

INVESTOR UPDATE

HIGHLIGHTS

Los Calatos

- Phase 4 drilling program to be completed in early October 2012
- Updated mineral resource estimate to be completed in December 2012
- Independent report on optimal mining scenarios to be completed by year-end

Funding

- Cash position as at 31 December 2012 forecast to be in excess of US\$14 million
- Key value drivers for Los Calatos, Mollacas and Vallecillo are funded into 2013
- Revised exploration and development programs have mitigated the need to raise additional equity from capital markets during 2013
- Funding strategies for the development of Los Calatos being evaluated

REVIEW OF RESULTS

The Phase 4 drilling program at Los Calatos is nearing completion with 3,000 metres of drilling to be completed by the end of September 2012.

Drilling to-date has allowed the Company to differentiate the mineralised envelope at Los Calatos into four broad geological zones:

- a) A high-grade, near surface, anhydrite breccia which would constitute the primary focus of an initial, Stage 1, open pit;
- b) Two high-grade zones, associated with the diatreme complex, which occur at depths in excess of 500 metres and would be exploited as part of a larger open pit, and/or an underground bulk mining (block caving) operation;
- c) Primary porphyry which would be incorporated into a Stage 1 open pit, and any subsequent, larger, open pit.

The Company has commissioned an independent mining expert to evaluate alternative mining scenarios for Los Calatos and to advise on the optimal development strategy for the project. The report is expected to be completed by 31 December 2012.

Mr William Howe, Managing Director, commented *“Metminco continues to progress its projects despite current capital market conditions being less than favourable for junior exploration companies. We have re-evaluated our exploration and development programs for 2012/2013, and can confirm that the Company has sufficient funds to focus on its key value drivers well into 2013.*

At Los Calatos, alternative sources of funding are being investigated that allow for the continued development of the project in the medium to long-term.”

Recent drilling results

The drilling results returned to date for Phase 4 (CD-50 to CD-86) are summarised in Appendix 1.

Since the release of the Interim Mineral Resource Estimate for Los Calatos in April 2012, 30 drill holes (CD-61 to CD-90) have been completed. Assay results have been received for drill holes CD-78 to CD-86, which are consistent with expectations (Table 1 and Appendix 2).

Table 1: Significant drill hole results (CD-78 to CD-86)

BHID	ZONE	Mineralised Intercept	Depth Interval (m)	
			From	To
CD-78	West of Breccia	540m at 0.40% Cu and 127ppm Mo	1,364	1,904
CD-80	West of Breccia	588m at 0.35% Cu and 160ppm Mo	1,041	1,629
CD-82	Diatreme Complex	356m at 0.55% Cu and 38ppm Mo	636	992
		<i>including</i> 68m at 1.18% Cu and 46ppm Mo	640	708
CD-83	Breccia	182m at 0.46% Cu and 176ppm Mo	171	353
CD-85	Breccia	71m at 0.38% Cu and 166ppm Mo	295	366
CD-86	East of Breccia	1,051m at 0.32% Cu and 212ppm Mo	471	1,522
		<i>including</i> 77m at 0.83% Cu and 891ppm Mo	1,371	1,448

Note: Drill and intercept depths relate to the fact that the drill holes are inclined with the objective of intersecting the full width extent of the Los Calatos mineralised envelope where possible.

The Company is currently drilling the last five drill holes at Los Calatos as part of the Phase 4 program, which once complete, will result in a material decrease in the Company's rate of expenditure.¹

Future Program – Value Drivers

The main value drivers that are to be focused on during 2012 and 2013 are as follows:

2012 Financial Year

- Complete Phase 4 drilling program at Los Calatos
- Update the Mineral Resource Estimate for Los Calatos - SRK Consulting (Chile) S.A.
- Independent expert to evaluate alternative mining scenarios for Los Calatos and to advise on the optimal development strategy for the project
- Continue with the metallurgical testwork on the Mollacas orebody
- Update the mineral resource estimate for Vallecillo (La Colorada) - SRK Consulting (Chile) S.A.
- Initiate a Scoping Study on Vallecillo (La Colorada)

¹ Direct drilling costs at present approximate some US\$2 million per month.

2013 Financial Year

- Initiate a Pre-Feasibility Study on Los Calatos
- Complete a Feasibility Study on Mollacas
- Complete an internal Scoping Study on Vallecillo (La Colorada)

Funding

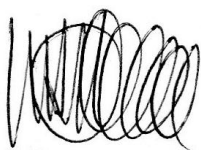
In June 2012 the Company revised its planned programs for 2012 and 2013 in an endeavour to conserve cash in the face of challenging market conditions, whilst ensuring that the momentum is maintained in advancing its key value drivers.

As previously announced, this revision included a reduction in the Phase 4 drilling program at Los Calatos from 100,000 metres to approximately 60,000 metres, saving some US\$12 million without impacting the quality of the exploration program. At Mollacas and Vallecillo, the focus will be on assessing all technical data acquired to-date, with the objective of creating a better understanding of the envisaged mining options and associated economics.

On this basis the Company is on target to have uncommitted cash in excess of US\$14 million as at 31 December 2012.

Accordingly, Metminco does not envisage that it will be approaching equity markets for funding through to the end of 2013.

The Company is currently assessing alternative funding strategies, which do not involve public equity markets, for the development of its key projects, with particular reference to Los Calatos.



William Howe
Managing Director

For further information contact:

Metminco Limited

Office: +61 (0) 2 9460 1856

William Howe – Managing Director

Mobile: +56 9 9308 7900

Stephen Tainton – GM Investor Relations

Mobile: +61 (0) 477 299 411

Canaccord (Australia)

Warwick Grigor

Office: +61 (0) 2 9263 2700

Canaccord Genuity (UK)

Andrew Chubb

Office: +44 (0) 20 7523 8000

Liberum (UK)

Tim Graham

Office: +44 (0) 20 3100 2225

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 announcement 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.

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: Summary of Phase 4 drill hole results.

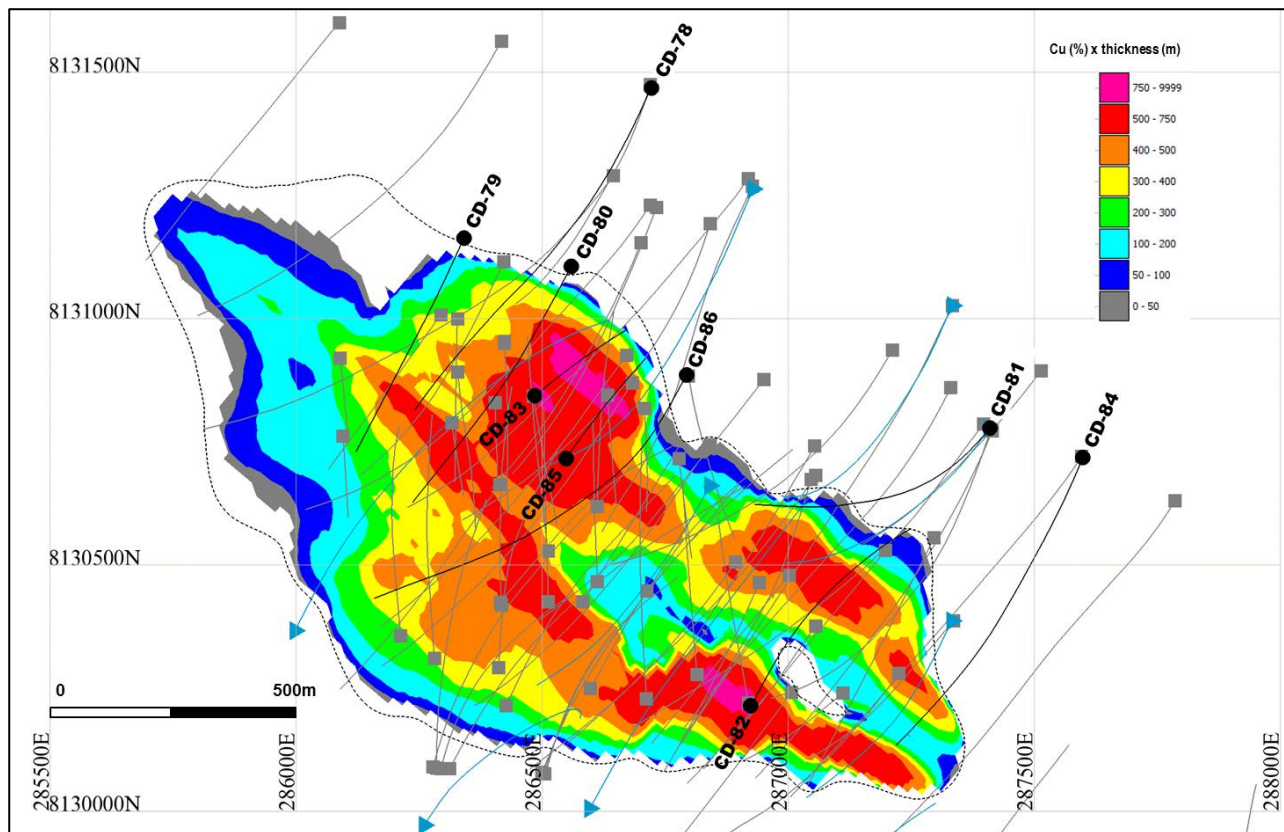
Hole ID	Easting (m)	Northing (m)	RL (m)	Azimuth true (degrees)	Dip (degrees)	Hole depth (m)	Depth (m)		Interval (m)	Cu (%)	Mo (ppm)
							From	To			
CD-50	286415	8130424	2978	39	-63	993.3	183	855	672	0.28	217
CD-51	286941	8130464	2916	205	-60	918	383	587	204	0.32	295
CD-52	287111	8130240	2936	238	-69	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
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

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-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
CD-78	286717	8131471	3034	207.1	-63.4	1903.8	1364	1904	540	0.40	127
CD-79	286344	8131163	2963	207.3	-62.9	1143.1	196	279	83	0.19	2
							899	925	26	0.14	24
							966	1143	177	0.14	5
CD-80	286560	8131106	2973	117.9	-67	1628.5	1041	1629	588	0.35	160
CD-81	287415	8130778	2920	219.7	-70	1604.95					
CD-82	286926	8130214	2940	30	-66	1373.95	147	218	71	0.25	18
							301	514	213	0.28	17
							636	992	356	0.55	38
						includes	640	708	68	1.18	46
CD-83	286476	8130844	2945	50	-65	545.6	171	353	182	0.46	176
							391	418	27	0.33	83
CD-84	287598	8130720	2913	205	-61				0		
CD-85	286547	8130714	2985	35	-65	622.65	205	257	52	0.14	43
							295	366	71	0.38	166
CD-86	286790	8130886	2939	207	-65	1521.65	471	1522	1051	0.32	212
						includes	1371	1448	77	0.83	891

APPENDIX 2

Los Calatos Project: Cu (%) x Thickness (m) contour plan and drilling program



Note:

- a) Drill holes CD-78 to CD-86 are annotated for reference purposes.
- b) Contours are projected to surface.

ABBREVIATED GLOSSARY

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 or 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.

Orebody

Generally, a solid and fairly continuous mass of ore, which may include low-grade ore and waste as well as pay ore, but is individualised by form or character from adjoining country rock.

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.