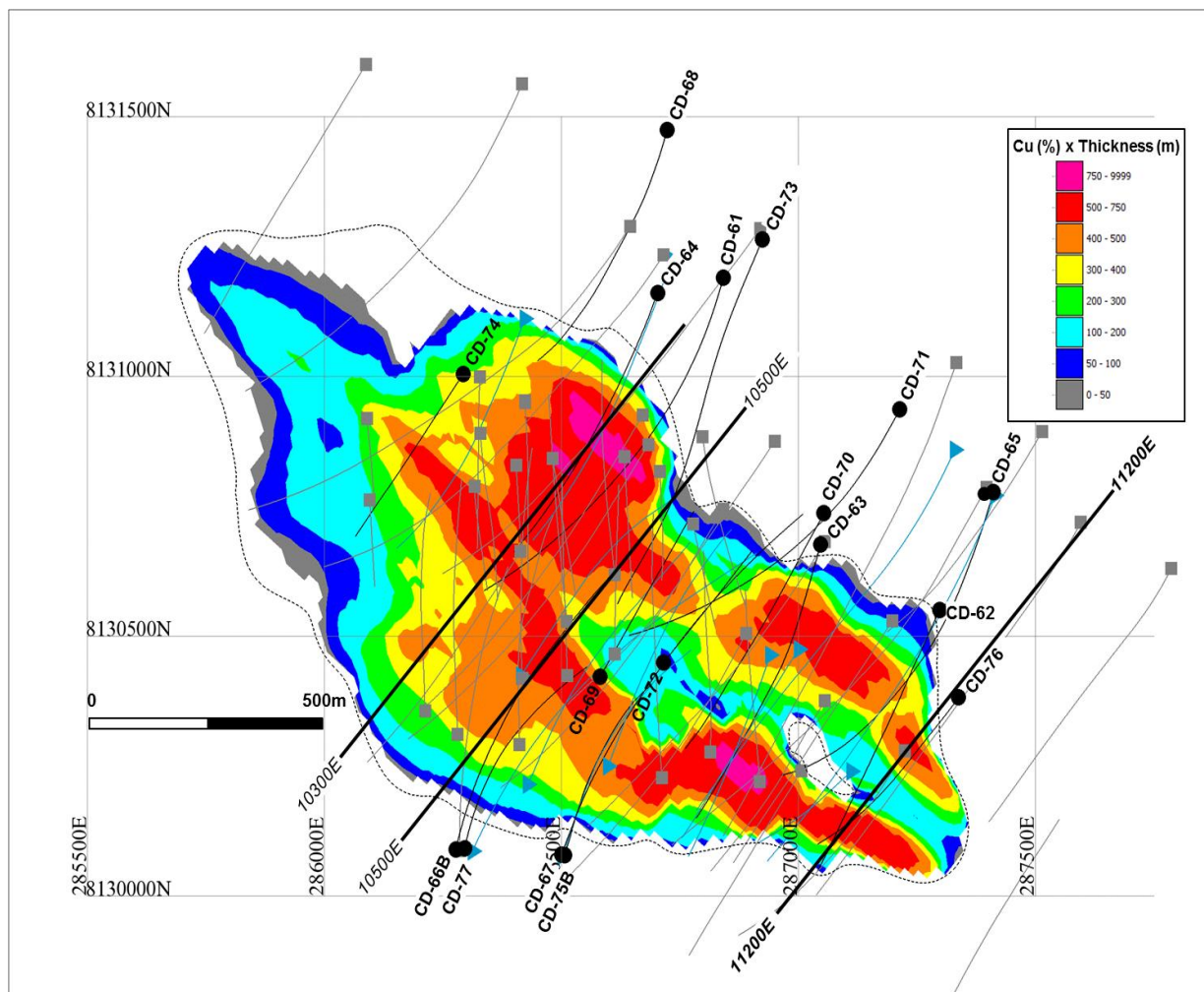


Hole ID	Easting (m)	Northing (m)	RL (m)	Azimuth true (degrees)	Dip (degrees)	Hole depth (m)	Depth (m)		Interval (m)	Cu (%)	Mo (ppm)
							From	To			
CD-71	287214	8130937	3024	212	-62	1487.45	608	631	23	0.24	1
							1028	1253	225	0.23	134
							1285	1356	71	0.23	34
CD-72	286715	8130449	2941	41	-61	570	34	170	136	0.16	25
							200	325	125	0.25	49
							405	468	63	0.28	137
CD-73	286924	8131264	3018	207	-62	1912.5	1256	1903	647	0.36	92
						includes	1385	1464	79	0.53	59
CD-74	286293	8131005	2956	217	-66	1045.5	481	569	88	0.13	29
							651	690	39	0.11	21
							716	1037	321	0.15	13
CD-75B	286507	8130078	3028	18.7	-74	1559.2	635	1265	630	0.22	213
							1351	1530	179	0.61	79
						includes	1411	1478	67	1.07	139
CD-76	287338	8130382	2920	220.7	-60.5	926.15	539	597	58	0.45	12
							685	813	128	0.59	43
CD-77	286296	8130092	3036	14	-74.5	1595.35	826	1157	331	0.20	133
							1222	1482	260	0.26	87

## APPENDIX 3

### Los Calatos Project: Drill hole locality plan and sections.

Figure 1: Cu (%) x Thickness (m) contour plan showing Los Calatos drilling program.



#### Note

- Drill holes CD-61 to CD-77 are annotated for reference purposes.
- Contours are projected to surface. See figures 2, 3 and 4 for elevation of mineralisation relative to surface.

Figure 2: Section 10300E showing the high grade Cu zones associated with the mineralised breccia system.

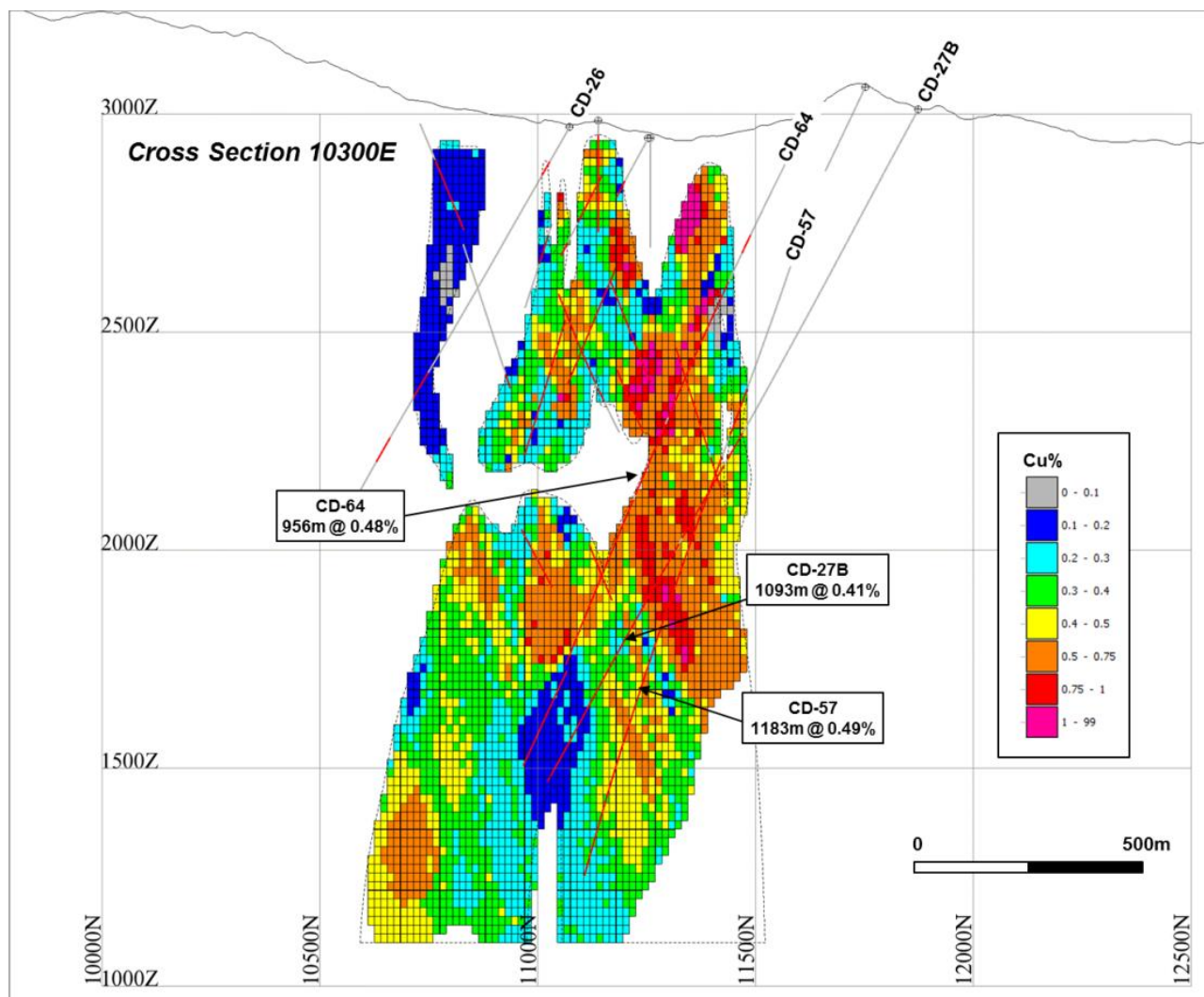


Figure 3: Section 11200E showing the high grade Cu zones associated with the diatreme complex.

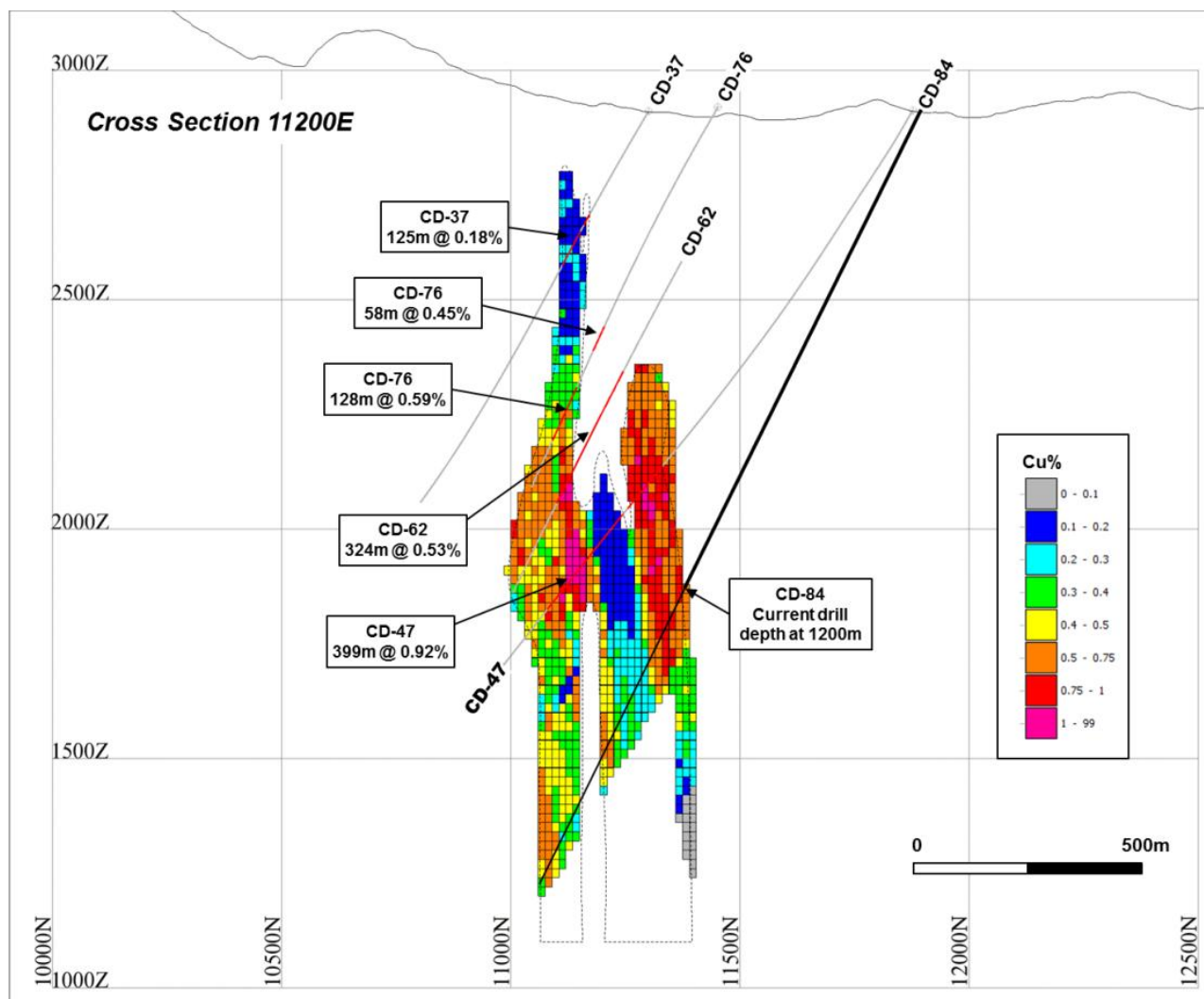
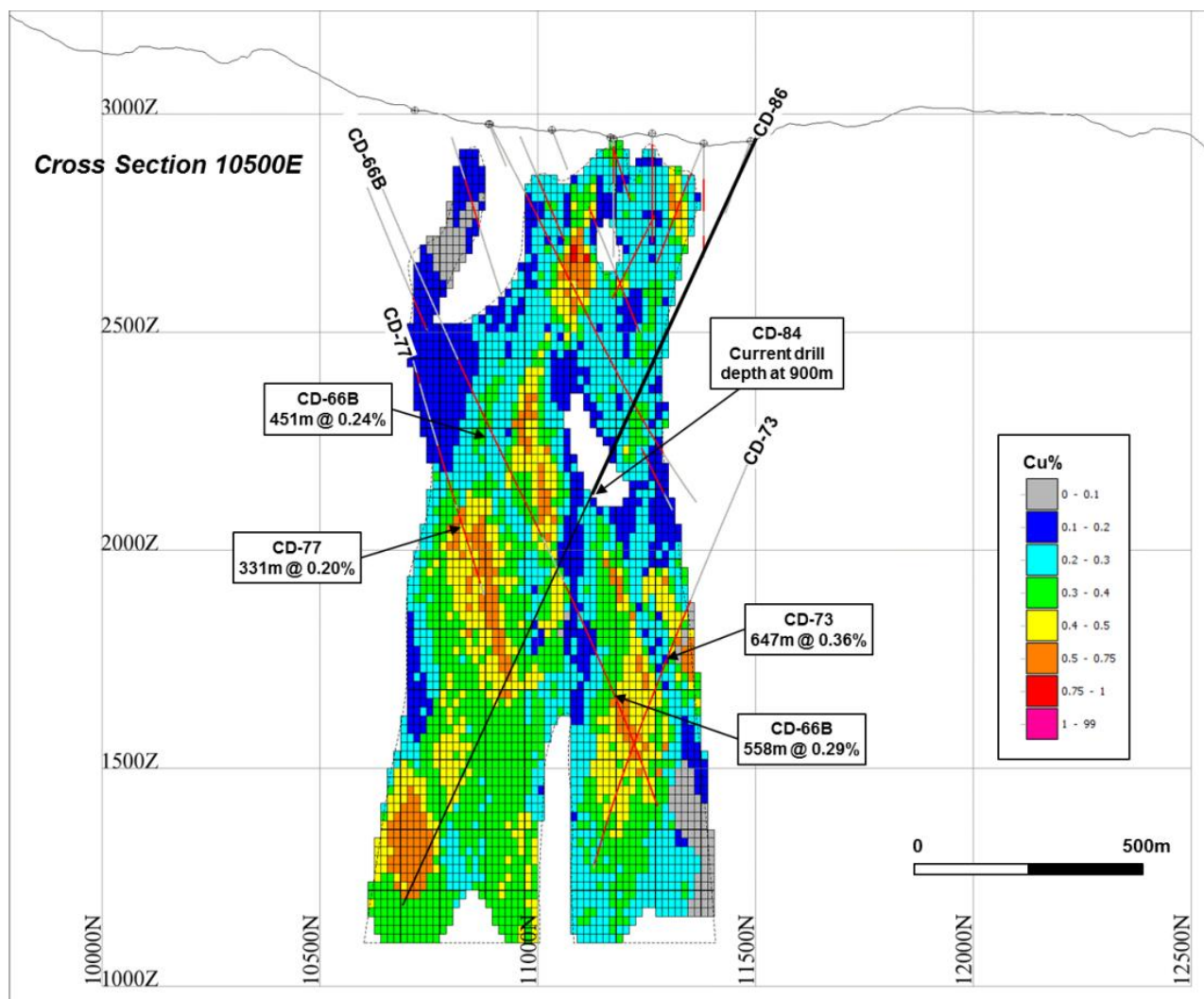


Figure 4: Section 10500E showing the low to medium Cu grades associated with the mineralised porphyry.



## APPENDIX 4

### Mollacas Project: Grade – Tonnage Tables.

#### Sensitivity of Oxide and Secondary Sulphide Mineral Resource to Cu cut-off grade.

Cut-off	Measured				Indicated				Total			
	Tonnes	CuT%	CuT_Sol %	Au g/t	Tonnes	CuT%	CuT_Sol %	Au g/t	Tonnes	CuT%	CuT_Sol %	Au g/t
0.50	5,748,787	0.74	0.61	0.130	974,082	0.68	0.52	0.190	6,722,869	0.73	0.59	0.138
0.45	6,624,195	0.71	0.58	0.129	1,326,330	0.63	0.47	0.176	7,950,525	0.69	0.56	0.137
0.40	7,596,322	0.67	0.54	0.128	1,822,051	0.57	0.43	0.165	9,418,373	0.65	0.52	0.135
0.35	8,512,722	0.64	0.51	0.127	2,293,979	0.53	0.39	0.159	10,806,701	0.62	0.49	0.134
0.30	9,389,161	0.61	0.49	0.126	2,862,375	0.49	0.36	0.153	12,251,536	0.58	0.46	0.132
0.25	10,226,378	0.58	0.46	0.125	3,464,758	0.45	0.33	0.145	13,691,136	0.55	0.43	0.130
<b>0.20</b>	<b>11,168,047</b>	<b>0.55</b>	<b>0.44</b>	<b>0.124</b>	<b>4,313,870</b>	<b>0.41</b>	<b>0.29</b>	<b>0.138</b>	<b>15,481,917</b>	<b>0.51</b>	<b>0.40</b>	<b>0.128</b>
0.15	11,944,517	0.53	0.42	0.123	5,139,273	0.37	0.26	0.135	17,083,790	0.48	0.37	0.127
0.10	12,226,785	0.52	0.41	0.122	5,316,567	0.36	0.26	0.132	17,543,352	0.47	0.36	0.125
0.05	12,309,859	0.52	0.41	0.121	5,432,947	0.36	0.25	0.130	17,742,806	0.47	0.36	0.124
0.00	12,310,808	0.52	0.41	0.121	5,432,947	0.36	0.25	0.130	17,743,755	0.47	0.36	0.124
<b>Total</b>	<b>12,310,808</b>	<b>0.52</b>	<b>0.41</b>	<b>0.121</b>	<b>2,646,378</b>	<b>0.73</b>	<b>0.52</b>	<b>0.267</b>	<b>14,957,186</b>	<b>0.55</b>	<b>0.43</b>	<b>0.147</b>

#### Sensitivity of Transitional Sulphide and Primary Sulphide Mineral Resource to Cu cut-off grade.

Cut-off	Measured			Indicated			Inferred			Total		
	Tonnes	CuT%	Au g/t	Tonnes	CuT%	Au g/t	Tonnes	CuT%	Au g/t	Tonnes	CuT%	Au g/t
0.50	3,587	0.51	0.335	-	-	-	-	-	-	3,587	0.51	0.335
0.45	152,347	0.47	0.318	20,617	0.46	0.302	982	0.45	0.287	173,946	0.47	0.316
0.40	648,854	0.43	0.306	124,209	0.42	0.294	17,357	0.42	0.297	790,420	0.43	0.303
0.35	1,895,279	0.39	0.289	545,811	0.38	0.292	218,114	0.37	0.283	2,659,204	0.39	0.289
0.30	3,828,766	0.36	0.263	1,324,746	0.35	0.250	728,359	0.33	0.204	5,881,871	0.35	0.253
0.25	6,211,721	0.33	0.236	3,099,973	0.31	0.210	2,710,716	0.29	0.167	12,022,410	0.31	0.214
<b>0.20</b>	<b>8,206,798</b>	<b>0.30</b>	<b>0.216</b>	<b>5,113,495</b>	<b>0.27</b>	<b>0.182</b>	<b>5,465,646</b>	<b>0.26</b>	<b>0.147</b>	<b>18,785,939</b>	<b>0.28</b>	<b>0.187</b>
0.15	9,789,800	0.28	0.197	6,516,995	0.25	0.161	7,525,621	0.23	0.133	23,832,416	0.26	0.167
0.10	11,232,307	0.26	0.180	7,710,280	0.23	0.144	8,195,358	0.23	0.128	27,137,945	0.24	0.154
0.05	12,697,699	0.24	0.165	8,585,655	0.22	0.133	8,382,033	0.22	0.126	29,665,387	0.23	0.144
0.00	13,497,631	0.23	0.157	9,517,810	0.20	0.123	8,398,080	0.22	0.126	31,413,521	0.22	0.138
<b>Total</b>	<b>13,497,631</b>	<b>0.23</b>	<b>0.157</b>	<b>9,517,810</b>	<b>0.20</b>	<b>0.123</b>	<b>8,398,080</b>	<b>0.22</b>	<b>0.126</b>	<b>31,413,521</b>	<b>0.22</b>	<b>0.138</b>

### Sensitivity of Total Mineral Resource to Cu cut-off grade.

Cut-off	Measured			Indicated			Inferred			Total		
	Tonnes	CuT%	Au g/t	Tonnes	CuT%	Au g/t	Tonnes	CuT%	Au g/t	Tonnes	CuT%	Au g/t
0.50	5,752,374	0.74	0.130	974,082	0.68	0.190	-	-	-	6,726,456	0.73	0.138
0.45	6,776,542	0.70	0.133	1,346,947	0.62	0.178	982	0.45	0.287	8,124,471	0.69	0.140
0.40	8,245,176	0.65	0.142	1,946,260	0.56	0.173	17,357	0.42	0.297	10,208,793	0.63	0.148
0.35	10,408,001	0.59	0.156	2,839,790	0.50	0.184	218,114	0.37	0.283	13,465,905	0.57	0.164
0.30	13,217,927	0.54	0.165	4,187,121	0.44	0.184	728,359	0.33	0.204	18,133,407	0.51	0.171
0.25	16,438,099	0.49	0.167	6,564,731	0.38	0.176	2,710,716	0.29	0.167	25,713,546	0.44	0.169
<b>0.20</b>	<b>19,374,845</b>	<b>0.45</b>	<b>0.163</b>	<b>9,427,365</b>	<b>0.34</b>	<b>0.162</b>	<b>5,465,646</b>	<b>0.26</b>	<b>0.147</b>	<b>34,267,856</b>	<b>0.39</b>	<b>0.160</b>
0.15	21,734,317	0.42	0.156	11,656,268	0.30	0.149	7,525,621	0.23	0.133	40,916,206	0.35	0.150
0.10	23,459,092	0.40	0.150	13,026,847	0.29	0.139	8,195,358	0.23	0.128	44,681,297	0.33	0.143
0.05	25,007,558	0.38	0.143	14,018,602	0.27	0.132	8,382,033	0.22	0.126	47,408,193	0.32	0.137
0.00	25,808,439	0.36	0.140	14,950,757	0.26	0.125	8,398,080	0.22	0.126	49,157,276	0.31	0.133
<b>Total</b>	<b>25,808,439</b>	<b>0.36</b>	<b>0.140</b>	<b>12,164,188</b>	<b>0.31</b>	<b>0.154</b>	<b>8,398,080</b>	<b>0.22</b>	<b>0.126</b>	<b>46,370,707</b>	<b>0.33</b>	<b>0.141</b>

Note: The table above excludes the low grade Leached Zone



## APPENDIX 5

### Mollacas Copper Leach Project.

Figure 1: Cu (%) x Thickness (m).

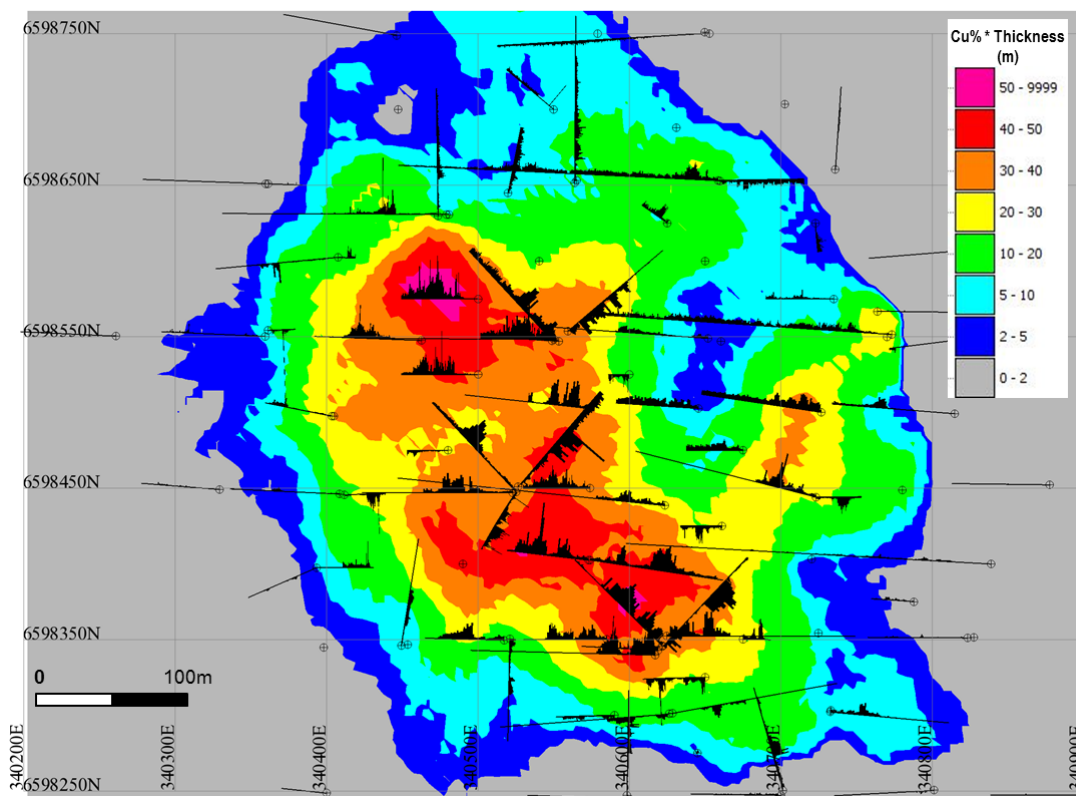
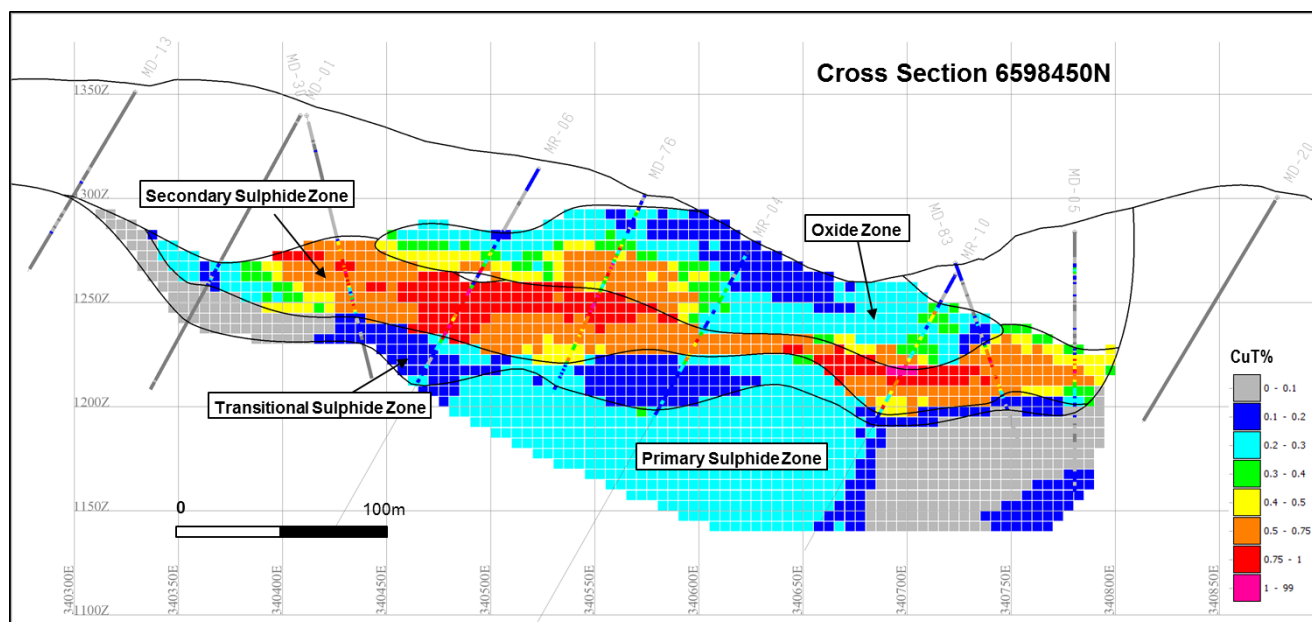
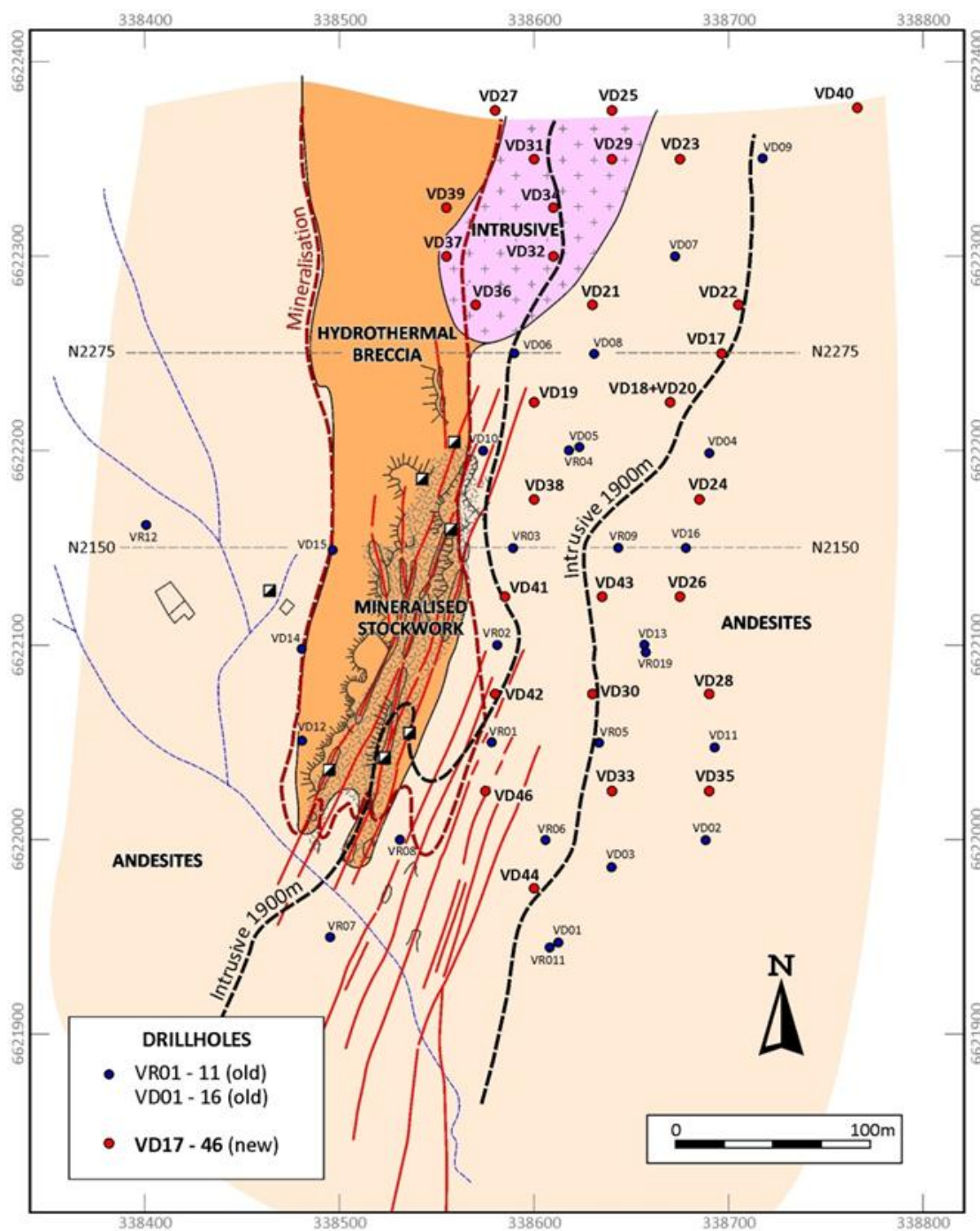


Figure 2: East-west section showing CuT% (All ore types).



### APPENDIX 6

#### Vallecillo Project: La Colorada deposit - Drill hole locality plan.



## ABBREVIATED GLOSSARY

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**Assay**

An analysis to determine the presence, absence or quantity of one or more chemical components.

**Base Metal**

A metal, such as copper, lead, nickel, zinc or cobalt.

**Block caving**

A method of underground mining in which large blocks of ore are undercut, causing the ore to break or cave under its own weight enabling extraction of the ore at a relatively low cost.

**Breccia**

Rock fragmented into angular components.

**Circuit**

A processing facility for removing valuable minerals from the ore so that it can be processed and sold.

**Copper (Cu)**

A ductile, malleable base metal with a myriad of uses in construction (piping, wire) and electronics due to its high electrical and thermal conductivity and good resistance to corrosion.

**Copper equivalent (CuEq)**

Copper equivalent is generally based on the value of the non-copper by-products (such as gold and molybdenum) relative to the copper price. For example, at a long term copper price of US\$3.00 per pound of copper and a molybdenum price of US\$15.00 per pound, 1 pound of molybdenum is equivalent to 5 pounds of copper (Cu:Mo ratio of 1:5).

**Diamond drilling / drill hole**

A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.

**Diatreme**

A diatreme is a breccia-filled volcanic pipe that was formed by a gaseous explosion. Diatremes often breach the surface and produce a tuff cone, a filled relatively shallow crater known as a Maar, or other volcanic pipes.

**Drill core**

The long cylindrical piece of rock brought to surface by diamond drilling.

**Environmental impact study (EIS)**

A written report, compiled prior to a production decision that examines the effects proposed mining activities will have on the natural surroundings.

**Exploration**

Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

**Feasibility Study**

A feasibility study is an evaluation of a mineral resource to determine whether it can be mined effectively and profitably. It includes the detailed study of reserve estimation, mining methods evaluation, processing technique analysis, capital and operating cost determination and the process effect on the environment and community. This detailed study forms the basis for capital estimation, and provides budget figures for the development of the project. It requires a significant amount of formal engineering work and an accuracy within 10 to 15%.

**Geo-domain**

Homogeneous geological domains within a deposit identified on the basis of spatial continuity of grades and geological features such as lithology, mineralogy and alteration.

**Gold (Au)**

A heavy, soft, ductile, malleable precious metal used in jewellery, dentistry, electronics and as an investment.

**Grade**

The amount of valuable metal in each tonne of ore, expressed as grams per tonne for precious metals and percent in the case of copper and parts per million (ppm) in the case of molybdenum. *Cut-off grade* – is the minimum metal grade at which a tonne of rock can be processed on an economic basis. *Recovered grade* – is the actual metal grade realised by the metallurgical process and treatment of ore, based on actual experience or laboratory testing.

**ICP**

Inductively Coupled Plasma. Analytical technique used for the detection of trace elements in soils.

**Indicated Mineral Resource**

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

**Inferred Mineral Resource**

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

**JORC Code**

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

**Leachable (soluble) copper**

Total acid and cyanide soluble copper.

**Leaching**

A chemical process for the extraction of valuable minerals from ore.

**Measured Mineral Resource**

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

**Metallurgy**

The science and technology of extraction of metals from their ores and the refining of metals.

**Mineralisation**

The concentration of metals and their chemical compounds within a body of rock.

**Mineralised envelope**

The boundary constraining the extent of the identified mineralisation, as delineated by a nominated grade or cut-off.

**Mineral Resource**

A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

**Molybdenum (Mo)**

Molybdenum is commonly a by-product of copper mining. It has the ability to withstand extreme temperatures and has a high resistance to corrosion. Molybdenum is widely used as an alloy agent in stainless steel. It is also used to manufacture aircraft parts and industrial motors.

**NPV**

Net present value is the difference between the present value of a future cash flow from an investment and the amount of investment, where the present value of the expected cash flow is computed by discounting the cash flow at the required rate of return.

**Open Pit**

A mine that is entirely on surface. Also referred to as open-cut or open-cast mine.

**Ore**

Rock containing mineral(s) or metals that can be economically extracted to produce a profit.

**Oz**

Troy ounce (31.1035 grams).

**Pit optimisation study**

Pit optimisation studies are used for open pit mine planning to determine those pit limits and mining sequences that yield maximum financial returns based on defined technical parameters, operating costs and commodity prices.

**Porphyry**

A rock consisting of larger crystals embedded in a more compact finer grained groundmass.

**Porphyry copper deposit**

A copper deposit which is associated with porphyritic intrusive rocks and the fluids that accompany them during the transition and cooling from magma to rock. Porphyry copper deposits are typically mined by open-pit methods.

**PPM**

Parts per million, also grams/tonne

**Pre-feasibility study**

A preliminary assessment of the technical and economic viability of a proposed project. Alternative approaches to various elements of the project are compared, and the most suitable alternative for each element is recommended for further analysis. Costs of development and operations are estimated. Anticipated benefits are assessed such that some preliminary economic criteria for evaluation can be calculated. Preliminary feasibility studies are completed by a small group of multi-disciplined technical individuals and have an accuracy within 20 to 30%.

**Recovery**

A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.

**Reverse circulation drilling (RC drilling)**

Percussion drilling method using a rotating bit and high pressure air to sample sub-surface material through the recovery of broken rock fragments ('rock chips').

**Solvent extraction and electrowinning (SX-EW)**

A metallurgical technique, so far applied only to copper ores, in which metal is dissolved from the rock by organic solvents and recovered from solution by electrolysis.

**Stripping ratio**

The ratio of tonnes removed as waste relative to the number of tonnes of ore removed from an open-pit mine.

# 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**

ABN

43 119 759 349

Quarter ended ("current quarter")

30 June 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 6 months \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(10,129)	(19,262)
(b) development	-	-
(c) production	-	-
(d) administration	(1,563)	(3,298)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	100	149
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (bank charges)	(6)	(12)
<b>Net Operating Cash Flows</b>	<b>(11,598)</b>	<b>(22,423)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(33)	(246)
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	-	-
<b>Net investing cash flows</b>	<b>(33)</b>	<b>(246)</b>
1.13 Total operating and investing cash flows (carried forward)	(11,631)	(22,669)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(11,631)	(22,669)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	10,511
	Costs of issue	-	(1,255)
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 (proceeds from equity swap)	360	735
	<b>Net financing cash flows</b>	<b>360</b>	<b>9,991</b>
<b>Net increase (decrease) in cash held</b>			
		(11,271)	(12,678)
1.20	Cash at beginning of quarter/year to date	42,322	44,032
1.21	Exchange rate adjustments to item 1.20	1,226	923
1.22	<b>Cash at end of quarter</b>	<b>32,277</b>	<b>32,277</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	301
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors for the period 01 Apr 12 – 30 June 12 for: Directors' fees: \$231,250 Directors' services and consulting fees: 70,199
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**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

None
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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

None
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+ 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	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	10,000
4.2 Development	-
4.3 Production	-
4.4 Administration	1,300
<b>Total</b>	<b>11,300</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	32,277	42,322
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>32,277</b>	<b>42,322</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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**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>	1,749,541,573	1,749,541,573		
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy backs				
7.5	<b>+Convertible Debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through Securities matured, converted				
7.7	Options (description and conversion factor)	<u>Listed:</u> 27,217,517  <u>Unlisted:</u> 4,500,000  14,250,000 14,250,000  2,000,000 2,000,000  2,500,000 2,500,000  2,000,000 2,000,000	<u>Listed:</u> 27,217,517  <u>Unlisted:</u> 4,500,000  14,250,000 14,250,000  2,000,000 2,000,000  2,500,000 2,500,000  2,000,000 2,000,000	Exercise price A\$0.25  A\$ 0.30  A\$ 0.44 A\$ 0.525  A\$ 0.44 A\$ 0.525  A\$ 0.215 A\$ 0.260  A\$ 0.175 A\$ 0.210	Expiry date: 04 Dec 2012  31 Jul 2012  06 Dec 2013 06 Dec 2013  06 Dec 2013 06 Dec 2013  05 Dec 2014 05 Dec 2014  15 Jun 2015 15 Jun 2015

+ See chapter 19 for defined terms.

7.8	Issued during quarter	2,000,000 2,000,000	2,000,000 2,000,000	A\$ 0.175 A\$ 0.210	15 Jun 2015 15 Jun 2015
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures(totals only)				
7.12	Unsecured notes (totals only)				

## Compliance statement

- 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 give a true and fair view of the matters disclosed.



Sign here:

Date: 31.07.2012

(Director/Company secretary)

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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+ See chapter 19 for defined terms.