

EXPLANATORY MEMORANDUM

FOR A SHAREHOLDERS' MEETING OF

METMINCO LTD

ACN 119 759 349

IN RELATION TO THE PROPOSED TAKEOVER

OF

HAMPTON MINING LIMITED

ACN 103 712 385

**THE DIRECTORS OF METMINCO
UNANIMOUSLY RECOMMEND THAT YOU VOTE
IN FAVOUR OF APPROVAL OF THE MERGER.**

**THE INDEPENDENT EXPERT HAS CONCLUDED
THAT THE MERGER IS NOT FAIR, BUT IT IS
REASONABLE TO METMINCO SHAREHOLDERS.**

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with it, you should obtain the advice of your legal, financial or other adviser immediately.

Further information

Please call 03 5332 2100 if you have any questions or require assistance with your acceptance.

IMPORTANT INFORMATION

Purpose of this Explanatory Memorandum

This document is important. It contains information for Metminco Shareholders relating to the Merger. This Explanatory Memorandum provides Metminco Shareholders with necessary information to assist them in deciding how to vote on the resolutions to be considered at the Meeting. This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and particular needs of Metminco Shareholders or any other person. Accordingly, it should not be relied upon as the sole basis for any decision in relation to the Merger. You should read this Explanatory Memorandum in its entirety before making a decision as to how to vote at the Meeting. The Frequently Asked Questions (FAQ) section of this Explanatory Memorandum answers some common questions about the Merger generally. They are not intended to address all issues relevant to Metminco Shareholders. If you have any doubt as to what you should do once you have read this Explanatory Memorandum, you should consult your legal, financial or other professional adviser.

Notice to persons outside Australia

This Explanatory Memorandum has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

Forward-looking statements

Statements contained in this document may contain forward-looking statements including statements with respect to Metminco's current intentions (which include those in section 5), statements of opinion and predictions of possible future events. Statements in this document that are not historical facts are "forward-looking statements".

Forward-looking statements relate to future matters and are subject to inherent risks and uncertainties. These risks and uncertainties include risks that are specific to the resources industry as well as matters such as general economic conditions, many of which are outside the control of Metminco and its Directors. These factors may cause the actual results, performance or achievements of Metminco, Hampton or the Merged Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. The past performance of Metminco is not a guarantee of future performance.

The forward-looking statements do not constitute a representation that future profits (or any other matter) will be achieved in the amounts or by the dates indicated. The financial information and other forward-looking statements are based on information available to Metminco at the date of this document and should be read in conjunction with the assumptions underlying their preparation. Actual outcomes may differ materially from the events, intentions or results expressed or implied by any forward-looking statement in this document. None of Metminco, its officers, or persons named in this document with their consent or any person involved in the preparation of this document makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any intentions or outcomes expressed or implied in any forward-looking statement. You are cautioned not to place undue reliance on any forward-looking statement having regard to the fact that the outcome may not be achieved. The forward-looking statements in this document reflect views held only as at the date of this document.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Merger which is not contained in this Explanatory Memorandum. Any information or representation not contained in this Explanatory Memorandum may not be relied on as having been authorised by Metminco or the Directors in connection with the Merger.

Privacy

Metminco may collect personal information during the Merger process (including implementing the Merger). Such information may include the names, contact details and shareholding of Metminco Shareholders and the names of persons appointed by Metminco Shareholders to act as proxy at the Meeting. The primary purpose of the collection of this personal information is to assist Metminco to conduct the Meeting. Without this information, Metminco may be hindered in its ability to achieve these purposes to full effect. Personal information of the type described above may be disclosed by Metminco to Metminco's Share Registry, print and mail service providers and authorised securities brokers. Metminco Shareholders have certain rights to access their personal information that has been collected and should contact the Company Secretary of Metminco on 03 5332 8526, or on +61 3 5332 8526 if calling from overseas, if they wish to access their personal information.

Responsibility for Information

The information concerning the Company contained in this Explanatory Memorandum including information as to the views and recommendations of the Directors has been prepared by the Company and is the responsibility of the Company.

Information regarding Hampton has been derived as described in section 4.1 of this Information Memorandum. Neither the Company nor its advisers assume any responsibility for the accuracy or completeness of that information.

BDO Kendalls has prepared the Independent Expert's Report in relation to resolution 1 and takes responsibility for that report and has consented to the inclusion of that report in this Explanatory Memorandum. BDO Kendalls is not responsible for any other information contained within this Explanatory Memorandum. Metminco Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

ASX involvement

A copy of this Explanatory Memorandum has been lodged with ASX pursuant to the Listing Rules. Neither ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

Definitions

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in this Explanatory Memorandum.

Table of Contents	
IMPORTANT INFORMATION	2
CHAIRMAN'S LETTER	5
HOW TO VOTE	6
FREQUENTLY ASKED QUESTIONS (FAQs)	7
1. SUMMARY OF METMINCO'S OFFERS FOR HAMPTON SECURITIES	9
1.1 Overview of the Offers	9
1.2 The Offers	9
2. PROFILE OF METMINCO	10
2.1 Company and Industry Overview	10
2.2 Board of Directors of Metminco	10
2.3 Metminco's Financial Information and ASX Announcements	10
3. INFORMATION ABOUT METMINCO SECURITIES	11
3.1 Metminco's Issued Securities	11
3.2 Trading of Metminco shares	11
3.3 Implied Value of the Offers	12
4. PROFILE OF HAMPTON	12
4.1 Sources of Information / Disclaimer	12
4.2 History of Hampton	12
4.3 Hampton's Projects	13
4.4 Geological Information	13
4.5 Directors of Hampton	13
4.6 Hampton Management	13
4.7 Directors' Interests in Hampton's Securities	14
4.8 Financial Information for Hampton	14
4.9 Further information on Hampton and Hampton's Projects	14
5. METMINCO'S INTENTIONS IN RELATION TO HAMPTON	14
5.1 Introduction	14
5.2 Overview - Merged Group	14
5.3 Intentions relating to Hampton's Shares	15
5.4 Intentions if Metminco does not acquire a Controlling Interest in Hampton	15
5.5 Intentions in relation to Hampton Options	15
6. PROFILE OF THE MERGED GROUP	15
6.1 Overview of Merged Group	15
6.2 Capital Structure and Ownership	15
6.3 Board of Directors and Management of Metminco as Merged Group	16
6.4 Proforma Consolidated Balance Sheets for the Merged Group	17
6.5 Future Exploration Expenditure for Merged Group	17
6.6 No Financial Forecasts for Merged Group	17
6.7 Dividend Policy of the Merged Group	17
7. RISKS OF THE PROPOSED MERGER	17
8. INDEPENDENT EXPERT'S REPORT	18
9. BENEFITS OF THE MERGER	18
9.1 Larger Exploration Base, Potential for Expansion	18
9.2 Experienced Management Team	18
9.3 Enhanced Financial Platform	18
9.4 Strategic South American Shareholder	18
9.5 Less Reliance on Equity Capital Markets	18
9.6 Improved Risk Profile through Diversification	19
10. DIRECTORS' RECOMMENDATIONS	19
10.1 Recommendations on Resolutions	19
10.2 Directors' voting intentions	19
10.3 Interests of Directors	19
11. OTHER MATERIAL INFORMATION	19
11.1 Voting Power of Metminco in Hampton	19
11.2 Interest of Hampton Directors in Metminco	20
11.3 Bidder's Statement to include Information required for a Prospectus	20
12. REGULATORY BACKGROUND TO RESOLUTIONS	21
12.1 Resolution 1 - Section 606 Corporations Act	21
12.2 Resolution 1 – Listing Rule 11.1 (Change of Scale)	21
12.3 Resolution 1 - Non-Application of Listing Rule 7.1	22
12.4 Resolution 2 - Increase in Directors' Remuneration	22
GLOSSARY	22
FURTHER ANNEXURES	23

CHAIRMAN'S LETTER

4 February 2009

Dear Shareholder,

I am pleased to enclose an Explanatory Memorandum containing information regarding the proposed Merger between Metminco Limited ("Metminco" or the "Company") and Hampton Mining Ltd ("Hampton"). Hampton is an unlisted Australian public company that holds a significant portfolio of exploration and potential development projects located in Chile and Peru. These projects are focused primarily on copper, while also including exposure to gold, molybdenum, zinc and iron ore.

Hampton would provide Metminco with immediate exposure to a range of prospective mining tenements in South America, with greater financial resources than currently, and with the opportunity to retain the services of the management team of Hampton. Hampton has 2 significant Projects with JORC-compliant indicated and inferred resources, including the recently upgraded Los Calatos Project. The proposed Merger will also provide us with an enhanced financial platform to accelerate the development of our projects at a time when accessing capital from financial markets is extremely difficult.

On completion of the Merger, Metminco will have an improved status as an exploration company listed on the ASX, with the prospect of moving into production. If the Offers are accepted by all Hampton Security Holders, Hampton's Security Holders will have 94.2% of the Merged Group, and will have 91.6% on a fully diluted basis assuming all Metminco's outstanding options are exercised. Metminco plans to appoint Hampton Directors to the board of Metminco (assuming they agree to appointment), upon which up to two current Metminco Directors will resign, so that current Hampton Directors would be in a majority on the Board of Metminco. I will remain as a non-executive director of Metminco. See section 8.3 of the Bidder's Statement for a more detailed explanation of Metminco's intentions for restructuring the Metminco Board. The Company will continue to be known as Metminco.

This Explanatory Memorandum sets out in detail the rationale for the Merger and the benefits for you as a Metminco Shareholder. It also includes the report from the Independent Expert, BDO Kendalls, setting out the reasons for their conclusion that the Merger is, on balance, not fair but it is reasonable to Metminco Shareholders.

A transaction of this importance requires your approval at a general meeting of shareholders which will be held on 16 March 2009 at Level 8, 350 Collins Street, Melbourne.

Your Directors unanimously recommend that you vote to approve the Merger and will vote their personal holdings in favour of the Merger, subject to there being no superior proposal.

The Independent Expert, BDO Kendalls, has concluded that the Merger, on balance, is not fair but it is reasonable to Metminco Shareholders.

I encourage you to read the details of the Merger as outlined in this Explanatory Memorandum and to vote on the Merger either in person at the Meeting on 16 March 2009 or by returning the enclosed proxy form by 10.30am AEDT on 14 March 2009.

I urge you to vote in favour of the resolutions.

Should you have any queries or if you require any assistance in completing or lodging your proxy form, please contact our information line on 03 5332 2100, or +61 3 5332 2100 for callers from outside Australia or by email on hamptonoffer@metminco.com.au. Alternatively, you may contact your legal, financial or other professional adviser.

Yours faithfully



John A Fillmore
Chairman, Metminco Limited

HOW TO VOTE

1	Vote in person	
	<ul style="list-style-type: none"> Attend the Meeting on the date and at the place set out above. 	
2	Vote by proxy	
	<ul style="list-style-type: none"> If you are not able to attend the Meeting, please complete and sign the proxy form enclosed with the Notice of General Meeting as soon as possible. <p>To complete the proxy form, record your vote on the proxy form in relation to the resolutions to be considered at the Meeting as follows:</p> <ul style="list-style-type: none"> if you wish to approve the resolution, place a cross (X) in the space provided under the word 'FOR'. if you do not wish to approve the resolution, place a cross (X) in the space provided [under] the word 'AGAINST'. if you do not wish to vote in respect of the resolution, place a cross (X) in the space provided [under] the word 'ABSTAIN'. 	<ul style="list-style-type: none"> Once you have completed and signed the proxy form, then either: <ul style="list-style-type: none"> post the proxy form to: <p>Metminco Ltd, PO Box 11, Black Hill Post Office, Ballarat VIC 3350</p> or fax the proxy form to the Company, on facsimile number 03 5332 8831 (within Australia) or +61 3 5332 8831 (outside Australia), so that it is received by the Company, before 10.30am (AEDT) on 14 March 2009. <p>PROXY FORMS RECEIVED LATER THAN THIS TIME WILL BE INVALID.</p>
3	Vote by corporate representative or power of attorney	
	<ul style="list-style-type: none"> If you are a corporate Metminco Shareholder and wish to appoint a representative to attend the Meeting, you should ensure that your representative can provide appropriate evidence of his or her appointment. 	<ul style="list-style-type: none"> You may appoint another person, by power of attorney, to attend the meeting and vote on your behalf. You will need to provide appropriate evidence of that power of attorney.
4	If you are an overseas shareholder and hold your shares through a broker or nominee holder	
	<ul style="list-style-type: none"> You should contact your broker or nominee holder as soon as possible to instruct them how to vote on your behalf. <p>Further information on how to vote is set out in the Notice of General Meeting.</p>	

Independent Expert's Opinion	Directors Recommendation
<p>The Independent Expert, BDO Kendalls has provided an opinion that the Merger, on balance, is not fair but it is reasonable to Metminco Shareholders.</p>	<p>The Directors of Metminco unanimously recommend that you vote to approve the Merger and will vote the Shares that they hold or control in the Company in favour of the Merger in the absence of a superior proposal. As at the date of this Explanatory Memorandum, the Directors are not aware of any superior proposal.</p>

FREQUENTLY ASKED QUESTIONS (FAQs)

This document contains information relating to the proposed merger between Metminco and Hampton. A transaction of this importance requires your approval at a general meeting of shareholders before it can be implemented. The Merger will be considered at a meeting of Metminco Shareholders on 16 March 2009. The information set out in this document will assist you, as a Metminco Shareholder, to decide how you wish to vote on the Merger.

Who is Hampton and what does it do?

Hampton is an unlisted Australian public company that has acquired a significant portfolio of exploration and potential development projects located in Chile and Peru. These projects which are focused primarily on copper, also include exposure to gold, molybdenum, zinc and iron ore. Further details of Hampton's Projects are set out in section 4 of this Explanatory Memorandum.

What is the Merger?

The Merger is a proposed merger between Metminco and Hampton, to be effected through Metminco acquiring at least a Controlling Interest and potentially up to 100% of the issued capital of Hampton in exchange for the issue of up to approximately 863 million shares (for 100% control) in the issued capital of Metminco ("Consideration Shares"). Further information on the offers to effect the Merger are set out in section 1 of this Explanatory Memorandum and in the Bidder's Statement.

Why should I vote to approve the Merger?

If implemented, the Merger has the following benefits for Metminco Shareholders:

- Metminco will have a larger exploration base in South America and Australia, with potential for pre-production and substantial expansion;
- Metminco will have an experienced management team with developmental and operational expertise, including experience in the key areas of Chile and Peru where the Merged Group's best prospects will be located;
- Metminco will have an enhanced financial platform to develop the Merged Group's Projects and will be better placed to deal with recent financial market turmoil;
- Metminco will have a strategic South American shareholder;
- Metminco will have less reliance on equity capital markets for the development of its Projects; and
- Metminco will have an improved risk profile through diversification.

Please see section 9 of this Explanatory Memorandum for further details on the benefits of the Merger.

How does the Metminco Board recommend that I vote?

The Metminco Board unanimously recommends that Metminco Shareholders vote to approve the Merger in the absence of a superior proposal. Each Director of Metminco will vote in favour of the Merger in respect of the shares they hold or control, subject to there being no superior proposal. As at the date of this Explanatory Memorandum, the Directors are not aware of any superior proposal.

What is the opinion of the Independent Expert?

The terms and conditions of the Merger have been reviewed by an Independent Expert, BDO Kendalls. BDO Kendalls has concluded that the Merger, on balance, is not fair but it is reasonable to Metminco Shareholders. BDO Kendalls' report is set out in Annexure A of this Explanatory Memorandum.

If the Merger is approved, what will happen?

If

- the majority of Metminco Shareholders approve resolution 1;
- pre-emption rights over Hampton Shares held by Hampton Shareholders who intend to accept the Share Offer, are not exercised by other Hampton Shareholders; and
- all other conditions of the Merger are either satisfied or waived,

Metminco may acquire Hampton Shares and Hampton Options sufficient to provide a Controlling Interest in Hampton, in which case the Consideration Shares will be allotted and issued to the Hampton Security Holders.

When will the Merger take place?

The Directors anticipate that the Merger will be completed by mid-April 2009. A number of steps are necessary for the completion of the Merger. These include approval by Metminco Shareholders at the Meeting and approvals from relevant Chilean authorities. Given the nature of the conditions, it is not possible to precisely state the proposed date for completion of the Merger. Please refer to section 12 of the Bidder's Statement for further details of the conditions of the Offers.

How will the structure of the Company's ownership change?

The number of Shares held by existing Metminco Shareholders will not change, however, by issuing additional Shares to the Hampton Shareholders, the total of Metminco's issued Shares will increase from approximately 53 million Shares to approximately 916 million Shares. If all the Offers are accepted, the Hampton Security Holders will have an interest of approximately 94.2% of the undiluted issued share capital

in Metminco and the existing Metminco Shareholders will retain 5.8%. If all Metminco's MNCO options are subsequently exercised, Hampton Security Holders will acquire an interest of approximately 91.6% of the fully diluted issued share capital in Metminco and the existing Metminco Shareholders will retain 8.4%. Please see section 6.2 of this Explanatory Memorandum for further details on the capital structure of Metminco if the Merger proceeds.

What does this dilution mean to me?

If the Merger proceeds your overall percentage holding in Metminco will be reduced to about 6% of your current percentage. However, Metminco will be much larger and you will own a smaller percentage of a more significant company. The value of your Shares will be determined by the price that Metminco Shares trade at on the ASX.

Will anything happen to my shares? Can I still sell them on the ASX after the Merger?

Nothing will happen to your Shares. You will continue to own the same number of Shares. Metminco will remain listed on the ASX and you can continue to trade your Shares as you normally would.

Who will sit on the Metminco Board post completion of the Merger?

If the Merger proceeds, the Board of Directors of Metminco is expected to change to reflect the new shareholder ownership of the Company following the Merger. It is proposed that the new Metminco Board will comprise up to 6 members. John Fillmore will remain on the Board as a non-executive director. The Chairman of the Board will be determined by the director group. Further information on composition of the Board is set out in sections 5.2.1 and 6.3 of this Explanatory Memorandum.

Who will manage Metminco post Merger?

If the Merger proceeds, it is proposed that the key management of Metminco will change, with the current managing director of Hampton, William Howe, becoming managing director of Metminco and the current Managing Director of Metminco, Keith Weston, becoming general manager of the Merged Group's Australian exploration activities. These changes are not assured. Further information on management is set out in section 6.3 of this Explanatory Memorandum.

What will Metminco's asset portfolio look like if the Merger proceeds?

If the Merger proceeds, Metminco's assets will include exploration assets in Australia, Peru and Chile and pre-production assets in Chile. See section 2 for more details on the assets of Metminco and section 4 for more details on the assets of Hampton.

Will the Company still be named Metminco after the Merger is completed?

Yes, the Company name will continue to be Metminco Limited.

Where will the Company be headquartered post completion of the Merger?

Metminco will move its headquarters to Hampton's office in Sydney, New South Wales, with regional offices in Santiago, Chile, and Ballarat, Victoria.

What am I being asked to vote on?

Metminco Shareholders are being asked to vote on 2 separate resolutions, in relation to the Merger:

- 1) The approval of the acquisition of by Metminco of a Controlling Interest in Hampton, including a change in the scale of activities of the Company; and
- 2) Due to the proposed expansion of the Board to up to 6 Directors, the approval of an increase in maximum aggregate remuneration payable by the Company to the Directors (as a whole) for their non-executive services.

Further information on resolutions 1 and 2 is set out in section 12 of this Explanatory Memorandum.

Why is my approval required?

You are a Metminco Shareholder and given the nature and size of the Merger, approval of Metminco Shareholders is required under the ASX Listing Rules.

When and where will the Meeting be held?

The Meeting will take place on 16 March 2009 at 10.30am AEDT at Level 8, 350 Collins Street, Melbourne.

Who can vote?

The Board has determined that the Metminco Shareholders entitled to attend and vote at the Meeting shall be those persons who are recorded in Metminco's register of members at 10.30am AEDT on 14 March 2009. In accordance with the Listing Rules and the Corporations Act, each of the resolutions to be put to the Meeting in relation to the Merger has a voting exclusion statement. These voting exclusion statements are set out in this Explanatory Memorandum and require the Company to exclude the votes of certain persons.

What are the voting approval thresholds?

Each of the resolutions being put to Metminco Shareholders are ordinary resolutions, requiring simple majority approval (approval of Metminco Shareholders holding at least 50% of the Shares and who are eligible to vote on the resolutions and who actually vote).

Is voting compulsory?

Voting is not compulsory, though your vote is important. If you cannot attend the Meeting to be held on 16 March 2009, you are strongly encouraged to complete and return the proxy form that is enclosed with this document. If you are an overseas shareholder and hold your Shares through a broker or nominee holder, you should contact them as soon as possible to instruct them to vote on your behalf.

If you require any assistance in completing or lodging your proxy, please feel free to contact our Company Secretary by telephone on 03 5332 2586, or if calling from overseas +61 3 5332 2586, or by email at hamptonoffer@metminco.com.au or contact your financial or other professional advisor.

What will happen if Metminco Shareholders do not approve resolution 1 relating to Merger?

The Merger is conditional on resolution 1 being approved. Accordingly, if resolution 1 is not approved, the Merger will not proceed and Metminco will continue to operate as a standalone entity and Metminco Shareholders will not receive any of the benefits of the Merger.

Further information on what will happen if Metminco Shareholders do not approve the resolution relating to the Merger is set out in section 5.4 of this Explanatory Memorandum.

Further Questions

If you have any questions regarding the Merger after having read this Explanatory Memorandum and the Independent Expert's Report, please contact the Company Secretary of Metminco by telephone on 03 5332 2586, or if calling from overseas +61 3 5332 2586 or by email at hamptonoffer@metminco.com.au or contact your financial or other professional advisor.

1. SUMMARY OF METMINCO'S OFFERS FOR HAMPTON SECURITIES

1.1 Overview of the Offers

On 3 November 2008, Metminco Limited announced that it proposed to make an offer for all issued shares in the unlisted Australian public company Hampton Mining Limited. The base consideration for the offer for Hampton Shares (the Share Offer) is 4 Metminco shares for every Hampton Share (increased from the initial offer of 2.5 shares).

1.2 The Offers

Metminco is offering to acquire:

- to each Hampton Shareholder, all their Hampton Shares for the Share Offer Consideration of 4 Metminco shares for every Hampton Share (increased from the initial offer of 2.5 shares).
- to each Hampton Mar 09 Optionholder, all their Hampton Mar 09 Options for the consideration of 1.875 Metminco shares for every Hampton Mar 09 Option.
- to each Hampton Apr 09 Optionholder, all their Hampton Apr 09 Options for the consideration of 0.9 Metminco shares for every Hampton Apr 09 Option.

The Offers relate to all Hampton Shares and Hampton Options that existed as at the Record Date. The Share Offer also extends to all Hampton Shares that are issued between that date and the end of the Offer Period as a result of the exercise of any rights to receive shares under Hampton Options. The full terms of the Offers are set out in section 12 of the Bidder's Statement.

The consideration for the Share Offer was increased on 29 January 2009 following consideration of the Target's Statement, in particular the upgrade of the Los Calatos Project to a status of having a substantial JORC-compliant indicated and inferred resources.

The consideration for the Options Offers under the initial offer was determined based upon the "in-the-money" component of the relevant Options, as set out in section 3.3 of this Explanatory Memorandum. The consideration for the Options Offers was not increased with the increase in consideration in the Share Offer.

Metminco Shareholders should have regard to the Independent Expert's Report when considering the value of the Offers to Hampton Security Holders compared with the value retained by Metminco Shareholders.

1.2.1 Hampton Pre-emption Rules

Hampton has informed Metminco that Hampton's Constitution contains certain provisions providing pre-emption rules that require Hampton shareholders who decide to accept Metminco's Share Offer. Section 3.4 of the Bidder's Statement sets out the position in relation to these rules.

1.2.2 Conditions of the Share Offer

The Share Offer is subject to the conditions summarised in section 3.7 of, and fully set out in section 12.2 of, the Bidder's Statement. These are summarised as follows:

- Controlling Interest minimum acceptance of the Hampton Shares;
- no material adverse change in Hampton;
- no material transactions, claims or changes in the Hampton Group;
- no action by a Public Authority (as defined in the Bidder's Statement) that adversely affects the Offer or requires divestiture by Metminco of any Hampton Shares or assets;
- Third Parties give their consents to the Merger;
- no prescribed occurrence (as defined in the Bidder's Statement).

1.2.3 Conditions of the Options Offers

The Options Offers are subject to the conditions summarised in section 3.8 of, and fully set out in sections 12.5 (for the Mar 09 Option Offer) and 12.8 (for the Apr 09 Option Offer) of, the Bidder's Statement. These include similar conditions for the Share Offer as summarised in section 1.2.2 above, plus:

- acceptance of the Share Offer;
- ASIC granting relief from section 606(1);
- conditions required for grant of ASIC relief from section 606(1) are fulfilled.

2. PROFILE OF METMINCO

2.1 Company and Industry Overview

Metminco is a diversified mineral explorer with projects in Western Australia, South Australia and the Northern Territory. Our objective on listing in October 2007 was to be a major participant in the resurgent resources sector of the economy. Metminco is focused on exploring and locating significant mineral deposits through both exploration and joint ventures. Metminco's management includes experienced industry participants, with access to senior mining consultants with a track record of results.

We continue to undertake comprehensive testing of our principal prospects through resource establishment, and if successful, intends to take them to development. The initial focus has been on ready to drill targets such as Angelo and Grants Creek, where previous exploration has already delineated promising results.

The history of Metminco is summarised in section 4.2 of the Bidder's Statement and Metminco's current exploration portfolio is summarised in section 4.3 of the Bidder's Statement. The portfolio concentrates on gold and uranium projects. There is also scope for a rare earth element find within the Sophie Downs licence area.

2.2 Board of Directors of Metminco

The present Board of Metminco comprises the following:

- John Fillmore;
- Keith Stuart Weston; and
- Shane Turner.

The background and details of the directors of Hampton are set out at section 4.5 of the Bidder's Statement.

If the Share Offer is successful, Metminco proposes to consult with Hampton about the appointment of current directors of Hampton as additional directors of Metminco. If additional directors are appointed, one or both of Keith Weston and Shane Turner would resign as directors of Metminco. It is also proposed that Shane Turner would resign as company secretary and Philip Killen, the current company secretary of Hampton, would be appointed as company secretary at the same time and that Keith Weston would cease in the role of Managing Director and CEO and would become General Manager Exploration - Australia. These changes have not been agreed by any of the Hampton Directors or by Philip Killen and cannot be guaranteed. See section 6.3 of the Bidder's Statement for details of Metminco's intentions for the Board and Management for the Merged Group.

2.3 Metminco's Financial Information and ASX Announcements

Metminco is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. The Metminco Prospectus, the financial statements of Metminco for the 12 months ended 30 June 2008 (being the annual financial report most recently lodged by Metminco with ASIC) and all continuous disclosure notices given by Metminco after the lodgement of that annual financial report with ASIC and before the lodgement of this document with ASIC are available on request from Metminco.

A list of announcements made by Metminco to ASX since the date of lodgement of its last annual report for the year ended 30 June 2008 (being 28 October 2008) and 9 December 2008 (being the day before the date

of this Bidder's Statement) appears in Annexure A of the Bidder's Statement. Since then the following announcements have been made:

<u>Date</u>	<u>Headline</u>
02/02/2009	Supplementary Bidder's Statement
30/01/2009	TKG: Takoradi - Hampton - Metminco Offer
30/01/2009	Quarterly Cashflow Report
29/01/2009	Extension of Offer
29/01/2009	Supplementary Bidder's Statement
29/01/2009	Extension of Offer Period
29/01/2009	Supplementary Bidder's Statement
29/01/2009	Supplementary Bidder's Statement
29/01/2009	Quarterly Activities Report
28/01/2009	Hampton Mining 300 million Cu-Mo Resource
27/01/2009	Target's Statement
15/01/2009	Further Exploration Update - Hampton Mining
6/01/2009	TKG: Takoradi Hampton Mining Takeover.
24/12/2008	Revised Supplementary Bidder's Statement for Hampton Mining
24/12/2008	Supplementary Bidder's Statement for Hampton Mining Ltd
24/12/2008	s.650D Corporations Act notice
24/12/2008	Extension of Offer Period for Hampton Mining Ltd
17/12/2008	Grants Creek drilling results
15/12/2008	Reinstatement to Official Quotation
15/12/2008	Hampton Exploration Update
15/12/2008	Appendix 3B
15/12/2008	Bidder's Statement for Hampton Mining Limited

This information may be relevant to your assessment of how to vote on the resolutions.

Section 4.3.1 of the Bidder's Statement sets out a summary of the audited balance sheet of Metminco as at 30 June 2008. Further details can be obtained from Metminco's 2008 annual report (see section 11.3.3 of the Bidder's Statement for details of how to obtain a copy).

3. INFORMATION ABOUT METMINCO SECURITIES

3.1 Metminco's Issued Securities

As at the Bidder's Statement Date, there were 53,000,005 Metminco shares (ASX code: MNC) on issue held by 437 shareholders and 26,230,017 options (ASX code: MNCO) on issue, exercisable at 25 cents on or before 4 December 2012 and held by 388 option holders. The distribution of these holdings as at 28 November 2008 is set out at Section 5.1 of the Bidder's Statement.

Details of Metminco's top 20 shareholders and option holders as at the Bidder's Statement Date are set out in 5.2 of the Bidder's Statement.

3.2 Trading of Metminco shares

3.2.1 Price

A summary of the price of Metminco shares on the ASX at various points before the Bidder's Statement Date is set out in section 5.3 of the Bidder's Statement.

The last recorded sale price of Metminco shares on the ASX on the trading day before the date of this Explanatory Memorandum was \$0.15.

3.2.2 Liquidity

The monthly traded volume (and percentage of issued shares) for the period from 1 to 17 October 2008 (the last trading day before announcement of the Share Offer), and for the six months prior to 17 October 2008, is summarised at section 5.3.2 of the Bidder's Statement. In the period from re-instatement of trading in the Company's shares to the date of this Explanatory Memorandum 2,272,500 shares representing 4.29% of the share capital of the Company were traded.

3.3 Implied Value of the Offers

Section 5.4 of the Bidder's Statement contains information about the implied value of the Offers.

Under the initial Options Offer, the consideration for the Options Offers was determined based upon the "in-the-money" component of the relevant Options, that is, the difference between the consideration required to exercise the Options and the base consideration for the Hampton Shares, at a conversion rate for the base consideration of an imputed value of 20 cents per Metminco share. In determining to increase the consideration for the Share Offer, the Board has determined not to increase the Option Offer.

Metminco Shareholders should have regard to the Independent Expert's Report when considering the value of the Offers to Hampton Security Holders compared with the value retained by Metminco Shareholders.

4. PROFILE OF HAMPTON

4.1 Sources of Information / Disclaimer

Information included in the Bidder's Statement about Hampton and its business (Annexure A) were prepared by Metminco derived solely from publicly available sources of information published by Hampton (in particular the Hampton Prospectus dated 28 July 2008, the Hampton 2007 Financial Report and the Takoradi 10/11/08 Disclosure), unless otherwise indicated below and were not independently verified. For the purpose of the Bidder's Statement, Hampton provided its 2008 Half Year Financial Report and consented to the inclusion in the Bidder's Statement of data from that Report.

Since the Bidder's Statement Date, Hampton has issued its Target's Statement containing various additional updated information about Hampton's Projects - see the Shareholders Update No. 17 dated 4 November 2008 at pages 36-47, the Shareholders Update No. 18 (dated 4 November 2008 but only released to the ASX by Takoradi on 14 January 2009) at pages 48-58, the Shareholders Update No. 19 dated 21 January 2009 at pages 59-73, including as an appendix at pages 68-69 a letter from SRK Consulting dated 20 January 2009. The Target's Statement also contains unaudited financial accounts of Hampton for the period 1 July 2008 to 30 November 2008.

Metminco and its directors make no representation about the accuracy or otherwise of information published by Hampton and do not accept any liability to the extent that the statements in this Explanatory Memorandum are based on information published by Hampton which is not true, accurate or complete.

4.2 History of Hampton

Over the last three years, Hampton has acquired a significant portfolio of exploration and potential development projects located in Chile and Peru. These projects which are focused primarily on copper, also include exposure to gold, molybdenum, zinc and iron ore.

In January 2006, Hampton through its subsidiary Hampton Chile (Hampton Group) entered into an agreement with MN Ingenieros (a private Chilean company) to acquire up to a 75% interest in the Loica, Mollacas, and Vallecillo Projects, located approximately 450 km north of Santiago, Chile. Following this initial acquisition, the Hampton Group significantly expanded its portfolio (independently of MN Ingenieros), adding amongst others, the Los Calatos Project in Peru and the Camaron, Isidro and Kamikaze Projects in Chile. After undertaking initial exploration activities at the Loica copper porphyry Project, the Hampton Group entered into an option to acquire 100% of the Victoria property, adjacent to the Loica tenements.

Between March 2006 and April 2007, the Hampton Group completed over 16,000 metres of diamond drilling on the Loica, Mollacas and Vallecillo Projects. This drilling identified JORC Code compliant mineral resources at Mollacas and Vallecillo, and demonstrated that the Loica property is extensively mineralised. During this period, SRK Consulting Chile completed a scoping study on the potential development of a copper leach operation at the Mollacas Project. The study indicates that at a copper price of US\$2.50/lb and an average production of 26.5 million lbs pa (12,000 tonnes pa) of copper, the net present value of the Project, using a discount rate of 8% pa, is approximately US\$103 million. Subject to the outcome of a planned feasibility study, and achieving permitting and funding, production could commence in the near to medium term, at projected operating costs of approximately US\$0.90/lb copper and initial capital costs of US\$56 million.

Hampton now has interests in seven Projects, six in Chile (Camaron, Isidro, Kamikaze, Loica-Victoria, Mollacas and Vallecillo), and one in Peru (Los Calatos).

In April 2008, Hampton raised US\$20 million from a Chilean based (Cayman Islands registered) private investor Junior Investment Company (LL), through the issue of 66,393,750 Shares at an issue price of A\$0.32 per Share. A further A\$1,825,000 was raised between May and July 2008 through the exercise of options by existing Hampton Group Shareholders.

In July 2008 the Hampton Group resumed drilling activities at selected Projects. Drilling programs at Vallecillo (Chile), Los Calatos (Peru) and Mollacas (Chile) have been completed and drilling has commenced at Victoria (Chile).

In January 2009, the Los Calatos Project was re-assessed and upgraded to a status of a JORC-compliant indicated and inferred mineral resource for copper - molybdenum of 300 million tonnes using a cut-off grade of 0.2% copper.

4.3 Hampton's Projects

Hampton Group's portfolio of seven Projects, six in Chile and one in Peru are categorised as follows:

- Pre-feasibility and prospective development: Mollacas (Cu-Au) and Los Calatos ((Cu-Mo, Peru);
- Advanced exploration: Vallecillo (Zn-Au), Loica - Victoria (Cu-Mo);
- Early exploration: Camaron (Cu-Au-Mo), Isidro (Cu- Au), Kamikaze (Fe).

Section 6.3 in the Bidder's Statement summarises the Hampton Group's Projects and Figure 2 on page 32 of the Bidder's Statement shows the location of Hampton's Projects. The Target's Statement contains various additional updated information about Hampton's Projects - see section 3.2, the Shareholders Update No. 17 dated 4 November 2008 at pages 36-47, the Shareholders Update No. 18 (dated 4 November 2008 but we believe this date is incorrect, the report having been released to the ASX by Takoradi on 14 January 2009) at pages 48-58, the Shareholders Update No. 19 dated 21 January 2009 at pages 59-73, including as an appendix at pages 68-69 a letter from SRK Consulting dated 20 January 2009.

Section 3.11 of the Target's Statement states potential limitations on Hampton acquiring or maintaining its interests in the various Hampton Projects.

4.4 Geological Information

Geological information about Hampton's Projects is contained in section 6.3 of the Bidder's Statement and the parts of the Target's Statement referenced in section 4.3 above.

This information is based on information contained in the Hampton Prospectus in section 1.4 (Hampton Mining's Group Projects) and section 6 (Technical Expert's Report on Hampton's exploration assets prepared by SRK Consulting Chile ("SRK")), as updated by Hampton to its shareholders in October 2008, including to Takoradi, which released the information to the ASX on 10 November 2008 ("Takoradi 10/11/08 Disclosure") and in the Target's Statement.

See section 11.3 of this Explanatory Memorandum for details on how you can obtain a copy of any of this information.

4.5 Directors of Hampton

Hampton currently has 5 Directors.

Dr Phillip Wing PhD, MEc, BEc, CPA	Non-Executive Chairman
William Howe B.Sc, FAusIMM	Managing Director
William Etheridge B.Eng, MA (Cantab)	Non-Executive Director
Rodney Hudspeth	Non-Executive Director
Hector Olate	Non-Executive Director

The background and details of the Directors of Hampton are set out at section 6.5 of the Bidder's Statement.

4.6 Hampton Management

In addition to the Managing Director, Mr William Howe, the following are key managers of Hampton:

Philip Killen B.Maths/B.Comm, CPA	Chief Financial Officer/Company Secretary
Colin Sinclair BSc (Hons); MSc; MAusIMM; MIMM (UK); C Eng.	General Manager Exploration - Chile

The background and details of these managers are set out at section 6.6 of the Bidder's Statement.

4.7 Directors' Interests in Hampton's Securities

Section 1.2 of the Target's Statement sets out, as at 22 January 2009, the interests held in Hampton by Hampton's Directors:

4.8 Financial Information for Hampton

Section 6.8.1 of the Bidder's Statement contains a summary of the balance sheet of Hampton as at 30 June 2008. Metminco prepared this summary in reliance on the Proforma Balance Sheet contained in the Hampton Prospectus and Hampton's 2008 Half Year Financial Report provided by Hampton to Metminco. The 2008 Half Year Financial Report has been subject to audit review but not audit. A review of a half-year financial report is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable assurance of all significant matters that might be identified in an audit. The 2008 Half Year Financial Report must be read in conjunction with Hampton's 2007 Annual Report.

The Target's Statement contains financial information about Hampton in section 3.10 and information about Hampton's funding obligations and strategies at section 3.11.

4.9 Further information on Hampton and Hampton's Projects

Further details of Hampton are set out in sections 6 and 11 of the Bidder's Statement and in the Target's Statement. Certain documents are incorporated by reference in that document, including:

- Parts of the Hampton Prospectus dated 28 July 2008 and lodged with ASIC are referred to in the Bidder's Statement. The referenced parts of the Hampton Prospectus are those containing information about Hampton and its projects as described in sections 1.3 (Corporate Structure), 1.4 (Hampton Mining's Group Projects), 3 (Company Information), 4 (Directors, Key Personnel and Corporate Governance), 5 (Independent Accountant's Report, 6 (Technical Expert's Report), 7 (Legal Reports on tenements and relevant agreements), 8 (Business and Investment Risks facing Hampton), 9 (Additional Information). Section 6 (Technical Expert's Report) is included as an annexure to this Explanatory Memorandum.
- Parts of the Metminco Prospectus dated 13 August 2007 and lodged with ASIC are referred to in the Bidder's Statement. The referenced parts of the Metminco Prospectus are those containing information about material contracts, 10 (Material Contracts).
- The disclosure notice by Takoradi dated 10 November 2008 lodged with ASX and ASIC headed "Announcement, South America, Chile and Peru, Hampton Mining Limited" is referred to in the Bidder's Statement. The referenced parts of the Takoradi 10/11/08 Disclosure are the 11 page document headed "Hampton Mining Limited Shareholders Update - No 17".

The Company will provide you with a copy of the Hampton Prospectus, the Metminco Prospectus, the Takoradi 10/11/08 Disclosure, or any referenced part if you call us on 03 5332 2100, or +61 3 5332 2100 for callers from outside Australia, or by email on hamptonoffer@metminco.com.au.

5. METMINCO'S INTENTIONS IN RELATION TO HAMPTON

5.1 Introduction

Section 7 of the Bidder's Statement sets out the intentions of Metminco in relation to Hampton. These intentions have been formed on the basis of facts and information concerning Hampton, and the general business environment, which are known at the time of preparing the Bidder's Statement. These intentions are expressed by the current Board. Final decisions will only be reached by Metminco in light of material information and circumstances at the relevant time. Any future Metminco Board will not be bound by these intentions. Accordingly, the statements set out in section 7 of the Bidder's Statement are statements of current intention only and may vary as new information becomes available or as circumstances change.

5.2 Overview - Merged Group

This section sets out Metminco's general intentions (except for intentions in relation to the Share Offer - see section 5.3) if, at the end of the Offer Period it holds sufficient Hampton Shares to proceed to compulsory acquisition or by virtue of the acceptances received under the Share Offer, were to gain effective control of Hampton.

5.2.1 Directors

Metminco intends to make changes in the Board of Hampton as set out in section 8.3 of the Bidder's Statement, as summarised in section 6.3 of this Explanatory Memorandum.

5.2.2 Other Intentions in relation to Merged Group's Projects

Metminco's intentions in relation to

- projects of Hampton and Metminco;

- office functions;
 - current Hampton employees; and
 - governance,
- are set out in section 7.2 of the Bidder's Statement;

5.3 Intentions relating to Hampton's Shares

Sections 7.3 of the Bidder's Statement sets out Metminco's intentions in relation to the compulsory acquisition of Hampton Shares, should 90% or more of the Hampton Shares be acquired by Metminco.

Sections 7.4 of the Bidder's Statement sets out Metminco's intentions following acquisition of a Controlling Interest up to 90% of Hampton's Shares. The Controlling Interest has been selected as the level at which Metminco will have in a majority of the Hampton Shares on a fully diluted basis in the event that Metminco does not achieve 90% or more of ownership of the Hampton Shares.

5.4 Intentions if Metminco does not acquire a Controlling Interest in Hampton

Section 7.5 of the Bidder's Statement sets out Metminco's intentions if the Offers close and Metminco does not acquire a Controlling Interest in Hampton. A number of possibilities are open to Metminco including:

- allowing the Offers to lapse;
- waiving its Controlling Interest minimum acceptance condition in part or in whole;
- acquiring additional Hampton Shares to the extent permitted by law; and
- seeking representation on the Hampton Board.

As at the date of the Explanatory Memorandum, Metminco has not formed a view as to how it is likely to proceed in those circumstances. More information is contained

If the Offers close without Metminco gaining control of Hampton, Metminco will have expended substantial funds on the proposed transaction, estimated at approximately \$150,000. Expenditure of these funds is not contingent on the success of the Offers.

5.5 Intentions in relation to Hampton Options

Sections 7.6 and 7.7 of the Bidder's Statement sets out Metminco's intentions in relation to the Hampton Mar 09 Options and the Hampton Apr 09 Options, should they be acquired by Metminco.

6. PROFILE OF THE MERGED GROUP

6.1 Overview of Merged Group

Section 8 of the Bidder's Statement sets out a profile of the Merged Group if the Share Offer were to be successful and Metminco were to gain control of Hampton. In that event, shareholders of Hampton would become the major shareholders in Metminco. In summary, the Merged Group would have the following profile:

- Cash reserves of approximately \$14,000,000 (including approximately US\$8.5 million);
- Exploration activities in Australia, Chile and Peru, including:
 - Pre-feasibility and prospective development: Mollacas (Cu-Au) and Los Calatos ((Cu-Mo, Peru);
 - Advanced exploration: Vallecillo (Zn-Au), Loica - Victoria (Cu-Mo);
 - Early exploration: Camaron (Cu-Au-Mo), Isidro (Cu- Au), Kamikaze (Fe), Grants Creek Project (Au); Angelo Project (Au); Sophie Downs Project (Au & Rare Earth Elements); Mulgul Project (Base Metals); Ashburton Project E08/1239 (Pingandy) & E08/1240 (Mount Vernon) (Base Metals); West Lake Eyre Project (Uranium) and Daly River Basin (prospective for Uranium);
- An experienced Board of Directors; and
- Metminco will be an ASX listed company, providing access to capital markets for future capital raising and providing shareholders access to liquidity for their investment.

6.2 Capital Structure and Ownership

Section 8.2 of the Bidder's Statement sets out the capital structure and ownership of the Merged Group upon the Share Offer being successful and Metminco gaining control of Hampton

As at the Bidder's Statement Date, Metminco had 53,000,005 fully paid ordinary shares on issue. If all Hampton Security Holders accept the Offers for their current securities, Metminco will issue up to a maximum of 863,115,704 additional Metminco shares to Hampton Security Holders. On completion of the Merger and if the Offers are accepted by all Hampton Security Holders, Hampton's Security Holders will have 94.2% of the

Merged Group, and will have 91.2% on a fully diluted basis assuming all Metminco's outstanding options are exercised.

If all the Hampton Optionholders exercise the Mar 09 Options and the Apr 09 Options and then accept the Share Offer in relation to the shares issued upon such conversion, Metminco will issue up to a maximum of 950,828,204 additional Metminco shares to Hampton Security Holders and the Merged Group will have an additional \$7,912,500 in cash reserves. In that case, on completion of the Merger, Hampton's Security Holders will have 94.7% of the Merged Group, and will have 92.3% on a fully diluted basis assuming all Metminco's outstanding options are exercised.

Section 8.2 of the Bidder's Statement (as set out in the Supplementary Bidder's Statement No.3) contains a table showing the issued and fully paid share capital of Metminco as at the Bidder's Statement Date and as it will be immediately following completion of the Offers, assuming that Metminco acquires 100% of the shares in Hampton.

The structure of Metminco and Hampton as a Merged Group is set out in Figure 3 on page 40 of the Bidder's Statement.

6.2.1 Junior

At the Record Date for the Offers, Junior Investment Company (LL), ("Junior") a Chilean based (Cayman Islands registered) private investor held 66,393,750 Hampton Shares and the 20,000,000 Hampton Apr 09 Options. If Junior accepts the Share Offer and the Apr 09 Option Offer, it will receive as Consideration Shares 165,984,375 Metminco shares for its Hampton Shares and 18,000,000 Metminco shares for its Hampton Apr 09 Options, totalling 183,984,375 Metminco shares.

On completion of the Merger:

- (1) if the Offers are accepted by all Hampton Security Holders, Junior will have 30.95% of the Merged Group, and will have 30.09% on a fully diluted basis assuming all Metminco's outstanding options are exercised;
- (2) if all the Options are exercised and then acceptances occur for the resultant Share Offer for all the shares issued upon exercise, Junior will have 34.43% of the Merged Group, and will have 33.55% on a fully diluted basis assuming all Metminco's outstanding options are exercised. In this case, Junior will have paid \$6,400,000 to exercise its Apr 09 options.

Junior is controlled by the Chilean investor Isidoro Quiroga.

6.2.2 Takoradi and Notesan Pty Ltd

At the Record Date for the Offers, Takoradi Ltd, an ASX listed company (ASX code TKG) held 56,511,906 Hampton Shares and the 9,500,000 Hampton Mar 09 Options.

On completion of the Merger:

- (1) if the Offers are accepted by all Hampton Security Holders, Takoradi will have 26.62% of the Merged Group, and will have 24.68% on a fully diluted basis assuming all Metminco's outstanding options are exercised;
- (2) if all the Options are exercised and then acceptances occur for the resultant Share Offer for all the shares issued upon exercise, Takoradi will have 36.30% of the Merged Group, and will have 25.63% on a fully diluted basis assuming all Metminco's outstanding options are exercised. In this case, Takoradi will have paid \$1,187,500 to exercise its Mar 09 options.

In addition, a company associated with Rodney Hudspeth, Notesan Pty Ltd, held 2,599,048 shares in Hampton. Mr Hudspeth is a director of Hampton and the managing director of Takoradi. Notesan is the largest shareholder in Takoradi and together with other interests is a substantial shareholder with a 31.64% interest, as disclosed in Takoradi's last Annual Report.

On the same basis as above and if Takoradi and Notesan are Associates, they will have 27.75% of the Merged Group, and will have 25.69% on a fully diluted basis assuming all Metminco's outstanding options are exercised. If all the Hampton Options are exercised and then acceptances occur for the resultant Share Offer for all the shares issued upon exercise, Takoradi will have 27.34% of the Merged Group, and will have 26.64% on a fully diluted basis assuming all Metminco's outstanding options are exercised.

6.3 Board of Directors and Management of Metminco as Merged Group

The present Board of Metminco comprises John Fillmore, Keith Weston and Shane Turner. Section 8.3 of the Bidder's Statement sets out Metminco's proposal to restructure the Board by seeking to appoint additional Hampton directors to the Board of Metminco. The Board of Metminco considers that a board of directors of 4 to 6 persons would provide appropriate governance. At the date of this Explanatory Memorandum, no Hampton directors have consented to appointment as directors of Metminco, so it is not possible to say which of them (if any) will accept appointment.

If 3 or more Hampton directors were to be appointed as directors of Metminco, Keith Weston and Shane Turner would resign as directors. John Fillmore will remain as a director. Accordingly, the current Board of Metminco expects that the restructured Board of Metminco would be drawn from John Fillmore (whose details and background are set out in section 4.5 of the Bidder's Statement) and persons drawn from the current members of the Hampton Board (whose details and background are set out in section 6.5 of the Bidder's Statement). The restructured Board would determine its chairman. If current members of the Hampton Board do not agree to become members of the Board of Metminco, Keith Weston and Shane Turner will remain as directors.

Metminco intends that William Howe will remain as the managing director of Hampton on his existing terms and conditions. The Board will seek agreement with Mr Howe to take on the role as managing director of Metminco. The current Metminco Board will also seek agreement with Philip Killen (the current company secretary of Hampton) to take on the role as company secretary of Metminco. If agreement can be reached for this change, Shane Turner would resign as company secretary of Metminco. See section 6.5 of the Bidder's Statement for Mr Killen's details and background. If these changes should occur, Keith Weston would cease in the role of managing director of Metminco but would remain an employee of Metminco as General Manager Exploration - Australia. Mr Weston has agreed to remain employed by the Merged Group on the same terms and conditions as, and for the balance of the term of, his existing employment, subject to the change in role.

Summaries of the respective employment arrangements of Mr Howe and Mr Killen are set out in section 9.7.4 of the Hampton Prospectus and, in the case of Mr Weston, are set out in section 10.3 of the Metminco Prospectus. There is no guarantee that, if they accept their new roles, the employment arrangements of Mr Howe and Mr Killen would remain the same as their existing employment arrangements.

6.4 Proforma Consolidated Balance Sheets for the Merged Group

Section 8.4 of the Bidder's Statement provides Proforma Consolidated Balance Sheets for the Merged Group, for Metminco Shareholders to consider when assessing how to vote on the resolutions, on the assumption that 100% and 60% respectively of the shares in Hampton had been acquired as at 30 June 2008 in accordance with the terms of the Share Offer, based upon Metminco's 2008 annual report and data from Hampton's unaudited 2008 Half Year Financial Report for the 6 months ended 30 June 2008 (see section 6.8 of the Bidder's Statement for information on the source and reliability of this data).

The Independent Expert has provided more up-to-date Proforma Consolidated Balance Sheets based upon the Hampton balance sheet in section 3.10 of the Target's Statement, as at 30 November 2008.

6.5 Future Exploration Expenditure for Merged Group

The Directors do not consider that the Merged Group will undertake exploration activities greater than those outlined in the Metminco Prospectus (section 4) as updated by subsequent documents lodged with the ASX and in the Hampton Prospectus (section 1.7), as updated by the Takoradi 10/11/08 Disclosure.

Hampton in section 3.11 of the Target's Statement states that additional capital will be required in excess of its current capital reserves if Hampton elects to exercise its option to acquire either the Los Calatos and/or Victoria projects.

6.6 No Financial Forecasts for Merged Group

The Directors have stated in section 8.5 of the Bidder's Statement that they have considered the matters set out in ASIC Regulatory Guide 170 and at that time believed that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Merged Group are inherently uncertain. Accordingly, any forecast or projected information would have contained such a broad range of potential outcomes and possibilities that it would not have been possible to prepare a reliable best estimate forecast or projection. That belief remains at the date of this Explanatory Memorandum.

6.7 Dividend Policy of the Merged Group

The Directors have stated in section 8.6 of the Bidder's Statement that they consider it unlikely that any dividends will be paid on Metminco's Shares in the short term and have provided further comment on that matter. That belief remains at the date of this Explanatory Memorandum.

7. RISKS OF THE PROPOSED MERGER

The Merged Group's business activities are subject to risk factors both specific to its business activities and those of a general nature. Individually, or in combination, these may affect the future operating performance of the Merged Group and the value of an investment in the Merged Group. Some of these factors can be mitigated by appropriate commercial action, but many are outside the control of the Merged Group's directors and management and cannot be mitigated. There is no guarantee that the Merged Group will achieve its

stated objectives or that any forward-looking statements will eventuate. Before voting in favour of resolution 1, Metminco Shareholders should consider a number of factors described within this section of the Explanatory Memorandum and also other information contained within this Explanatory Memorandum. Section 9 of the Bidder's Statement identifies the areas the Directors regard as the major risks associated with the proposed Merger. The principal risk factors include, but are not limited to, those risks outlined below and in section 9 of the Bidder's Statement.

In addition, for Metminco, the change in scope proposed by the Merged Group is substantial. The proposed Merger is effectively a reverse takeover of Metminco by Hampton. If Hampton's Security Holders accept the offers of Metminco Shares, collectively they will emerge with a controlling interest in Metminco. If the Offers are fully successful, Metminco's Projects will comprise only about 10% of the Merged Group's activities and Hampton's Projects will comprise about 90% of the Merged Group's activities.

The risks identified by the Directors are not exhaustive and Metminco Shareholders should read this Explanatory Memorandum and the Bidder's Statement in full and seek professional advice if they require further information on material risks in deciding whether to vote in favour of resolution 1.

8. INDEPENDENT EXPERT'S REPORT

The Independent Expert's Report assesses whether the proposed Merger outlined in resolution 1 is fair and reasonable to the Metminco Shareholders. This assessment is designed to assist all Metminco Shareholders in reaching their voting decision. BDO Kendalls has provided the Independent Expert's Report and has provided an opinion that it believes the proposed Merger, on balance, is not fair but it is reasonable to Metminco Shareholders.

It is recommended that all Metminco Shareholders read the Independent Expert's Report in full. The Independent Expert's Report is set out in Annexure A.

9. BENEFITS OF THE MERGER

9.1 Larger Exploration Base, Potential for Expansion

Metminco will have a larger exploration base, with potential for pre-production and substantial expansion. The Mollacas project in Chile is at the stage of pre-feasibility for prospective development. See section 6.3 of the Bidder's Statement.

The spread of opportunities increases the Merged Group's chance of overall exploration and development success, compared with a smaller Australian-based portfolio.

9.2 Experienced Management Team

Metminco will have an experienced management team with developmental and operational expertise. Hands-on operational experience of Mr Howe and Mr Sinclair in South America is valuable to a small explorer like Metminco, assuming that they remain with the Merged Group. The Merger will combine the significant technical, commercial, developmental and operational knowledge of the management of Metminco and Hampton. This knowledge and experience will be applied to the continued optimisation of the Merged Group's assets.

9.3 Enhanced Financial Platform

Metminco will have an enhanced financial platform to develop the Merged Group's Projects and will be better placed to deal with recent financial market turmoil. In the current financial climate, companies with capital requirements have been facing difficulty in raising capital or could only do so at very unattractive terms. The Merger with Hampton will reduce Metminco's reliance on public equity and debt markets.

9.4 Strategic South American Shareholder

As a result of the Merger and subject to Junior's acceptance, Metminco will have a strategic South American shareholder in Junior Investment Company (LL). Junior has a small and growing global investment portfolio of junior resources companies and its controller Isidoro Quiroga is a well-established and well-regarded businessman in Chile.

9.5 Less Reliance on Equity Capital Markets

Metminco will have less reliance on equity capital markets for the development of its Projects in the near term. The Merger will involve approximately 863 million Metminco shares being issued to Hampton Security

Holders, resulting in existing Metminco Shareholders owning less than 10% of the Metminco shares on an undiluted basis, based upon acceptance of the current Offers without the exercise of any Hampton Options.

While the Merger dilutes existing Shareholders, it has the benefit of enhancing the Company's ability to source external capital for future exploration activities. The Directors believe that in the current environment raising debt or equity would be extremely difficult and there are no guarantees that it could be sourced on favourable terms, if at all.

9.6 Improved Risk Profile through Diversification

Metminco will have an improved risk profile through diversification. The Merger presents a valuable opportunity to reduce the risk associated with your investment in Metminco given that post-Merger Shareholders will be exposed to multiple resource plays, including one in pre-production.

Metminco's current exploration Projects provide opportunities for Metminco Shareholders but they also presents risks. They are at a less advanced stage than Hampton's Projects

The ability for companies such as Metminco to raise the significant funds required to develop their projects, has become particularly challenging.

The proposed Merger would mitigate some of these risks as it provides Metminco with:

- diversification into a different and highly prospective geographic area;
- better access to alternative funding sources, particularly from Junior; and
- a broader base of shareholders.

If the Merger is not approved, Metminco's Directors believe that the process of building an equivalent portfolio of assets of similar size and quality would take a number of years and would be considerably more uncertain and difficult.

10. DIRECTORS' RECOMMENDATIONS

10.1 Recommendations on Resolutions

Based on the information available, including that contained in this Explanatory Memorandum, the Independent Expert's Report and the advantages and disadvantages outlined, all of the Directors consider that resolutions 1 and 2 (inclusive) are in the best interests of Metminco Shareholders and the Company. Each of the Directors recommends that Metminco Shareholders vote in favour of resolutions 1 and 2 (inclusive), in the absence of a superior proposal. Each of the Directors voted for the proposal to put the resolutions to Metminco Shareholder contained in the Notice of General Meeting and this Explanatory Memorandum.

10.2 Directors' voting intentions

Each Director who holds Shares in the Company (or whose associated entities hold Shares) and is entitled to vote will vote those Shares in favour of resolution 1, in the absence of a superior proposal.

Given the nature of resolution 2, and in accordance with Listing Rules 10.17 and 14.11, the Company will disregard any votes cast on resolution 2 by a Director and an Associate of a Director. However, the Company need not disregard a vote if it is cast by a Director as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a Director chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

10.3 Interests of Directors

Other than as set out in section 5.7 of the Bidder's Statement and section 10.2 above, the Directors do not have any material personal interest in the outcome of resolutions other than their interests arising solely in their capacity as shareholders of the Company.

11. OTHER MATERIAL INFORMATION

11.1 Voting Power of Metminco in Hampton

Section 11 of the Bidder's Statement sets out Metminco's position in relation to Hampton, including that:

- other than as disclosed in Section 11 of the Bidder's Statement, neither Metminco nor any of its Associates has any voting power in any Hampton Shares.
- in the four months ending on the date immediately before the date of the Offers, neither Metminco nor an Associate of Metminco provided, or agreed to provide, consideration for any Hampton Shares or Hampton Options

- except as set out in the Bidder's Statement, during the period beginning four months before the date on which this document is lodged with ASIC and ending the date immediately before the date of the Offers, neither Metminco nor any Associate of Metminco gave, offered to give or agreed to give, a benefit to another person that is not available under the Offers to all Hampton Security Holders and was likely to induce the other person, or an Associate of the other person, to accept the Offers or dispose of their Hampton Securities.

11.2 Interest of Hampton Directors in Metminco

Section 1.4 of the Target's Statement states that no Hampton Director had a relevant interest in any securities issued by Metminco and there have been no dealings by Hampton Directors in Metminco securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

11.3 Bidder's Statement to include Information required for a Prospectus

As Metminco is offering Metminco shares as consideration for the acquisition of Hampton Shares and Hampton Options under the Offers, the Corporations Act requires that the Bidder's Statement must include all information that would be required for a prospectus for an offer of Metminco shares under sections 710 to 713 of the Corporations Act. Metminco did not need to issue a prospectus to offer Metminco shares, as the offers are occurring under a takeover bid.

11.3.1 Prospectus Content - Short Form Prospectus

Instead of setting out information in a document that has been lodged with ASIC, section 712 of the Corporations Act allows for a prospectus to simply refer to that document. For a takeover bid, consents to such reference from the parties responsible for those documents are not required - see section 11.10.2 of the Bidder's Statement. A number of documents and parts of documents were referred to in the Bidder's Statement and those documents or parts of documents are taken to have been incorporated into the Bidder's Statement, as follows:

- Parts of the Hampton Prospectus dated 28 July 2008 and lodged with ASIC are referred to in this Explanatory Memorandum. The referenced parts of the Hampton Prospectus are those containing information about Hampton and its projects as described in sections 1.3 (Corporate Structure), 1.4 (Hampton Mining's Group Projects), 3 (Company Information), 4 (Directors, Key Personnel and Corporate Governance), 5 (Independent Accountant's Report, 6 (Technical Expert's Report), 7 (Legal Reports on tenements and relevant agreements), 8 (Business and Investment Risks facing Hampton), 9 (Additional Information).
- Parts of the Metminco Prospectus dated 13 August 2007 and lodged with ASIC are referred to in this Explanatory Memorandum. The referenced parts of the Metminco Prospectus are those containing information about material contracts, 10 (Material Contracts).
- The disclosure notice by Takoradi dated 10 November 2008 lodged with ASX and ASIC headed "Announcement, South America, Chile and Peru, Hampton Mining Limited" is referred to in this Explanatory Memorandum. The referenced parts of the Takoradi 10/11/08 Disclosure are the 11 page document headed "Hampton Mining Limited Shareholders Update - No 17".

The Company will provide you as a Metminco shareholder with a copy of the Hampton Prospectus, the Metminco Prospectus, the Takoradi 10/11/08 Disclosure, or any referenced part. If you desire to receive copies of any of these documents, contact us by calling us on 03 5332 2100, or +61 3 5332 2100 for callers from outside Australia or by email on hamptonoffer@metminco.com.au.

11.3.2 Hampton Due Diligence

Hampton consented to inclusion in the Bidder's Statement of financial data as at 30 June 2008 in section 6.8, which is drawn from Hampton's 2008 Interim Financial Report for the 6 months ended 30 June 2008 ("2008 Half Year Report") and which must be read in conjunction with Hampton's 2007 Annual Report. The Company will provide you with a copy of Hampton's 2008 Half Year Financial Report and Hampton's 2007 Annual Report. If you desire to receive copies of any of these documents, contact us by calling us on 03 5332 2100, or +61 3 5332 2100 for callers from outside Australia, or by email on hamptonoffer@metminco.com.au.

11.3.3 Metminco is a disclosing entity

Metminco is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Metminco is required to continuously disclose to the market any information it has, which a reasonable person would expect to have a material effect on the price or the value of Metminco shares. Metminco shares have been quoted on ASX during the 12 months prior to the date of this document.

Due to these regular reporting and disclosure obligations, Metminco is only required to disclose in the Bidder's Statement information that would usually be required in a "transaction specific prospectus". In general terms, transaction specific prospectuses are only required to contain information in relation to the effect of the issue of the Metminco shares on Metminco and the rights and liabilities attaching to the Metminco shares. It is not necessary to include general information in relation to the assets, liabilities, financial position, profits, losses or

prospects of Metminco unless such information has not previously been disclosed to the ASX. Accordingly, not all publicly available information has been disclosed in the Bidder's Statement. Information regarding the Metminco's statements as to its compliance as a disclosing entity are made in section 11.9.3 of the Bidder's Statement.

Requests for copies of documents the subject of Metminco's continuous disclosure may be made by calling Metminco on 03 5332 2100, or +61 3 5332 2100 for callers from outside Australia or emailing Metminco on hamptonoffer@metminco.com.au. Copies of all documents lodged with ASIC in relation to Metminco can be inspected at the registered office of Metminco during normal office hours. A list of announcements made by Metminco to ASX since its last Annual Report appears in Annexure A of the Bidder's Statement. This information may be relevant to your assessment of how to vote on the Resolutions.

12. REGULATORY BACKGROUND TO RESOLUTIONS

12.1 Resolution 1 - Section 606 Corporations Act

The Corporations Act sets out certain regulatory requirements that must be satisfied in relation to the issue of Metminco Shares under the proposed Merger the subject of resolution 1.

Pursuant to section 606 of the Corporations Act, a person must not acquire a relevant interest in issued voting shares of a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) From 20% or below to more than 20%; or
- (b) From a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's Associates have a relevant interest.

A person (second person) will be an 'Associate' of the other person (first person) if:

- (a) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person; or
 - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the second person has entered or proposed to enter in a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- (c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the takeover provisions prohibition in section 606(1), including acquisitions that results from the acceptance of an offer under a takeover bid if the voting shares are included in the consideration for offers made under the bid (item 4 (a) of section 611 of the Corporations Act).

The exemption applies under item 4 of Section 611 of the Corporations Act applies to the acquisition of shares by Junior and Takoradi.

12.2 Resolution 1 – Listing Rule 11.1 (Change of Scale)

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

ASX has indicated to the Company that the acquisition of securities in Hampton by the Company in accordance with resolution 1 will constitute a change in the scale of the Company's activities and will therefore require the Company to seek the approval of Metminco Shareholders under Listing Rule 11.1.2. For this

reason, the Company is seeking shareholder approval for the Company to change the scale of its activities under Listing Rule 11.1.2.

Voting Exclusion Statement

In accordance with Listing Rules 11.1.2 and 14.11, the Company will disregard any votes cast on resolution 1 by a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if resolution 1 is passed (Excluded Person) and an Associate of an Excluded Person. However, the Company need not disregard a vote if it is cast by an Excluded Person, as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a representative of an Excluded Person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

12.3 Resolution 1 - Non-Application of Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period. One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue is under an off-market bid that is required to comply with the Corporations Act (see Listing Rule 7.2 exception 5). The proposed issues of Metminco shares under the proposed Merger are to be issued in accordance with this exception.

Voting Exclusion Statement: In accordance with Listing Rules 11.1.2 and 14.11, the Company will disregard any votes cast on resolution 1 by any person who may participate in the proposed issue of securities under the Offers made in the Bidder's Statement and any person who may obtain a benefit (except a benefit solely in the capacity of a security holder) if the resolution is passed and any associates of those persons.

12.4 Resolution 2 - Increase in Directors' Remuneration

The Company had previously (in 2007) set a cap for the Directors' remuneration for ordinary services under the Constitution at a maximum aggregate of \$300,000 per annum. At that point there were 2 Non-executive Directors on the Board. Resolution 2 seeks shareholder approval to increase the maximum aggregate remuneration payable by the Company to its Directors (as a whole) for their services, other than services performed in an executive capacity (non-executive Services), by \$100,000, from \$300,000 per annum to \$400,000 per annum to be divided amongst the Directors in such proportion and manner as the Directors agree or, in default of that agreement, equally.

The Company intends to increase the number of Directors to up to 6 including up to 5 non-executive Directors. In this event, the total remuneration paid to the Directors could exceed the current \$300,000 cap. Accordingly an increase to \$400,000 is considered prudent and the new limit will provide flexibility should resolution 1 be passed at the Meeting and circumstances and the size and composition of the Board change.

Resolutions dependent

Resolution 2 is dependent on resolution 1 being passed. If resolution 1 is not passed, then resolution 2 will be taken to have failed.

Voting Exclusion Statement

In accordance with Listing Rules 10.17 and 14.11, the Company will disregard any votes cast on resolution 2 by a Director and an Associate of a Director. However, the Company need not disregard a vote if it is cast by a Director as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a Director chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

GLOSSARY

Terms defined in the Bidder's Statement and used in this Explanatory Memorandum have the meaning given to them in the Bidder's Statement and otherwise, the following words have the following meanings in this Explanatory Memorandum unless the context implies otherwise.

Bidder's Statement	the Bidder's Statement issued by Metminco in relation to securities in Hampton dated 10 December 2008, as supplemented by the Supplementary Bidder's Statement dated 24 December 2008, the Supplementary Bidder's Statement No. 2 dated 29 January 2009 and the Supplementary Bidder's Statement No. 3 dated 2 February 2009 <i>(NB Supplementary Bidder's Statement No. 3 replaced Supplementary Bidder's Statement No. 2 and accordingly a copy of Supplementary Bidder's Statement No. 2 has not been provided with this Explanatory Memorandum.)</i>
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Bidder's Statement Date	10 December 2008
Consideration Shares	Shares in the issued capital of Metminco to be issued to acquire a Controlling Interest in Hampton
Explanatory Memorandum	this document, which is given by Metminco to its shareholders for the purposes of seeking shareholder approval to the resolutions set out in the Notice of Meeting
Metminco Shareholder	the holder of a Metminco share
Target's Statement	the Target's Statement issued by Hampton dated 22 January 2009, in response to Metminco's Bidder's Statement dated 10 December 2008, as supplemented by the Supplementary Bidder's Statement dated 24 December 2008

ANNEXURES

- A INDEPENDENT EXPERT'S REPORT BY BDO KENDALLS DATED 30 JANUARY 2009**
- B BIDDER'S STATEMENT DATED 10 DECEMBER 2008**
- C SUPPLEMENTARY BIDDER'S STATEMENT DATED 24 DECEMBER 2008**
- D TARGET'S STATEMENT DATED 22 JANUARY 2009**
- E SUPPLEMENTARY BIDDER'S STATEMENT NO. 3 DATED 2 FEBRUARY 2009**
- F METMINCO'S ASX ANNOUNCEMENT ON HAMPTON DATED 28 JANUARY 2009**