METMINCO
ANNUAL REPORT 2012

Building a mid-tier copper producer

METMINCO LIMITED
and its controlled entities
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

ABN 43 119 759 349

CONTENTS

CHAIRMAN'S LETTER

Operationally the 2012 financial year has been a successful year for the Company, with significant progress having been made at its advanced projects, foremost of which is the Los Calatos project in southern Peru.

During 2012 Metminco advanced its 100% owned Los Calatos copper – molybdenum project closer to production. Following the completion of a 65,677 metre Phase 4 drilling program in October 2012, the Company announced a mineral resource update in early 2013, as well as the positive results of a Scoping Study conducted by an independent mining consultancy group.

Los Calatos is now well placed for development as a long-life, low cost, operation in an investment friendly jurisdiction in South America. Further, it is highly deliverable with the designated status of a 'Project of National Interest' by the Peruvian government, no competing land usage, seawater is to be accessed for metallurgical processing purposes, and power costs are low when compared to similar operations in Chile.

In June 2012, the Company undertook a detailed review of its work programs and implemented a revised work plan for the balance of 2012 that met the Company's objectives for 2012, but required a lower cash outlay. This resulted in Metminco having a cash reserve of A$16.5 million (US$17.1 million) in early January 2013 after recovery of Peruvian VAT.

The financial year has not been without its challenges with continued uncertainty of global financial markets, sensitivities to capital expenditure of major and minor mining companies alike, and declining share price, particularly in the absence of cash generating assets. However, the copper price remains robust, and the outlook for copper is positive with demand potentially outstripping supply within the next decade, during which time Los Calatos is scheduled to commence production.

The Los Calatos project has the potential to be a world-class copper mine, which, against a global backdrop of diminishing long life copper projects in mining friendly jurisdictions, should command significant strategic interest. The completion of the Scoping Study significantly de-risks Los Calatos and allows Metminco to consider a range of strategic options in relation to the financing and development of the project.

We believe the long-term outlook for the Company is very positive, with 2013 promising to be another year of significant achievements as its portfolio of projects continues to be progressed towards production.

I would like to thank our shareholders for their continued support and patience over the past year, and look forward to the strong growth of Metminco in the years to come.

Antonio Ortuzar Vicuña
Chairman

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 31 December 2012.

Board Composition

The qualifications, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

The names of the independent directors are: Antonio Ortuzar, Timothy Read, Phillip Wing, William Etheridge and Francisco Vergara-Irarrazaval.

When determining whether a non-executive director is independent the director must not fail any one of the following materiality thresholds:

- less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchase made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act with utmost integrity and honesty and in good faith;
- carry out their roles in a professional and conscientious manner to achieve highest standards of performance;
- adhere to professional codes of conduct where these are provided;
- ensure that information is recorded honestly and accurately so as to enable the Company to meet its obligation to keep the market accurately informed about its activities;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- respecting all people and their customs with whom they have dealings, and observing the laws of the state or country in which they operate;
- encourage the reporting and investigating of unlawful and unethical behaviour; and,
- comply with the Company's policies and procedures including the share trading policy as disclosed below.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy

The Company's policy regarding directors and employees trading in its securities is set by the Audit Committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

In compliance with AIM Listing Rules, directors and officers of the Company are also not permitted to trade in the Company's securities for the periods as follows:

- two months preceding the publication of the Company's annual results or, if shorter, the period from its financial year end to the time of publication;

- two months immediately preceding the notification of the Company's half-yearly report or, if shorter, the period from the relevant financial period end up to and including the time of the notification; or
- one month immediately preceding the notification of the Company's quarterly results or, if shorter, the period from the relevant financial period end up to and including the time of the notification.

Diversity Policy Statement

Metminco's workforce consists of people from diverse backgrounds with a range of skills, values and experiences. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company recognises the organisational strength, deeper problem solving ability and opportunity for innovation that this diversity brings. The Company is committed to providing an environment in which all employees are treated with fairness and respect, and have equal access to opportunities available at work.

Accordingly the Company established a regional office in Moquegua, Southern Peru approximately 60 km from the Los Calatos Project with one of the objectives being to increase community participation in the Group's work force. As the Group only has four staff based in Australia it is not practical to set measurable targets.

However, the Company aims to continue with this diversity policy over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available.

Performance Evaluation

The Board regularly receives reports from management on shareholder meetings including feedback on the performance of the Company and the Board.

The Managing Director undertakes an annual review of the performance of each senior executive against individual tasks and objectives. The report is considered by the Remuneration and Nomination Committee. Performance evaluations of the key executives were undertaken in the 2012 financial year.

Board Roles and Responsibilities

The Board of Directors is responsible for the corporate governance of the Group and operates in accordance with the principles set out in its Charter, which is available in the corporate governance section of Metminco's website. To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. These responsibilities include:

- Setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved;
- Appointing and, where appropriate, removing the Managing Director, approving other key executive appointments and planning for executive succession;
- Overseeing and evaluating the performance of the Managing Director and the executive team through a formal performance appraisal process having regard to the Group's business strategies and objectives;
- Monitoring compliance with legal, regulatory, environmental, social and occupational health and safety requirements and standards;
- Overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level;
- Approving the Group's budgets, including operational and capital budgets, and the approval of significant acquisitions, expenditures or divestitures;
- Approval of the annual and half-yearly financial reports; and
- Ensuring the market and shareholders are fully informed of material developments.

The roles of Chairman and Managing Director are separated and clearly defined. The Chairman leads the Board and is responsible for ensuring the effectiveness of governance practices. The Chairman is also responsible for the conduct of Board and shareholder meetings.

Responsibility for the operations of the Company is delegated to the Managing Director who manages the Company within the policies set by the Board. The levels of authority for management are also documented.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following sub-committees:

- Audit and Risk Committee.
- Remuneration and Nomination Committee.
- Safety, Health and Sustainable Development Committee.

Sub-committees are able to focus on a particular responsibility and provide informed feedback to the Board. Each of these sub-committees have established Charters and operating procedures, which are reviewed on a regular basis. The Board may also establish other sub-committees from time to time to deal with issues of special importance.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Metminco Limited, to lodge questions to be responded to by the Board, and are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The Chief Financial Officer has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly.

The Managing Director and Chief Financial Officer have signed a declaration in accordance with S295A of the Corporations Act that internal compliance and control systems of the Company and Consolidated Entity to the extent they relate to financial reporting are operating efficiently and effectively, are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the reporting of financial risks.

Remuneration Policies

The Remuneration Policy, which sets the terms and conditions for the key management personnel, was developed by the Remuneration and Nomination Committee after seeking professional advice from independent consultants and was approved by the Board. All executives receive a base salary, superannuation, performance incentives and retirement benefits. The Remuneration and Nomination Committee reviews executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The policy is designed to attract the highest calibre executives and reward them for performance, which results in long-term growth in shareholder value.

Executives are also entitled to participate in any employee share and option arrangements.

The amount of remuneration for all key management personnel for the Company is detailed in the Directors' Report under the heading Remuneration Report. All remuneration paid to executives is valued at the cost to the Company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Binomial methodology.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to manage the Consolidated Group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Audit and Risk Committee

An Audit and Risk Committee has been established by the Board. The Committee's role and operations are documented in a Charter which is approved by the Board.

The Committee's Charter provides that all members of the Audit and Risk Committee must be Non-Executive Directors with the majority being independent Directors, and that the Chair cannot be the Chairman of the Board.

The names and qualifications of those appointed to the Audit and Risk Committee and their attendance at meetings of the committee are included in the Directors' Report.

The role of the Committee is to:

- Ensure the integrity of the Group's internal and external financial reporting including compliance with applicable laws, regulations and codes of conduct;
- Ensure that financial information provided to the Board is of a sufficiently high quality to allow the Board to make informed decisions;
- Ensure that appropriate and effective internal systems and controls are in place to ensure proper financial governance and manage the Group's exposure to risk;
- Oversee the appointment, compensation, retention and oversight of the external auditor, and review of any non-audit services provided by the external auditor;
- Regularly review the performance of the external auditor regarding quality, costs and independence; and
- Oversee the frequency, significance and propriety of all transactions with related parties.

The Audit and Risk Committee is required under the Charter to meet at least twice per year and otherwise as necessary. The Committee met four times during the year and Committee members' attendance records are disclosed in the Directors' Meetings section of the Directors' Report.

The Managing Director, Chief Financial Officer and external auditor also regularly attend the Committee meetings by standing invitation. Other Directors and management are invited to attend Committee meetings and participate in discussion relating to specific issues that they have an interest in.

The Committee is authorised to obtain independent legal advice at the Group's expense if it considers it necessary in fulfilling its duties.

Remuneration and Nomination Committee

The names of the members of the Remuneration and Nomination Committee and their attendance at meetings of the committee are detailed in the Directors' Report.

The role of the Committee with respect to its remuneration function is to assist the Board in determining appropriate remuneration arrangements for the Directors and executive management.

These responsibilities include:

- Reviewing the adequacy and form of remuneration of Non-Executive Directors;
- Ensuring that the remuneration of the Non-Executive Directors reflects the responsibilities and the risks of being a Director of the Group;
- Reviewing the contractual arrangements of the Managing Director and the executive management team including their remuneration;

- Comparing the remuneration of the Managing Director and executive management to comparable groups within similar industries to ensure that the remuneration on offer can attract, retain and properly reward performance which will translate into long term growth in shareholder value;
- Annually review key performance indicators of the Managing Director and executive team to ensure that they remain congruent with the Group's strategies and objectives;
- Reviewing the basis for remuneration of other Executive Directors of the Group for their services as Directors.
- Reviewing incentive performance arrangements when instructed by the Board; and
- Reviewing proposed remuneration arrangements for new Directors or executive appointments.

The Committee will submit their recommendations to the Board regarding the remuneration arrangements and performance incentives for the Managing Director and executive team. The Board will review these recommendations before providing their approval.

Details of the Group's remuneration structure and details of senior executives remuneration and incentives are set out in the Remuneration Report contained within the Directors' Report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Safety, Health and Sustainable Development Committee

The names of the members of the Safety, Health and Sustainable Development Committee and their attendance at meetings of the committee are detailed in the Directors' Report.

The role of the Committee is to review and make recommendations to the Board on:

- The adequacy, integrity and effectiveness of the policy, critical systems, internal controls, and processes and procedures used to manage occupational health and safety, social and environmental matters;
- Risk control management and information systems in connection with occupational health and safety, social and environmental concerns;
- The adequacy of the Group's (including its joint ventures) compliance programmes to ensure compliance with all applicable laws, regulations and standards and any other regulatory requirements in respect of the environment, social and occupational health and safety matters;
- The existence of a culture designed to build and foster environment, social and occupational health and safety leadership and appropriate behaviours consistently at all levels within the Group;
- The performance of the Group including reports on material issues such as serious injury or death, significant environmental incidents or social matters associated with the Group's operations; and
- The impact of changes and emerging issues in occupational health and safety, social and environment legislation, community expectations, research findings and technology.

The consolidated entity's operations are subject to significant environmental and other regulations. The consolidated entity has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration and development activities. There have been no reports of breaches of environmental regulations in the financial year and at the date of this report.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at **www.metminco.com.au**.

Make timely and balanced disclosure

Metminco has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Group, and ensure that all investors have access to information on the Group's financial performance. This ensures that the Group is compliant with the information disclosure requirements under the ASX Listing Rules and AIM Rules.

These policies and procedures include a comprehensive Disclosure Policy that includes identification of matters that may have a material impact on the price of Metminco's securities, notifying them to the ASX and AIM, posting relevant information on the Group's website and issuing media releases. These policies are available on Metminco's website under www.metminco.com.au/Corporate Governance.

Matters involving potential market sensitive information must first be reported to the Managing Director either directly or via the Company Secretary. The Managing Director will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the Information Disclosure requirements of the ASX and AIM.

Once the appropriate course of action has been agreed upon, either the Managing Director or Company Secretary will disclose the information to the relevant authorities, being the only authorised officers of the Group who are able to disclose such information. Board approval is required for market sensitive information such as financial results, material transactions or upgrading/downgrading financial forecasts. This approval is minuted in the meetings of the Board of Directors.

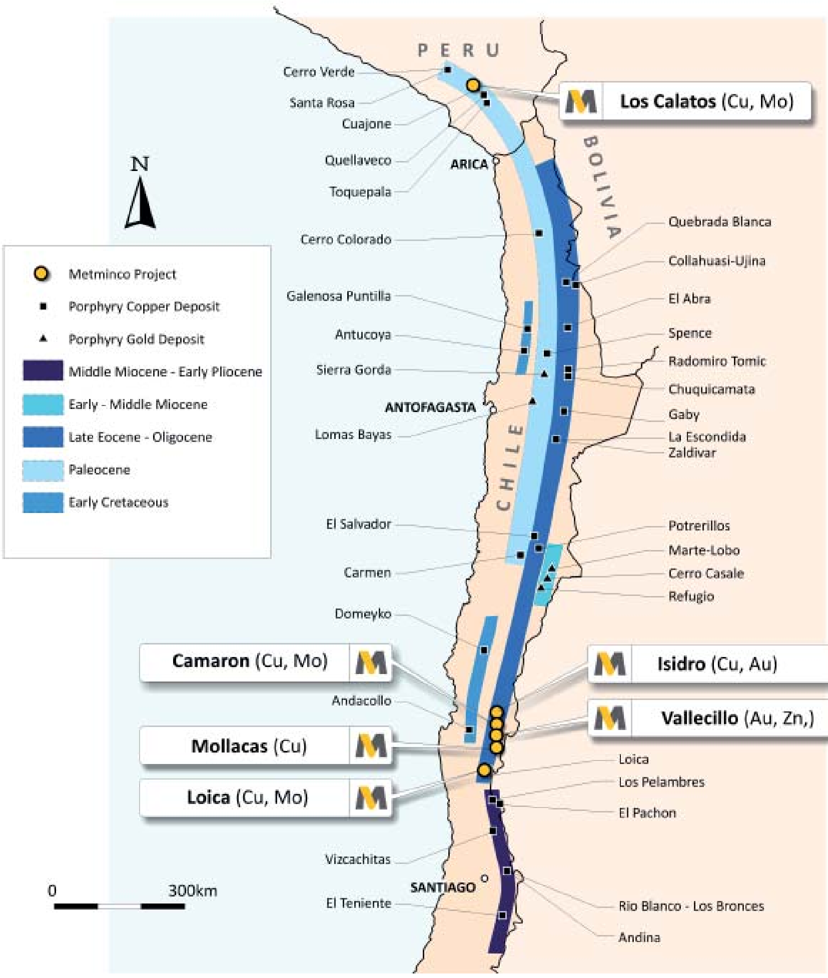


Figure 1: Locality map - Metminco projects

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group being Metminco Limited (Metminco or the Company) and its controlled entities, for the financial year ended 31 December 2012.

Directors

The following persons held the office of director at any time during or since the year ended 31 December 2012 to the date of this report:

Antonio Ortuzar	Non Executive Chairman
William Howe	Managing Director
Timothy Read	Non Executive Director
Francisco Vergara-Irarrazaval	Non Executive Director
Phillip Wing	Non Executive Director
William Etheridge	Non Executive Director

Directors have been in office since the start of the year unless otherwise stated.

Company Secretary

Philip Killen was the Company Secretary for the financial year and is in office at the date of this report.

Principal activities and significant changes in the nature of activities

The Principal activities of the Group during the financial year were as a diversified mineral explorer focussing on prospects in South America. The Group has a significant portfolio of projects located in Chile and Peru, primarily focused on porphyry copper style deposits, but including exposure to gold, molybdenum and zinc.

Operating results

The consolidated loss of the Group for the year was A$11,912,898 after providing for income tax (31 Dec 2011: loss of A$8,777,306).

Operations Report

Metminco, through its wholly owned subsidiaries Minera Hampton Chile Limitada (Hampton Chile) and Minera Hampton Peru SAC (Hampton Peru), owns a portfolio of base and precious metal projects located within well-constrained metallogenic belts that occur within the Andean Cordillera in Chile and Peru (Figure 1).

The Company's most advanced projects are the Los Calatos (copper-molybdenum), Mollacas (copper) and Vallecillo (gold-zinc) projects, for which mineral resources have been classified in accordance with the JORC Code (2004) (Appendix 1).

The Los Calatos Project, located in southern Peru near, and in a similar geological setting to three large operating copper-molybdenum mines (namely Cerro Verde, Cuajone and Toquepala), is potentially a world class mine (Figure 2).

Production from mines in this region exceeded 600,000 tonnes of copper metal in 2010. With the proposed upgrade to the Toquepala, Cuajone and Cerro Verde mines and the development of the Tia Maria and Quellaveco projects, production from this belt is anticipated to increase to more than 1.3 million tonnes of copper metal per annum. Molybdenum constitutes a significant by-product of copper mining from this belt.

LOS CALATOS

The Los Calatos Project, which covers an area of 224 square kilometres, is located on state owned land approximately 80 kilometres to the southeast of Arequipa and 33 kilometres northwest of Moquegua, and occurs at an altitude of approximately 2,900 metres above mean sea level.

Following the conclusion of a recent Scoping Study, Los Calatos is well placed for development as a low cost, long life, mining operation in an investment friendly jurisdiction.

Furthermore, the Project is highly deliverable, with the designated status of a "Project of National Interest" by the Peruvian government that enables Hampton Peru to acquire surface title for infrastructure by direct purchase from the State; there is no competing land usage; seawater is to be used for metallurgical processing purposes; and power costs are low by comparison to similar operations in Chile.

Los Calatos can be accessed via the Pan American Highway from Moquegua and a 50 kilometre unsealed road north of the highway to the project. The port of Ilo is located approximately 160 kilometres by road to the southwest of the project area (Figure 2).

Exploration

Extensive, regional scale mapping, geochemical and geophysical programs have historically been undertaken by Metminco over the project area, which identified eight anomalous copper and molybdenum targets. Two targets (Figure 3, numbers 1 and 2) have been drill tested and comprise the subject of the February 2013 Mineral Resource Estimate.

The mineralised porphyry system at Los Calatos is typical of the Andean type porphyry systems found in Chile and Peru, with copper and molybdenum mineralisation being associated with both the porphyry, and adjacent wall rock. High grade copper and molybdenum mineralisation also occurs around the edge of a younger diatreme complex, which is typical of many of these systems (e.g. El Teniente in Chile). Figure 4 shows the distribution of the copper and molybdenum mineralisation associated with the Los Calatos Porphyry Complex in plan, whereas Figure 5 shows the vertical distribution of the associated copper mineralisation.

Figure 2: Locality Plan – Los Calatos Copper Project and neighbouring mines

Figure 3: Project area comprises 224 km² of tenements and 8 defined exploration targets

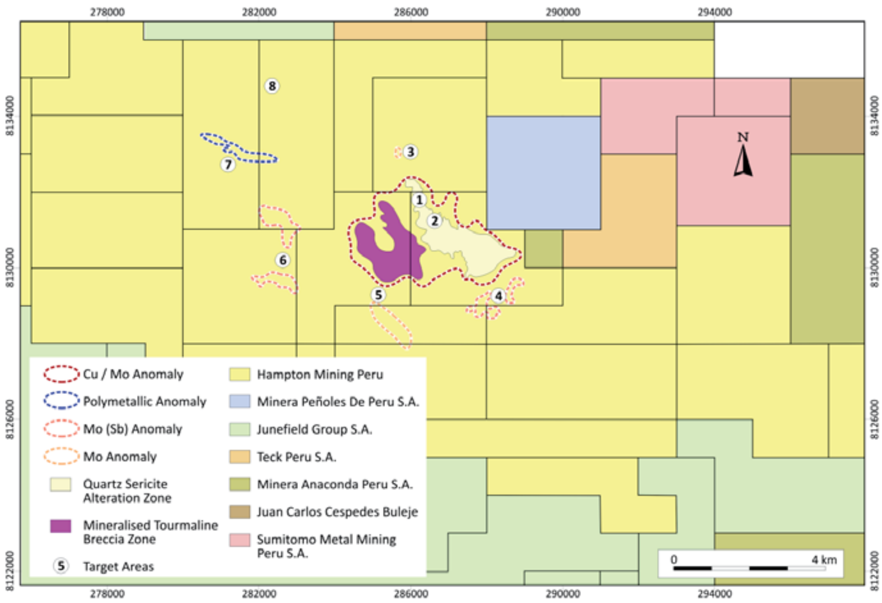


Figure 4: Simplified geology of Los Calatos with copper and molybdenum isograde lines (1900m level)

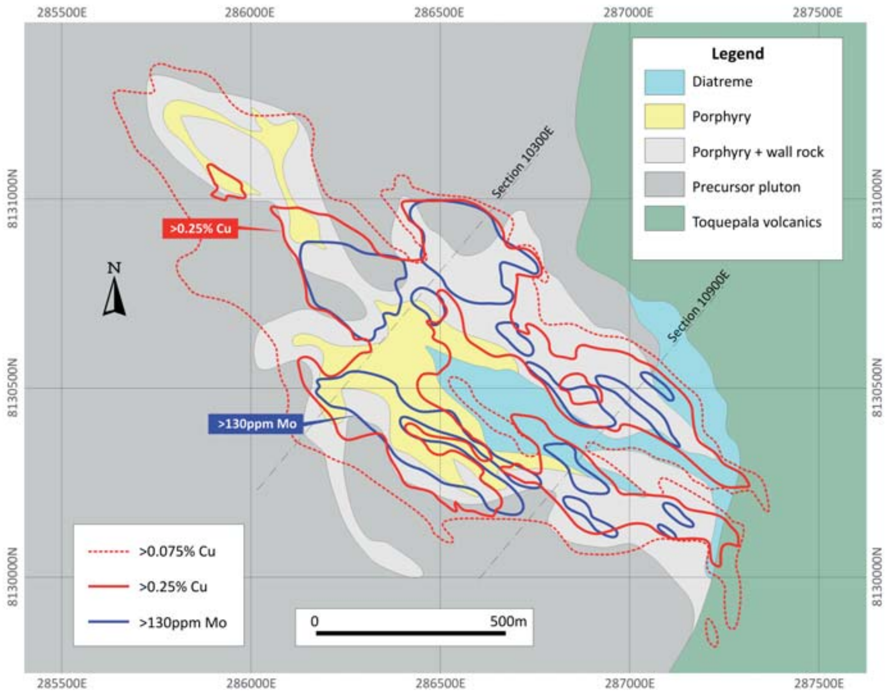
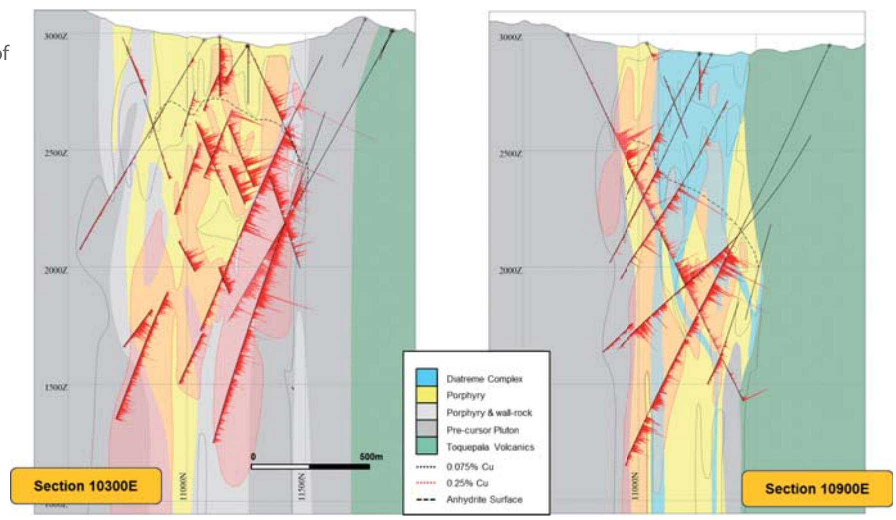


Figure 5: Section lines 10300E and 10900E showing the vertical distribution of copper



LOS CALATOS continued

Mineral Resources

During 2012 Metminco completed a 65,677 metre diamond drill program which culminated in an updated mineral resource estimate announced on 4 March 2013. The mineral resource estimate, which was undertaken by SRK Consulting (Chile) S.A ("SRK"), incorporates the drilling results from 134 drill holes totalling 125,376 metres, of which 103 drill holes intersected the interpreted mineralised unit.

In order to establish a regular sample support length for modelling purposes, samples were composited to 5 metres with a total number of 12,560 composites used to interpolate the model. The block model provided for a block size of 15 x 15 x 15. Densities for the mineralised unit were based on 65 drill holes and 5,654 density determinations.

The mineral resource estimate, derived in support of a Preferred Mining Scenario, provides for mineral resources that are amenable to open-pit mining, and underground bulk mining. Mineral resources amenable to open-pit mining are identified as those resources occurring from near surface to a vertical depth of 500 metres (viz. above an elevation of 2,500 metres above sea level), while resources amenable to underground bulk mining are identified as those resources occurring below this depth (Appendix 1; Tables 1 and 2).

The total mineral resource for the Preferred Mining Scenario, inclusive of inferred mineral resources, is summarised in Table 1.

Table 1: Total Mineral Resource – Preferred Mining Scenario (February 2013)

POTENTIAL MINING METHOD	TONNES (million)	Cu %	Mo %	CuEq %
Open Pit	304	0.36	0.018	0.44
Underground – bulk mining	1,058	0.51	0.024	0.61
Total Mineral Resource	**1,362**	**0.48**	**0.023**	**0.57**

Note:
i) Open Pit: Mineral resource estimate reported at a 0.15% CuEq cut-off grade.
ii) Underground: Mineral resource estimate reported at a 0.35% CuEq cut-off grade.
iii) Cu:Mo ratio of 1:4.2633 used to derive CuEq.

The copper equivalents are calculated according to the following formula and assumed metal prices and recoveries:
CuEq% = Cu% + [((PMo x RecMo) / (PCu x RecCu)) x Mo%]
Cu Price (PCu)= US$2.75/lb
Mo Price (PMo) = US$15.00/lb
Cu Recovery (RecCu) = 87%
Mo Recovery (RecMo) = 68%
Thus, the formula used is: CuEq% = Cu% + [4.2633 x Mo%]

Mining Study

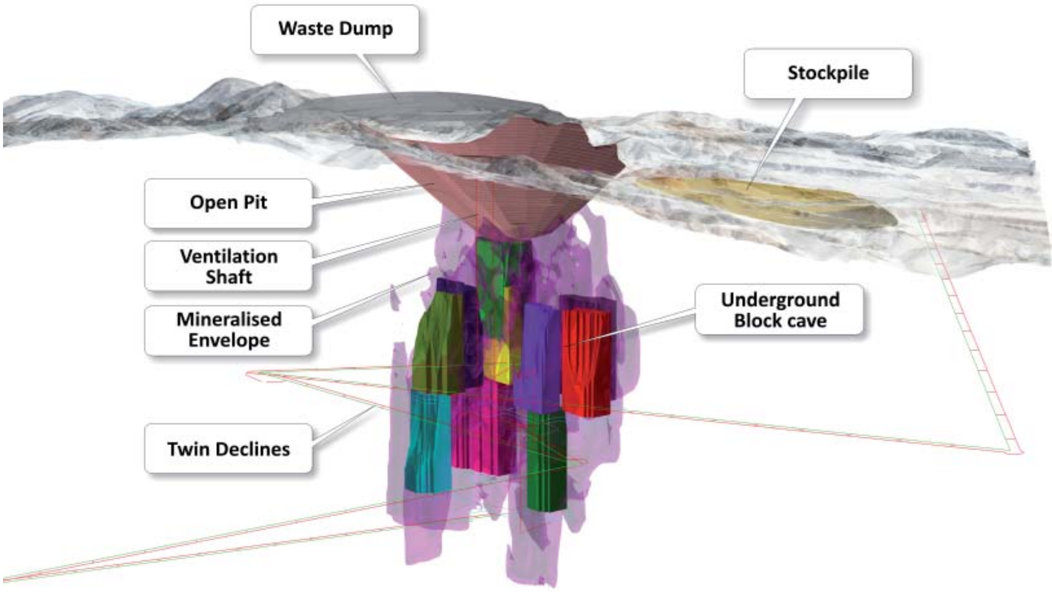
In October 2012 Metminco commissioned NCL Ingeniería y Construcción Ltda ("NCL"), an independent Chilean based engineering group with substantial experience in underground block cave design, to conduct a conceptual mining study on Los Calatos.

The work undertaken by NCL involved an assessment of a number of different mining scenarios for the exploitation of the Los Calatos deposit, as well as the conduct of a Scoping Study ("the Study") on the resulting Preferred Mining Scenario. As part of the Study, NCL derived estimates of operating costs and capital costs (mining works, process plant, and infrastructure) consistent with accuracy levels normally ascribed to scoping studies.

The Study was based on the 3D block model provided by Metminco, with related economic information being sourced from both Metminco and NCL for similar projects in the region. In estimating the Life of Mine ("LoM") tonnes milled, measured, indicated and inferred mineral resources were considered, with 23% of the tonnes reporting into the resulting mining plan having been derived from inferred mineral resources.

On 4 March 2013 the Company announced the results of the Study which concluded that the Preferred Mining Scenario comprises a combination of an open pit and underground mining operation (Figure 6), with a combined LoM of 31 years at a mining and processing rate of 21.9 million tonnes per annum (60,000 tonnes per day).

Figure 6: Schematic section looking northwest showing the open pit, underground bulk stopes and the mineralised envelope (at a 0.35% CuEq cut-off) relative to the surface



The envisaged development schedule for the project can be summarised as follows, noting that aspects of the schedule can potentially be optimised:

- Years 1 to 4: Commence underground development;
- Years 3 and 4: Pre-strip of open pit with stockpiling of supergene ore. Commence construction of plant and infrastructure;
- Years 5 to 11: Open pit mining and processing, and establishment of low grade stockpile. Continued underground development; and
- Years 12 to 35: Underground bulk mining (block caving), which is supplemented by lower grade ore from the open pit stockpile over the period Years 12 to 16.

The project development schedule allows for construction of the surface infrastructure and the metallurgical plant to be undertaken simultaneously with the development of the open pit operation. However, in order to commence underground bulk mining in Year 12, the requisite development would have to be initiated four years prior to commencement of copper production from the open pit and metallurgical plant.

The life of the open pit is estimated to be seven years, during which time a low grade stockpile will be established, which will supplement high grade ore from the underground operation during the underground ramp-up stage (Years 12 to 16).

The tonnes mined and treated over the life of the mine total 656 million tonnes as detailed in Table 2, which will be processed through a conventional sulphide flotation plant using seawater for flotation purposes (Figure 7). Copper and molybdenum recoveries into concentrate are estimated to be 87% and 68% respectively based on initial metallurgical testwork.

The key results of the Study, as concluded by NCL, are summarised in Tables 3 and 4 below:

Table 3: Preferred Mining Scenario – LoM operational parameters

PARAMETER	LIFE OF MINE
Annual tonnes milled (millions)	21.9
Average annual copper in concentrate (kt)	83.3
Average annual molybdenum in concentrate (kt)	3.7
Strip ratio (open pit)	2.2:1
Mining costs (US$/t)	7.11
Processing costs (US$/t)	4.55
G & A costs (US$/t)	0.59
Cash operating costs *net of credits* (US$/lb copper)	1.09
Pre-production capital (US$ millions)	1,506

Note: Cash operating costs exclude government royalties, but include all other costs and royalties.

Hence, from Table 3 above, it can be seen that the annual contained copper and molybdenum metal in concentrate is expected to average 83.3 kt and 3.7 kt respectively over the LoM.

Table 2: Total tonnes mined– Preferred Mining Scenario (February 2013)

TYPE OF MINING OPERATION	TONNES (million)	Cu %	Mo %	CuEq %
Open Pit	194	0.37	0.018	0.44
Underground – bulk mining	462	0.49	0.029	0.61
Total tonnes mined	**656**	**0.45**	**0.026**	**0.56**

LOS CALATOS continued

Cash operating costs, net of by-product credits, are expected to average US$1.09/lb of copper over the LoM, with the average operating cost per pound of copper over the life of the open pit being similar to that for the underground operation (due to the higher grade ore from the underground operation offsetting higher mining costs).

The cash operating costs compare favourably with global cash costs, ranking Los Calatos in the lowest quartile of global producers.

Table 4: Preferred Mining Scenario – open pit and underground mine parameters

PARAMETER	OPEN PIT	UNDERGROUND	LIFE OF MINE
Total tonnes mined (millions)	194	462	656
Average copper grade (%)	0.37	0.49	0.45
Average molybdenum grade (%)	0.018	0.029	0.026
Mining costs (US$/t ore milled)	4.19	8.34	7.11
Processing costs (US$/t ore milled)	4.55	4.55	4.55
G & A costs (US$/t ore milled)	0.59	0.59	0.59
Total site costs (US$/t ore milled)	9.33	13.48	12.25
Total off-site costs (US$/t ore milled)	3.35	3.35	3.35
Cash operating costs *net of credits* (US$/lb copper)	1.11	1.09	1.09

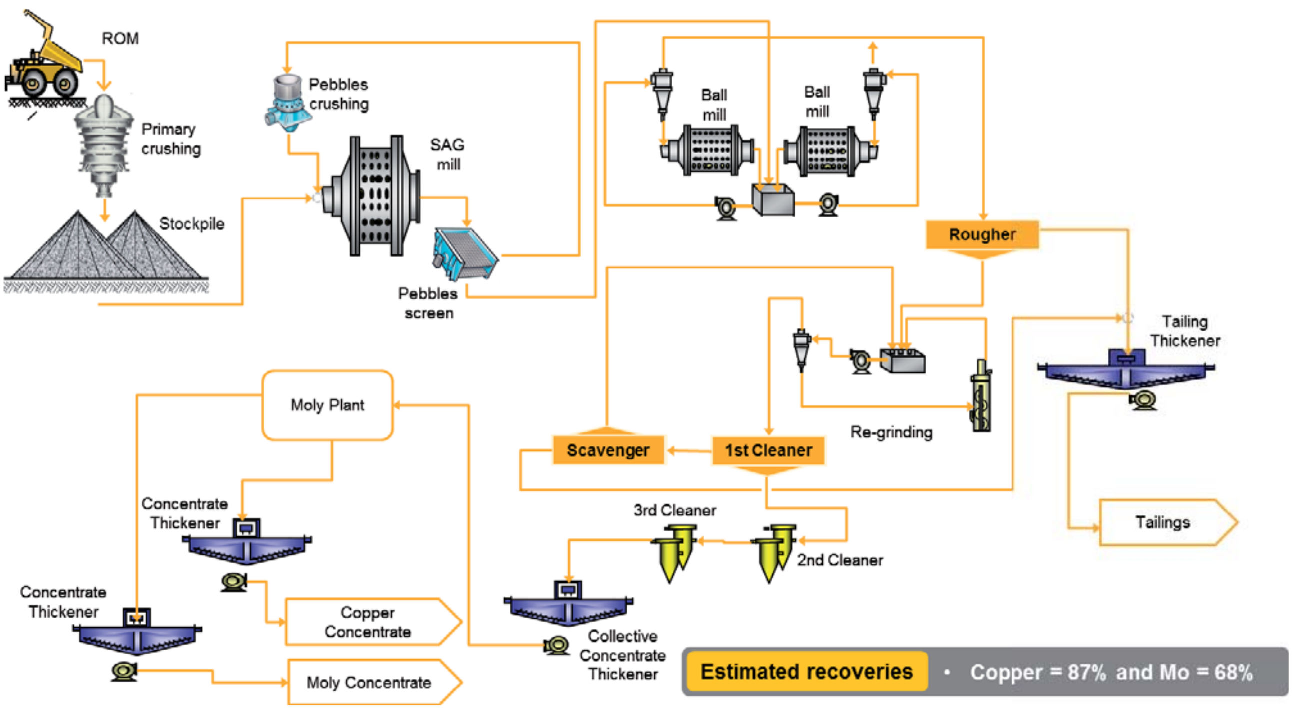


Figure 7: Preliminary flow circuit - conventional sulphide flotation plant

Key parameters and assumptions used in the derivation of the by-product credits are summarised in Table 5 below.

Table 5: Estimation of by-product credits and other assumptions

	LIFE OF MINE
Averge annual contained molybdenum in molybdenum concentrate (tonnes)	3,700
Molybdenum recovery into molybdenum concentrate (%)	68
Payable molybdenum (%)	85
Gold grade in copper concentrate (g/t)	1.25
Gold deduction per tonne of concentrate (g/t)	0.5
Silver grade in copper concentrate (g/t)	42
Silver deduction per tonne of concentrate (g/t)	30
Rhenium head grade (ppm)	0.735
Rhenium recovery into molybdenum concentrate (%)	68
Payable rhenium (%)	40
Payable copper in concentrate (%)	96.5
Treatment charges - copper (US$/t)	70
Refining charges - copper (US$/lb)	0.07
Transport - copper concentrate, land and port costs (including insurance) (US$/t)	32
Transport - copper concentrate, sea freight (including insurance) (US$/t)	60
Transport - molybdenum concentrate, freight (including insurance) (US$/t)	125
Refining charges - gold (US$/oz)	6

Note: Commodity prices used: Copper US$2.75/lb; Molybdenum US$15.00/lb; Gold US$1,500/oz; Silver US$25/oz and Rhenium US$2,000/lb.

The initial capital requirement for the establishment of the open pit, surface infrastructure, metallurgical plant and underground development is estimated at US$1,506 million, which includes a 10 to 30% contingency by virtue of the status of the project. Sustaining capital will be funded from cashflow.

The underground mine infrastructure will consist of a twin decline system, one for personnel and equipment, and one for an adjacent conveyor system for the transport of ore. Four vertical raise-bored ventilation shafts will support the underground operations. Ore will be crushed through a primary crusher to be located underground.

Pre-feasibility study planning

Following the completion of the Scoping Study on Los Calatos, preparatory work has commenced to define the scope of the work required for the planned pre-feasibility study, and the costing thereof, for submission to the Metminco Board.

MOLLACAS

Location

The Mollacas Project, which occurs at an altitude of 1,500 metres above sea level, covers an area of 33 square kilometres and is located in Region IV, Chile, approximately 65 kilometres east of the town of Ovalle, and 160 kilometres by road from the port of La Serena. The project is accessible via the existing road network, and is in close proximity to established infrastructure.

Mineral Resource Estimate

The mineral resource identified at Mollacas relates to both a low grade, primary porphyry system as well as the overlying, enriched, oxide and supergene alteration zone.

With the completion of the final resource definition drilling program at Mollacas in late 2011, a further mineral resource estimate was completed by SRK in July 2012, comprising a total mineral resource of 34.3 million tonnes containing 131,749 tonnes copper and 176,408 ounces gold (Appendix 1; Table 3) – inclusive of the oxide, secondary sulphide, transitional sulphide and primary sulphide ore types.

Of this 15.5 million tonnes at a CuT grade of 0.51% in the measured and indicated mineral resource categories (contained metal of 79,111 tonnes of leachable copper) relates to the oxide and secondary sulphide zones ("Copper Leach Project").

Proposed work program

Metminco's principal focus is to advance the development of the Copper Leach Project. Accordingly, metallurgical test work (Phase 3) continues on those ore types comprising the oxide and secondary sulphide zones in order to optimise the process design ahead of a planned Feasibility Study.

In this regard, the selection of composites has been completed, as has the mechanical preparation and ore characterisation thereof, which is to be followed by column leach tests that are to be finalised in early Q3 2013.

The planned Feasibility Study on the Copper Leach Project has been delayed until the completion of the Phase 3 metallurgical testwork program.

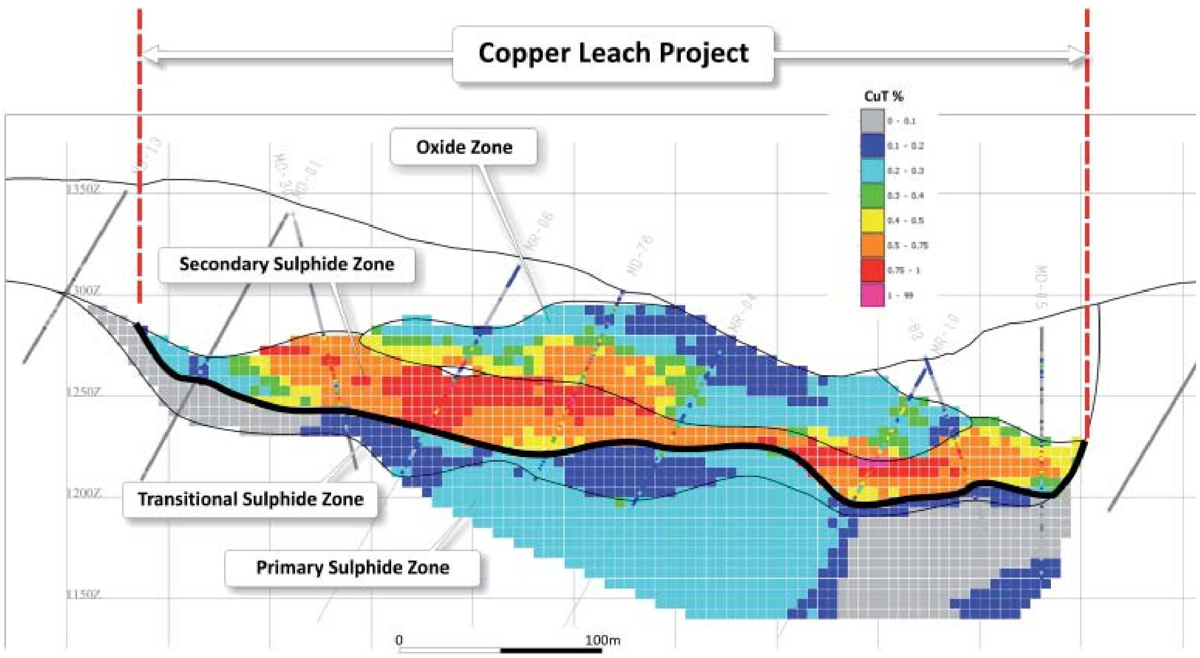


Figure 8: Copper Leach Project - comprises an enriched copper oxide and supergene cap

VALLECILLO

Location

The Vallecillo Project covers an area of 199 square kilometres, and is located approximately 50 kilometres northeast of Ovalle and 25 kilometres north of the Mollacas Project, at an altitude of 1,800 to 2,500 metres above mean sea level.

Exploration

The Vallecillo Project hosts porphyry related base and precious metal mineralisation that occurs in an arcuate polymetallic belt that has been defined on the basis of a soil geochemical sampling program conducted by the Company during 2009 and 2010.

The La Colorada deposit, which occurs within the defined polymetallic belt, is hosted by a porphyry related breccia, and contains gold, silver, zinc, lead and copper mineralisation. The mineralisation displays a horizontal zonation, with gold, silver and lead grades showing a general increase in a northerly direction (over the strike extent of the mineralised zone), as opposed to copper grades which increase in a southerly direction. Zinc grades by comparison tend to be relatively consistent. From a depth perspective, the high grade zones invariably occur at depths of less than 300 metres below surface, and hence render the deposit amenable to open pit mining.

Mineral Resource Estimate

During October 2012, SRK completed a further mineral resource estimate for La Colorada based on 75 drill holes totalling 21,528 metres, of which 5,148 metres of mineralised intercepts were used to derive the estimate. Of the drilling, 24 drill holes (6,592 metres) were reverse circulation holes and 51 (14,936 metres) were diamond drill holes. Assay samples were collected, on average, at 1 metre intervals and sampled for gold, silver, zinc, copper and lead.

The mineral resource estimate for the La Colorada deposit totals 8.86 million tonnes consisting of a measured resource of 5.5 million tonnes at 0.84 g/t Au, 9.99 g/t Ag, 1.12% Zn and 0.32% Pb, an indicated resource of 2.6 million tonnes at 0.80 g/t Au, 10.23 g/t Ag, 0.94% Zn and 0.35% Pb and an inferred resource of 0.8 million tonnes at 0.50 g/t Au, 8.62 g/t Ag, 0.48% Zn and 0.17% Pb (at a cut-off grade of 0.2 g/t Au) (refer Appendix 1; Table 5).

Planned Work Program

Following the completion of the October 2012 Mineral Resource Estimate, an internal scoping study is to be undertaken in 2013 to ascertain the economics of La Colorada as a polymetallic, open pit, mining operation using a metallurgical process that provides for a gravity circuit in combination with a conventional sulphide flotation circuit. Further exploration work is planned on the broader project area to identify additional La Colorada type polymetallic occurrences based on the geological model developed.

CAMARON

Location

The Camaron Project covers an area of approximately 100 square kilometres, and is located 40 kilometres to the north of the Vallecillo Project and 60 kilometres to the east of the port of La Serena at an altitude of 1,500 metres above mean sea level.

Exploration

The Camaron Project represents a large intensely altered (argillic/chloritic/silicification) porphyry-related system, with several well developed gossans. The alteration zone has surface expression that covers an area of approximately 10 x 6 kilometres with a northwest-southeast strike.

A reverse circulation ("RC") drilling program comprising 12 drill holes (3,600 metres) was completed in the northern sector of the Camaron Project ("Genesis Licences") in June 2012.

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

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

Having assessed the results, the Company decided that, while the drilling had successfully intersected and tested the likely cause for the geochemical and alteration anomalies evident at surface, the mineralisation style is unlikely to be amenable to bulk mining.

Accordingly the Company relinquished its option to acquire the Genesis Licences.

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

ISIDRO

Location

The Isidro Project, which is located to the north of Vicuna, and north of the Camaron Project, covers an area of approximately 250 square kilometres, of which 230 square kilometres are 100% owned by Metminco and 20 square kilometres are held by SCM San Lorenzo (50% owned by Metminco). The project area occurs at an altitude of 2,000 to 3,000 metres above mean sea level.

Exploration

Isidro has been interpreted to be a large copper-gold stacked manto system, and has as yet to be drill tested. Surface geochemical sampling by Metminco has identified extensive, well developed, copper-gold anomalism.

Further geological mapping and geochemical sampling of the project commenced in late 2012 and will continue into the first half of 2013. This work will be used to define drill targets with follow-up drilling being planned for later in 2013.

LOICA

Location

The Loica Project covers an area of 35 square kilometres and is located approximately 100 kilometres to the southeast of Ovalle.

Exploration

Loica comprises a large copper-molybdenum porphyry system, approximately 4 kilometres in strike extent, with a north-south orientation. Metminco drilled the upper part of the Loica porphyry system in 2007, which returned significant intercepts with low grade copper-molybdenum mineralisation.

Future exploration is warranted and will ultimately comprise mapping, geochemical sampling and geophysical surveys of the breccia zones as a prelude to possible further drill testing.

OTHER AREAS

Reconnaissance exploration activities are being planned for areas currently held under application over Caldera (42 square kilometres) in the Arica area of northern Chile, and Jaspe (14 square kilometres) in the Antofagasta area of northern Chile.

Following the completion and interpretation of extensive field work, the decision was made to terminate the La Piedra Option Agreement in December 2012.

APPENDIX 1: MINERAL RESOURCE ESTIMATES

Summarised below are the mineral resources that have been estimated by SRK Consulting (Chile) S.A. in accordance with the JORC Code (2004) for the Company's most advanced projects, namely Los Calatos, Mollacas and Vallecillo (La Colorada deposit).

Los Calatos Project

Table 1: Mineral Resource Statement - resources to a vertical depth of 500 metres below surface, February 2013

RESOURCE CATEGORY	TONNES (million)	Cu %	Mo %	CuEq %
Measured	121	0.35	0.027	0.47
Indicated	117	0.35	0.016	0.42
Total Measured and Indicated	**238**	**0.35**	**0.022**	**0.44**
Inferred	66	0.40	0.006	0.43

Note:
a) Reported at a cut-off of 0.15% CuEq. Rounding may result in minor discrepancies.

Table 2: Mineral Resource Statement - resources sub-500 metres below surface, February 2013

RESOURCE CATEGORY	TONNES (million)	Cu %	Mo %	CuEq %
Measured	281	0.48	0.035	0.63
Indicated	485	0.52	0.022	0.61
Total Measured and Indicated	**766**	**0.51**	**0.027**	**0.62**
Inferred	292	0.52	0.018	0.60

Note:
a) Reported at a cut-off of 0.35% CuEq. Rounding may result in minor discrepancies.

Mollacas Project

Table 3 Mineral Resource Statement, July 2012 (Total Project)

RESOURCE CATEGORY	TONNES (million)	CuT %	Au (g/t)
Measured	19.4	0.45	0.163
Indicated	9.4	0.34	0.162
Total Measured and Indicated	**28.8**	**0.41**	**0.163**
Inferred	5.5	0.26	0.147

Table 4 Mineral Resource Statement, July 2012 (Copper Leach Project – Oxides & Secondary Sulphides)

RESOURCE CATEGORY	TONNES (million)	CuT %	Cu_Sol %	Au (g/t)
Measured	11.2	0.55	0.44	0.124
Indicated	4.3	0.41	0.29	0.138
Total Measured and Indicated	**15.5**	**0.51**	**0.40**	**0.128**

Note:
a) Reported at a cut-off of 0.20% copper. Rounding may result in minor discrepancies.

Vallecillo Project (La Colorada deposit)

Table 5 Mineral Resource Statement, October 2012.

RESOURCE CATEGORY	TONNES (million)	Au (g/t)	Ag (g/t)	Zn %	Cu %	Pb %
Measured	5.5	0.84	9.99	1.12	0.06	0.32
Indicated	2.6	0.80	10.23	0.94	0.07	0.35
Total Measured and Indicated	**8.1**	**0.82**	**10.06**	**1.06**	**0.06**	**0.33**
Inferred	0.8	0.50	8.62	0.48	0.12	0.17

Note:
a) Reported at a cut-off of 0.2 g/t gold. Rounding may result in minor discrepancies.

COMPETENT PERSON'S STATEMENT

Metminco

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

Colin Sinclair has sufficient experience (over 30 years) which is relevant to the style of mineralisation, type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the *Australasian Code for Reporting of Exploration Results*. Mr Sinclair, as Competent Person for this report, has consented to the inclusion of the information in the form and context in which it appears herein.

SRK Consulting (Chile) S.A.

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

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

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

NCL Ingeniería y Construcción Ltda

NCL was commissioned by Hampton Peru to develop a conceptual mining study for the Los Calatos copper - molybdenum project.

In accordance with Hampton Peru's requirements, the work developed by NCL consisted of analysing different alternatives for the exploitation of the deposit and to carry out, at a conceptual level, the design and mine planning of the selected option. Moreover, NCL calculated the operating costs and capital cost of the mining works, in addition to the capital costs for the process plant and infrastructure, using an estimation model of CAPEX and OPEX for flotation plants.

The study was based on the block model and economic information provided by Hampton Peru, as well as NCL data from similar projects in the region. In the calculation of the economic resources, measured, indicated and inferred mineral resources were considered, with 23% of mineralised material reporting into the mining plan having been derived from inferred mineral resources.

NCL certifies that the results reported by Hampton Peru correspond to those obtained by NCL in the conduct of the study.

The reader is cautioned that the mining study, which is an integral part of this report, is of a preliminary nature and includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as mineral reserves. There is no certainty that the preliminary economic assessment will be realised. No mineral reserves have been estimated.

NCL's experience from a consultancy perspective has included block cave mining projects in Chile, Colombia, Papua New Guinea and Australia. The nature of the work conducted by them includes aspects such as mine design and planning, mining methods, material handling and infrastructure and has been conducted at levels varying from Conceptual Studies, through Scoping Studies to Pre-Feasibility Studies, and where required, detailed engineering design. Recent work undertaken by NCL has involved mining operations such as La Colosa (AngloGold Ashanti Colombia S.A.), Golpu (Newcest Mining Ltd.), El Teniente (Codelco) and Rosario Oeste (Cía Minera Doña de Collahuasi SCM), with historical involvement in projects the size of Chuquicamata (Codelco).

Forward Looking Statement

All statements other than statements of historical fact included in this report including, without limitation, statements regarding future plans and objectives of Metminco are forward-looking statements. When used in this report, 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 report, 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 report 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 report, except where required by applicable law and stock exchange listing requirements.

Corporate

Capital Raising

On 6 January 2012 the Company received gross funds of approximately A$10.3 million by issue of 73,864,286 new fully paid shares (Shares) in the Company. This issue was the second tranche of the A$40 million placement of 285,714,286 Shares to institutional investors in the United Kingdom, Australia, Asia and Chile at an issue price of A$0.14 per Share announced on 25 November 2011 and approved by shareholders at the Company's Extraordinary General Meeting on 4 January 2012.

Rights Issue

The Rights Issue of one new share (New Share) at an offer price of A$0.14 per New Share for every twenty Shares held by Australian and New Zealand resident shareholders (Eligible Shareholders), announced 24 November 2011, closed on 3 January 2012 with 1,211,141 New Shares (approximately 2% of the Rights Issue offer) being subscribed for by Eligible Shareholders raising approximately A$0.2 million. The Directors resolved not to place the undersubscribed New Shares.

Expiry of Options

On 31 July 2012, 4,500,000 unlisted options exercisable at A$0.30 per fully paid ordinary share lapsed unexercised.

On 4 December 2012, 27,216,067 option at A$0.25 expired unexercised. 1,450 options were exercised raising A$362.50.

Cash Position and Funding

As at 31 December 2012, Metminco had cash reserves of A$14.5 million (US$15.0 million).

In January 2013, Metminco's cash reserves increased to A$16.5 million (US$17.1 million) when Hampton Peru received A$2 million (US$2.1 million) relating to the recovery of VAT paid on Los Calatos expenditure incurred between 01 January 2012 and 30 June 2012. Hampton Peru anticipates that during 2013 it will recover in excess of A$1.5 million (US$1.6 million) relating to the recovery of VAT paid on Los Calatos expenditure incurred between 1 July 2012 and 31 December 2012.

With cash on hand of US$17.1 million in January 2013 and the robust results from the Los Calatos Study announced in March 2013, Metminco is in a position to consider a range of strategic options in relation to the financing and development of Los Calatos and to deliver real shareholder value in the long term.

Significant Changes in State of Affairs

There are no significant changes in the state of affairs during the year other than as disclosed in this report.

Dividends paid or recommended

No dividends were paid or declared during the year by the Company. The Directors do not recommend paying a final dividend for the year ended 31 December 2012.

Events subsequent to reporting date

Matters subsequent to the end of the financial period follow:

- In January 2013, Metminco's cash reserves increased to A$16.5 million (US$17.1 million) when Hampton Peru received A$2 million (US$2.1 million) relating to the recovery of VAT paid on Los Calatos expenditure incurred between 01 January 2012 and 30 June 2012.
- On 4 March 2013 Metminco announced the results of the Study on the Los Calatos copper project. The Preferred Mining Scenario comprises an open pit for 7 years at a strip ratio of 2.2:1 followed by an underground block cave mining operation for the remainder of the 31-year LoM with total material treated over the LoM being 656 million tonnes at 0.45% Cu and 0.026% Mo (0.56% CuEq), cash operating costs net of credits of US$1.09/lb and an initial pre-production capital expenditure of U$1.5 billion including initial underground development.

Likely future developments

The Group will continue exploration activities and further advancement of mineralised deposits in Chile and Peru, focussing primarily on advancing the Los Calatos Project.

Environmental regulations

The Group's operations are subject to significant environmental regulation under the laws of Australia, Chile and Peru. The Directors are not aware of any breaches of the legislation during the year that are material in nature.

In Chile the Environmental Act provides a framework for environmental policy and in Peru environmental policy is governed by the Environmental Regulation for Mining Exploration Projects (Supreme Decree N 020-200-EM).

Information on Directors

Antonio Ortúzar	**Non Executive Chairman**
QUALIFICATIONS	University Gabriela Mistral (LLB)
EXPERIENCE	Appointed as the Chairman on 16 March 2011. Antonio, is a senior partner of Cruzat, Ortúzar & Mackenna Ltda, a member of Baker & McKenzie International, one of the leading law firms in Chile. He is also the joint coordinator of the Latin America Energy, Mining, Chemicals and Infrastructure Group. Antonio's experience includes international joint ventures, project financing, foreign investments, corporate and commercial arrangements, as well as major mining infrastructure projects, mining and telecommunications. He has been involved in the placement of shares in the Chilean stock market, ADRs in the New York Stock Exchange and IPOs in Australia and Canada. Antonio also handles the issuing of bonds, various mining infrastructure issues, and energy and water projects in Chile. He also serves as assistant professor of economic law at Finis Terrae University in Santiago, and is a member of the Chilean Bar Association. He is a former vice president of the Australian-Chilean Chamber of Commerce. Mr Ortúzar is a director of Atacama Pacific Corporation, a TSX listed company and Baker & McKenzie LLP.
INTEREST IN SHARES AND OPTIONS	A related party holds 6,400,000 ordinary shares in Metminco Limited and 5,000,000 options to acquire shares.
SPECIAL RESPONSIBILITIES	Chairman of the Safety, Health and Sustainable Development Committee.

William Howe	**Managing Director**
QUALIFICATIONS	B.Sc. FAusIMM
EXPERIENCE	Appointed as a Director on 17 July 2009 and Managing Director on 8 December 2010. Mr Howe, the founder of Hampton Mining Limited, has over 30 years experience in the mining industry and has worked in Southern and West Africa, Asia, Australia and the USA. He has been instrumental in the development of a number of new mining operations in Australia and Indonesia including the development and management of the first copper heap leach project in Australia, and an open pit coal mine in South East Kalimantan in Indonesia. He specialises in optimising existing operations and the development of new operations in both underground and open pit mining environments and has extensive experience in mine development, mine management and corporate management. He has worked in many geological and mining environments in several countries around the world and in such commodities as gold, coal, copper, uranium, antimony, chrome and tin. Mr Howe was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL,Selwyn Mines Limited and Hampton Mining Limited.
INTEREST IN SHARES AND OPTIONS	48,735,095 ordinary shares in Metminco Limited.

Phillip Wing	**Non Executive Director**
QUALIFICATIONS	PhD, MEc, BEc, CPA
EXPERIENCE	Appointed on 17 July 2009, Dr Wing is the Executive Chairman of a number of special purpose private equity firms. He is currently Chairman or non executive Director of six investee companies ranging from mining to medical devices. Until January 2006, Phillip was for 7 years a partner of Technology Venture Partners (TVP), a specialist Institutional Information Technology and Telecommunications venture capital firm, and was an active non-executive director on many of TVP's portfolio companies in Australia and overseas. Prior to joining TVP, Phillip was a senior executive in IBM's global and Asia Pacific management team. He held responsibility for a major industry business unit in Asia and was also General Manager of the IBM (Australia and New Zealand) consulting business. His last role in IBM was as General Manager (Global Services) responsible for strategy, marketing and business development including acquisitions, alliances and business partners. Prior to his career at IBM, Phillip was a partner at Ernst and Young, KPMG Peat Marwick and Touche Ross, specializing in strategy and IT and corporate advisory consulting. Phillip held managing partner roles responsible for the consulting business units and spent two years on secondment as the Chief Information Officer of NSW Health. Phillip has worked extensively in the USA, Asia, and Europe. He has a Bachelor and Masters of Economics and has completed a PhD in Organisational Change. He is a member of the Institute of Chartered Accountants, and also an adjunct lecturer with the Centre for Applied Finance (Macquarie University).
INTEREST IN SHARES AND OPTIONS	15,893,336 ordinary shares in Metminco Limited.
SPECIAL RESPONSIBILITIES	Member of the Audit and Risk Committee.

William Etheridge	**Non Executive Director**
QUALIFICATIONS	B.Eng, MA (Economics, Cantab)
EXPERIENCE	Appointed on 17 July 2009. Mr Etheridge has over 35 years experience in the mining and mining finance industry, based mainly in Sydney and London. He worked as a mining engineer with Hamersley Iron, and as an economist / business development executive for mining companies in London (Consolidated Gold Fields) and Sydney (Renison Goldfields Consolidated). He has also since worked within mining companies (including Hargraves Resources and Selwyn Mines Limited) focusing on mining project scoping, analysis and appraisal, valuation of internal and external opportunities, cut-off grade analysis, project administration, preparation of company reports and investor relations. He also worked in stockbroking (including Merrill Lynch, ABS White and HSBC James Capel) as a resource analyst, covering a range of mining companies, and including experience in equity raising. He has consulted on mining investment opportunities in coal, gold and base metals and has undertaken detailed analysis of a number of mineral commodities.
INTEREST IN SHARES AND OPTIONS	62,205,931 ordinary shares in Metminco Limited.
SPECIAL RESPONSIBILITIES	Member of the Safety, Health and Sustainable Development Committee.
Timothy Read	**Non Executive Director**
QUALIFICATIONS	BA (Economics), Fellow of the Chartered Institute for Securities and Investment
EXPERIENCE	Appointed on 1 April 2010, Tim has over forty years experience in the mining and metals sector, first as a mining analyst, then as an investment banker and, most recently, as a corporate executive and director. Between 1995 and 1999, he was Managing Director and Global Co-Head of Mining and Metals Investment Banking for Merrill Lynch Inc. and accordingly has extensive experience in all aspects of corporate finance, particularly M&A and equity capital markets. Between 1999 and 2006, he was the chief executive of Adastra Minerals Inc (acquired by First Quantum Minerals in 2006) and since then has acted as a non-executive director for several natural resource companies including Cumerio SA (acquired by Norddeutsche Affinerie in 2008), Kopane Diamond Developments (until December 2009), Starfield Resources Inc. and Faroe Petroleum plc. Tim is also a Director of Capital Drilling Limited, a company listed on the London Stock Exchange.
INTEREST IN SHARES AND OPTIONS	1,000,000 ordinary fully paid shares in Metminco Limited and 8,000,000 options to acquire shares.
SPECIAL RESPONSIBILITIES	Chairman of the Audit and Risk and Remuneration and Nomination committees.
Francisco Vergara-Irarrazaval	**Non Executive Director**
QUALIFICATIONS	Law Degree from the Catholic University of Chile. Fulbright Scholar and undertook graduate studies in the Institute of International and Foreign Trade Law of Georgetown University, Washington D.C. and at the Law School of Cornell University, Ithaca, New York.
EXPERIENCE	Appointed on 1 April 2010, Francisco has over 30 years experience in the mining industry in Chile and other Latin American countries where he was Vice President of Compañia Minera El Indio and Compañia Minera San José, subsidiaries of St. Joe Minerals Corporation until 1991. In 1991, he established Vergara & Cia, Law Firm, providing legal services to different mining companies and international engineering firms focused in natural resources, energy, shipping and agriculture.Vergara has also acted for foreign governments through their embassies in Chile and as Director of listed companies and Chairman and Director of a number of unlisted companies.
INTEREST IN SHARES AND OPTIONS	50,140,000 ordinary shares in Metminco Limited.
SPECIAL	Member of the Audit and Risk, Remuneration and Nomination, and Safety, Health and Sustainable Development Committees.

Company Secretary

Philip Killen	**Chief Financial Officer/Company Secretary**
QUALIFICATIONS	B.Maths/B.Commerce, CPA
EXPERIENCE	Appointed as the Secretary on 31 October 2009. Mr Killen is a finance professional with over 17 years experience in the mining and exploration sector as principal of CPK Consulting and prior to that in various senior executive roles, including Financial Controller of Plutonic Resources Limited and Chief Financial Officer of Otter Gold Mines Limited. Previously he was with the Caltex Group for over 10 years in various senior finance, audit and technology roles located in Australia and overseas. His experience includes financial modeling to support bankable feasibility studies, development of funding strategies, treasury, statutory and ASX compliance reporting, and implementation of commercial systems.
INTEREST IN SHARES AND OPTIONS	4,344,836 ordinary shares in Metminco Limited and 5,000,000 options to acquire shares.

Meetings of the Board

The Board of Directors held 6 meetings during the year ended 31 December 2012. Attendances of Directors at these meetings are shown in the table below:

DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND BOARD MEETINGS
Antonio Ortúzar	5	6
Phillip Wing	6	6
William Howe	6	6
William Etheridge	5	6
Timothy Read	6	6
Francisco Vergara-Irarrazaval	6	6

Meetings of Board Committees

The number of board committee meetings held and the number of meetings attended by each director (who are members of board committees) during the year ended 31 December 2012 were as follows:

	AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE		SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT COMMITTEE	
DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND	MEETINGS ATTENDED	ELIGIBLE TO ATTEND	MEETINGS ATTENDED	ELIGIBLE TO ATTEND
Timothy Read	4	4	1	1	–	–
Francisco Vergara-Irarrazaval	4	4	1	1	1	1
Phillip Wing	4	4	–	–	–	–
William Etheridge	–	–	–	–	1	1
Antonio Ortúzar	–	–	–	–	1	1

Indemnification of Directors and Officers

Under the provisions of the Constitution of the Company every officer (and former officer) of the Company is indemnified, to the extent permitted by law, against all costs expenses and liabilities incurred as such an officer providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and is in respect of a liability for costs and expenses incurred in defending proceedings in which judgment is given in favour of the officer or in which the officer is acquitted or is granted relief under the Law.

The Company has paid premiums to insure the Directors and Officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in their capacity as officers of the Company other than conduct involving a wilful breach of duty in relation to the Company. The premiums amounted to A$21,768 for the year ended 31 December 2012 (for the year ended 31 Dec 2011: A$28,447).

Indemnification of Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Options

At the date of this report, the unissued ordinary shares of Metminco Limited under option are as follows:

Unlisted options

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
30 December 2010	06 December 2013	$0.44	14,250,000
30 December 2010	06 December 2013	$0.525	14,250,000
30 December 2010	06 December 2013	$0.44	2,000,000
30 December 2010	06 December 2013	$0.525	2,000,000
05 December 2011	05 December 2014	$0.215	2,500,000
05 December 2011	05 December 2014	$0.260	2,500,000
15 June 2012	15 June 2015	$0.175	2,000,000
15 June 2012	15 June 2015	$0.210	2,000,000
			41,500,000

Option holders do not have any right to participate in any issues of shares or other interests in the Company or any other entity. There have been no unissued shares or interests under option of any controlled entity within the Group during the reporting period. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the half year is compatible with the general standard of independence for auditors imposed by the *Corporations Act* 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Grant Thornton for non-audit services provided during the year ended 31 December 2012:

	$
Advisory services regarding payroll tax disclosure	1,637
	1,637

Auditor's Independence Declaration

The lead auditors' independence declaration as required under section 307C of the *Corporations Act* 2001 for the year ended 31 December 2012 is set out on page 31.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

REMUNERATION REPORT (audited)

Remuneration Policy

The remuneration policy of Metminco has been designed to align remuneration arrangements with strategic business objectives, empowering employees by differentiating top performers, whilst achieving simplicity and transparency in the design and communication of remuneration. Key management personnel are provided with a fixed remuneration component and specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of Metminco believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- The remuneration policy is to be developed by the Remuneration and Nomination Committee and approved by the Board. The overriding responsibility of the Remuneration and Nomination Committee is to create the remuneration policies and practices that achieve the best value for shareholders. Pay and incentives have to be set at the right level to attract and retain good management and to fully incentivise outstanding management performance, but at levels that are in line with the sector in general, and that provide a fair return to shareholders.
- The Remuneration and Nomination Committee reviews key management personnel packages annually by reference to the Group´s performance, executive performance and comparable information from industry sectors. For the purposes of assessing the appropriate level of executive remuneration, the Remuneration and Nomination Committee references the McDonald & Company independent remuneration reports on the resources sector companies. The McDonald & Company reports are considered the most relevant source of comparator information as it comprises organisations broadly comparable to Metminco. Additional references are also made to other relevant supplementary comparator groups.

The performance of key management personnel is measured against criteria agreed with each executive. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key Australian resident management personnel receive a superannuation guarantee contribution required by the Superannuation Guarantee legislation, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration and Nomination Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on the McDonald & Company reports, market practice, duties and accountability.

In April 2012 the Company retained McDonald & Company to provide a special report on Non-Executive Directors among comparable organisations in the Australian metalliferous mining industry. The report which was completed mid May 2012 concluded that "the remuneration of the non-executive directors appears to be below market expectations for a company of Metminco's size". McDonald & Company were paid $9,500 for the report. The Board is satisfied the remuneration recommendation is free from undue influence by the members or members of key management personnel.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

There is currently no relationship between remuneration and the entity's performance due to the exploration phase of the entity.

REMUNERATION REPORT continued

Performance-based Remuneration

As approved by shareholders at the Company's annual general meeting on 31 May 2012, the Company granted options to Antonio Ortuzar and Timothy Read in recognition of their respective contributions to Metminco to date and to provide an incentive by participating in the future growth and prosperity of the Company through share ownership. The combination of higher exercise price and long dated options were designed to incentivise the Directors to perform for the longer term. The Company did not pay performance based remuneration to other non executive directors during 2012.

The Company has not provided performance based remuneration to the executive director during the period.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	POSITION HELD AS AT 31 DECEMBER 2012 AND ANY CHANGE DURING THE YEAR	CONTRACT DETAILS (DURATION AND TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION RELATED TO PERFORMANCE			PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE	
			NON-SALARY CASH-BASED INCENTIVES	SHARES/UNITS	OPTIONS/RIGHTS	FIXED SALARY/ FEES	TOTAL
			%	%	%	%	%
Group Key Management Personnel							
Antonio Ortúzar	Chairman	No written contract	–	–	48	52	**100**
William Howe	Managing Director	Written contract (6 months' notice)	–	–	–	100	**100**
Phillip Wing	Non Executive Director	No written contract	–	–	–	100	**100**
William Etheridge	Non Executive Director	No written contract	–	–	–	100	**100**
Tim Read	Non Executive Director	No written contract	–	–	41	59	**100**
Francisco Vergara-Irarrazaval	Non Executive Director	No written contract	–	–	–	100	**100**
Philip Killen	CFO and Company Secretary	Written contract (6 months' notice)	–	–	–	100	**100**
Colin Sinclair	Executive General Manager	Written contract (6 months' notice)	–	–	–	100	**100**
Stephen Tainton	General Manager Investor Relations	Written contract (6 months' notice)	–	–	–	100	**100**
Gavin Daneel	General Manager Exploration	Written contract (6 months' notice)	–	–	–	100	**100**

The employment terms and conditions of key management personnel are usually formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive with their contractual entitlements.

A contracted person employed on a permanent basis may terminate their employment in accordance with their contract by giving three month's prior written notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non Executive Directors are not subject to contracts. Termination payments are at the discretion of the Board.

Changes in Directors and Executives Subsequent to 31 December 2012

There were no changes in Directors or Executives subsequent to 31 December 2012.

Remuneration Details for the year ended 31 December 2012

The following table of benefits and payments, in respect to the financial year details, the components of remuneration for each member of the key management personnel of the Consolidated Group:

		SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		EQUITY-SETTLED SHARE-BASED PAYMENTS				
		SALARY, FEES AND LEAVE $	PROFIT SHARE AND BONUSES $	NON-MONETARY $	HOUSING ALLOWANCE $	PENSION AND SUPER-ANNUATION $	OTHER $	INCENTIVE PLANS $	LSL $	SHARES/ UNITS $	OPTIONS/ RIGHTS $	CASH-SETTLED SHARE-BASED PAYMENTS $	TERMIN-ATION BENEFITS $	TOTAL $
Group Key Management Personnel														
Antonio Ortúzar	Dec 2012	100,000	–	–	–	–	–	–	–	–	92,920	–	–	192,920
	Dec 2011	97,917	–	–	–	–	–	–	–	–	–	–	–	97,917
William Howe	Dec 2012	450,000	–	–	54,382	–	–	–	–	–	–	–	–	504,382
	Dec 2011	450,000	225,000	–	55,435	–	–	–	–	–	–	–	–	730,435
Phillip Wing	Dec 2012	191,479	–	–	–	–	–	–	–	–	–	–	–	191,479
	Dec 2011	256,376	107,500	–	–	–	–	–	–	–	–	–	–	363,876
William Etheridge	Dec 2012	101,095	–	–	–	–	–	–	–	–	–	–	–	101,095
	Dec 2011	208,624	107,500	–	–	8,876	–	–	–	–	–	–	–	325,000
Tim Read	Dec 2012	132,953	–	–	–	–	–	–	–	–	92,920	–	–	225,873
	Dec 2011	123,103	–	–	–	–	–	–	–	–	–	–	–	123,103
Francisco Vergara-Irarrazaval	Dec 2012	75,000	–	–	–	–	–	–	–	–	–	–	–	75,000
	Dec 2011	75,000	–	–	–	–	–	–	–	–	–	–	–	75,000
Philip Killen	Dec 2012	250,000	–	–	–	50,000	–	–	–	–	–	–	–	300,000
	Dec 2011	275,000	–	–	–	12,385	–	–	–	–	40,717	–	–	328,102
Colin Sinclair	Dec 2012	350,000	–	–	–	–	–	–	–	–	–	–	–	350,000
	Dec 2011	300,000	–	–	–	–	–	–	–	–	40,717	–	–	340,717
Keith Weston	Dec 2012	–	–	–	–	–	–	–	–	–	–	–	–	–
	Dec 2011	175,000	–	–	–	–	–	–	–	–	–	–	–	175,000
Stephen Tainton	Dec 2012	266,909	–	–	–	33,091	–	–	–	–	–	–	–	300,000
	Dec 2011	200,000	–	–	–	–	–	–	–	–	81,434	–	–	281,434
Gavin Daneel	Dec 2012	300,000	–	–	34,944	–	–	–	–	–	–	–	–	334,944
	Dec 2011	300,000	–	–	40,515	–	–	–	–	–	40,717	–	–	381,232
John Fillmore	Dec 2012	–	–	–	–	–	–	–	–	–	–	–	–	–
	Dec 2011	25,000	–	–	–	–	–	–	–	–	–	–	75,000	100,000
Total Key Management Personnel	**Dec 2012**	**2,217,436**	**–**	**–**	**89,326**	**83,091**	**–**	**–**	**–**	**–**	**185,840**	**–**	**–**	**2,575,693**
	Dec 2011	2,486,020	440,000	–	95,950	21,261	–	–	–	–	203,585	–	75,000	3,321,816

Securities received that are not performance-related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Cash bonuses, performance-related bonuses and share-based payments

Executive directors and senior executives may be eligible to participate in an annual bonus based on performance of the Company and the executive's contribution thereto, as determined by the Remuneration Committee. The Company has not paid bonuses to executive directors and senior executives in 2012 but has granted options to non-executive directors as mentioned above and detailed below.

Options and Rights issued, granted and exercised

The Company issued options to non-executive directors under terms and conditions set out in the Employee Share Option Plan as follows:

Antonio Ortuzar:

- 1,000,000 options exercisable at A$0.175 per share no later than 15 June 2015 in accordance with the rules of the Company's Employee Option Plan. Grant date of 15 June 2012.
- 1,000,000 options exercisable at A$0.210 per share no later than 15 June 2015 in accordance with the rules of the Company's Employee Option Plan. Grant date of 15 June 2012.

Timothy Read:

- 1,000,000 options exercisable at A$0.175 per share no later than 15 June 2015 in accordance with the rules of the Company's Employee Option Plan. Grant date of 15 June 2012.
- 1,000,000 options exercisable at A$0.210 per share no later than 15 June 2015 in accordance with the rules of the Company's Employee Option Plan. Grant date of 15 June 2012.

The full value of the options have been included in employee and director's benefits expense in the statement of comprehensive income. The options have been valued using the Binomial method assuming the options are transferrable, a share price of $0.115 (based on the Company's share price as at 14 June 2012), interest rate of 2.32%, 80% volatility, the terms of the options and a maximum option life to 15 June 2015. The options are not transferrable, the expiry date is contingent on a number of terms and conditions set out in the Employee Share Option Plan and the holder will only realise a benefit through exercise of the options. The options to Non-Executive directors were not based on a service condition.

There were no other options or rights issued or granted to directors and employees, or exercised by directors and employees during the year.

Voting and comments made at the company's 2011 Annual General Meeting (AGM)

The Company received 83% "For" votes on its remuneration report for the 2011 financial year. No other specific feedback was received at the AGM on its remuneration report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

William Howe
Managing Director

25 March 2013

Sydney

AUDITOR'S INDEPENDENCE DECLARATION
to the Directors of Metminco Limited

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Metminco Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metminco Limited for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Partner - Audit & Assurance

Sydney, 25 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2012

	NOTE	CONSOLIDATED GROUP	
		31 DECEMBER 2012	31 DECEMBER 2011
		$	$
Revenue			
Other income	2	336,988	350,909
Fair value loss on convertible notes		–	(66,649)
Fair value adjustment on equity swap		(233,382)	(1,029,297)
Finance costs		(316,573)	(560,005)
Foreign exchange gain/(loss)		(654,452)	317,596
Administration expenses		(4,003,895)	(4,599,382)
Corporate expenses		(1,993,210)	(2,675,082)
Occupancy expense		(507,487)	(462,248)
Exploration and evaluation expenditure impaired	15	(4,540,887)	(53,148)
Loss before income tax	4	**(11,912,898)**	**(8,777,306)**
Income tax expense		–	–
Loss for the year		**(11,912,898)**	**(8,777,306)**
Other comprehensive income			
Exchange differences on translating foreign controlled entities (net of tax)		(986,163)	(928,552)
Total comprehensive loss for the year		**(12,899,061)**	**(9,705,858)**
Loss for the year attributable to members of the parent entity		**(11,912,898)**	**(8,777,306)**
Total comprehensive loss attributable to members of the parent entity		**(12,899,061)**	**(9,705,858)**
From continuing operations:			
Basic loss per share (cents)	7	(0.68)	(0.63)
Diluted loss per share	7	(0.68)	(0.63)

The financial statements should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2012

	NOTE	CONSOLIDATED GROUP	
		31 DECEMBER 2012	31 DECEMBER 2011
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	8	14,484,097	44,030,949
Trade and other receivables	9	3,756,276	2,402,416
Derivative financial instrument	9	–	109,613
Other assets	10	53,266	14,495
Total current assets		**18,293,639**	**46,557,473**
Non-current assets			
Trade and other receivables	9	4,374,785	3,515,405
Investments accounted for using equity method	11	2,891,734	2,947,726
Property, plant and equipment	14	3,740,442	3,589,445
Exploration and evaluation expenditure	15	205,359,513	183,840,162
Total non-current assets		**216,366,474**	**193,892,738**
TOTAL ASSETS		**234,660,113**	**240,450,211**
LIABILITIES			
Current liabilities			
Trade and other payables	16	1,254,750	4,167,824
Short term provisions	17	345,394	216,805
Total current liabilities		**1,600,144**	**4,384,629**
Non-current liabilities			
Total non-current liabilities		–	–
TOTAL LIABILITIES		**1,600,144**	**4,384,629**
NET ASSETS		**233,059,969**	**236,065,582**
EQUITY			
Issued capital	18	317,607,678	307,900,070
Reserves	27	(41,515,733)	(40,715,410)
Accumulated losses		(43,031,976)	(31,119,078)
TOTAL EQUITY		**233,059,969**	**236,065,582**

The financial statements should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACQUISITION RESERVE	TOTAL $
Consolidated Group						
Total equity as at 1 January 2011	**196,501,824**	**(22,341,772)**	**3,032,656**	**(1,516,437)**	**(41,506,662)**	**134,169,609**
Loss attributable to members of the parent entity	–	(8,777,306)	–	–	–	(8,777,306)
Other comprehensive income	–	–	–	(928,552)	–	(928,552)
Total comprehensive loss	–	(8,777,306)	–	(928,552)	–	(9,705,858)
Options issued to directors and employees and service providers	–	–	203,585	–	–	203,585
Shares issued during the period	115,342,535	–	–	–	–	115,342,535
Transaction costs	(3,944,289)	–	–	–	–	(3,944,289)
Balance as at 31 December 2011	**307,900,070**	**(31,119,078)**	**3,236,241**	**(2,444,989)**	**(41,506,662)**	**236,065,582**
Total equity as at 1 January 2012	**307,900,070**	**(31,119,078)**	**3,236,241**	**(2,444,989)**	**(41,506,662)**	**236,065,582**
Loss attributable to members of the parent entity	–	(11,912,898)	–	–	–	(11,912,898)
Other comprehensive income	–	–	–	(986,163)	–	(986,163)
Total comprehensive loss	–	(11,912,898)	–	(986,163)	–	(12,899,061)
Options issued to directors and employees and service providers	–	–	185,840	–	–	185,840
Shares issued during the period	10,962,791	–	–	–	–	10,962,791
Transaction costs	(1,255,183)	–	–	–	–	(1,255,183)
Balance as at 31 December 2012	**317,607,678**	**(43,031,976)**	**3,422,081**	**(3,431,152)**	**(41,506,662)**	**233,059,969**

The financial statements should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	NOTE	CONSOLIDATED GROUP	
		31 DECEMBER 2012	31 DECEMBER 2011
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		(6,552,906)	(6,554,301)
Interest received		400,043	412,312
Finance costs paid		(21,419)	(92,500)
Net cash used in operating activities	23(b)	**(6,174,282)**	**(6,234,489)**
Cash flows from investing activities			
Purchase of plant and equipment		(370,790)	(704,748)
Purchase of land		(90,725)	(2,364,254)
Payments for exploration expenditure		(32,243,012)	(18,902,274)
Payment for subsidiaries net of cash acquired	23(c)	–	(10,144,361)
Net cash used in investing activities		**(32,707,527)**	**(32,115,637)**
Cash flows from financing activities			
Proceeds from issue of shares		10,510,888	60,058,905
Payments in respect to capital raisings		(1,255,183)	(3,944,289)
Proceeds from equity swap		735,415	2,854,740
Net cash provided by financing activities		**9,991,120**	**58,969,356**
Net increase/(decrease) in cash and cash equivalents held		**(28,887,689)**	**20,619,230**
Cash and cash equivalents at beginning of the year/period		44,030,949	23,189,432
Effect of exchange rates on cash holdings in foreign currencies		(659,163)	222,287
Cash and cash equivalents at the end of the year/period	23(a)	**14,484,097**	**44,030,949**

The financial statements should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Metminco Limited and controlled entities ("Consolidated Group" or "Group") for the full year ended 31 December 2012.

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the directors on 25 March 2013.

a. Going concern basis of accounting

The Consolidated Group has made a loss for the year. Metminco is an exploration Company currently without an operating cash flow and the net cash position of the Group will continue to decrease until such time as the Group has an operating cashflow. The directors are satisfied that the Company and Group have sufficient cash reserves to maintain its current portfolio and meet its debts as and when they fall due. Therefore these financial statements have been prepared on a going concern basis.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Metminco at the end of the reporting period. A controlled entity is any entity over which Metminco has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Consolidated Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

c. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the profit and loss. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Acquisitions of non-controlling interests in a subsidiary are accounted for as an equity transaction. The carrying amount of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

All transaction costs incurred in relation to the business combination are expensed to the profit and loss.

d. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Changes in deferred tax assets or liabilities are recognised as a component or tax income or expense in profit and loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of property and plant constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Land	Nil
Plant and equipment	20% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

f. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit and loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

g. Leases

Leases of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

h. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. amount initially recognised and the maturity amount calculated using the *effective interest method*; and

d. less, for financial assets, any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

h. Financial Instruments continued

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Equity swap agreement

The equity swap arrangement embedded in the long-term receivable (Note 9) is treated as an embedded derivative and measured at fair value through profit or loss.

Convertible note option

The conversion option embedded in the convertible notes has been treated as an embedded derivative and fair valued through the profit and loss.

On conversion of a convertible instrument at maturity, the entity derecognises the liability component and recognises it as equity. The original equity component remains as equity (although it may be transferred from one line item within equity to another). There is no gain or loss on conversion at maturity.

When an entity extinguishes a convertible instrument before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the entity allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued.

i. Derivative financial instruments

The Consolidated Group uses derivative financial instruments. In relation to the convertible note, changes in the fair value of this derivative are included in the profit and loss, together with any changes in the fair value of the liabilities that the derivatives are attributable to.

j. Impairment of Non-Financial Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

k. Investments in Associates

Associate companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the relation to the Group's investment in the associate.

When the reporting dates of the Group and the associate are different, the associate prepares, for the Group's use, financial statements as of the same date as the financial statements of the Group with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

l. Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of jointly controlled assets have been included in the appropriate line items of the consolidated financial statements. Details of the consolidated group's interests are shown in Note 12.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting (refer to Note 1(k) for details) in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account at cost.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group however will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

m. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

n. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

o. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

p. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

q. Revenue and Other Income

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

r. Equity Settled Compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Binomial pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where equity is used to pay service providers the Group measures the goods or services received and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

s. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

t. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

u. Key estimates

i. Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. These assumptions are disclosed in each of the notes to the financial report where applicable.

ii. Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $205,359,513 (see Note 15).

iii. Fair value of derivative financial instruments

The fair value of derivative financial instruments are determined using various key assumptions. These assumptions are disclosed in each of the notes to the financial report where applicable.

iv. Valuation methodology used in calcuation of share options

The Binomial method has been used to value shares options in respect of the optionality underlying the convertible notes, share options issued in lieu of consulting fees and share options issued to directors and employees. The Company has used a 80% volatility (based on historical volatity), the share price on the applicable date (being either the date of issue or the balance date) and an option life based on the Company's best estimate of the expected exercise patterns which may not eventuate in the future.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Significant Management Judgment in Applying Accounting Policies

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.This Standard is not expected to impact the Company.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

w. Changes in Accounting Policies

AASB 2010-8 Amendments to Australian Accounting Standard – Deferred Tax: Recovery of Underlying Assets (Effective for annual reporting periods beginning on or after 1 January 2012)

AASB 2010-8 provides clarification on the determination of deferred tax assets and deferred tax liabilities when investment property is measured using the fair value model in AASB 140 *Investment Property*. It introduces a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model where the objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

AASB 2010-8 also includes the requirement that the measurement of deferred tax assets and deferred tax liabilities on non-depreciable assets measured using the revaluation model in AASB 116 *Property, Plant and Equipment* should always be based on recovery through sale.

These amendments have had no impact on the Group.

x. Operating segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating segments are disclosed in Note 22.

y. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments (effective from 1 January 2015)

The AASB aims to replace AASB 139 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

y. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group continued

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning after 1 January 2013. Information on these new standards is presented below. The Group's management do not believe these changes will have a material impact on the financial statements.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

AASB 12 Disclosure of Interests in Other Entities (AASB 12)

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to AASB 127 and AASB 128 Investments in Associates and Joint Ventures (AASB 128)

AASB 127 now only deals with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management do not believe these changes will have a material impact on the financial statements.

Amendments to AASB 101 Presentation of Financial Statements (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

	CONSOLIDATED	
	31 DECEMBER 2012	31 DECEMBER 2011
	$	$

NOTE 2: REVENUE

Interest received – other persons	336,988	350,909

NOTE 3: LOSS FOR THE YEAR

Expenses from continuing operations:		
Other expenses	(310,740)	(420,569)
Employee and directors' benefits expense	(3,429,431)	(4,029,878)
Depreciation and amortisation expense	(263,724)	(148,935)

NOTE 4: INCOME TAX EXPENSE

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss before tax	11,912,898	8,777,306
Total income tax benefit calculated at 30% for Australia and Peru and at 35.5% for Chile (2011: 30% for Australia and Peru and 35.5% for Chile)	(3,932,334)	(2,738,299)
Tax effect of:		
Foreign exchange losses/(gains)	189,691	(86,661)
Impairment on equity swap derivative	70,015	308,789
Fair value loss on convertible notes derivative	–	158,560
Allowable capital raising deductions	(545,396)	(453,495)
Options issued	55,754	61,075
Provisions	42,370	44,335
Accruals	(183,041)	375,623
	(4,302,941)	**(2,330,072)**
Deferred tax asset not brought to account	4,302,941	2,330,072
Income tax expense	–	–
Applicable weighted average effective tax rate	0%	0%
Deferred tax asset not taken to account		
Tax losses carried forward:		
– Revenue losses	6,827,396	2,524,455
– Temporary timing differences	279,287	419,958
	7,106,683	2,944,413

Tax balances for the 2011 comparative year have been restated to reflect changes in availability of carried forward tax losses and taxation laws in respective countries.
The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet considered probable that future taxable income will be available to utilise them. The Group does not have any capital losses.

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2012.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	CONSOLIDATED	
	31 DECEMBER 2012	31 DECEMBER 2011
	$	$
Short term employee benefits	2,306,762	3,021,970
Post-employment benefits	83,091	21,261
Other long term benefits	–	–
Termination benefits	–	75,000
Share based payments	185,840	203,585
	2,575,693	**3,321,816**

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the period is as follows:

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNER-ATION DURING THE PERIOD	EXERCISED DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF YEAR	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE
31 December 2012							
Antonio Ortúzar	3,000,000	–	–	–	3,000,000		3,000,000
Unlisted option @ $0.175 Jun 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Unlisted option @ $0.210 Jun 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
William Howe	–	–	–	–	–	–	–
Philip Wing	–	–	–	–	–	–	–
William Etheridge	–	–	–	–	–	–	–
Tim Read	6,000,000	–	–	–	6,000,000	–	6,000,000
Unlisted option @ $0.175 Jun 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Unlisted option @ $0.210 Jun 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Francisco Vergara-Irarrazaval	–	–	–	–	–	–	–
Philip Killen	5,000,000	–	–	–	5,000,000	–	5,000,000
Stephen Tainton	2,000,000	–	–	–	2,000,000	–	2,000,000
Gavin Daneel	2,500,000	–	–	–	2,500,000	–	2,500,000
Colin Sinclair	6,000,000	–	–	–	6,000,000	–	6,000,000
Total [1]	24,500,000	4,000,000	–	–	28,500,000	4,000,000	28,500,000

1 Balance at the beginning of the year 2012 is lower than the balance at the end of the year 2011 due to the resignations of John Fillmore (7,099,999 options) and Keith Weston (3,274,999 options).

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) continued

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNER-ATION DURING THE PERIOD	EXERCISED DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF YEAR	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE
31 December 2011							
Antonio Ortúzar [1]	3,000,000	–	–	–	3,000,000		3,000,000
William Howe	–	–	–	–	–	–	–
Philip Wing	–	–	–	–	–	–	–
William Etheridge	–	–	–	–	–	–	–
Tim Read	6,000,000	–	–	–	6,000,000	–	6,000,000
Francisco Vergara-Irarrazaval	–	–	–	–	–	–	–
Philip Killen	4,000,000	–	–	–	4,000,000	–	4,000,000
Unlisted option @ $0.215 Dec 2014	–	500,000	–	–	500,000	500,000	500,000
Unlisted option @ $0.260 Dec 2014	–	500,000	–	–	500,000	500,000	500,000
Stephen Tainton	–	–	–	–	–	–	–
Unlisted option @ $0.215 Dec 2014	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Unlisted option @ $0.260 Dec 2014	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Gavin Daneel	750,000	–	–	–	750,000	–	750,000
Unlisted option @ $0.215 Dec 2014	–	500,000	–	–	500,000	500,000	500,000
Unlisted option @ $0.260 Dec 2014	–	500,000	–	–	500,000	500,000	500,000
Colin Sinclair	5,000,000	–	–	–	5,000,000	–	5,000,000
Unlisted option @ $0.215 Dec 2014	–	500,000	–	–	500,000	500,000	500,000
Unlisted option @ $0.260 Dec 2014	–	500,000	–	–	500,000	500,000	500,000
Keith Weston	3,274,999	–	–	–	3,274,999	–	3,274,999
John Fillmore [2]	7,099,999	–	–	–	7,099,999	–	7,099,999
	29,124,998	5,000,000	–	–	34,124,998	5,000,000	34,124,998

1 Antonio Ortúzar was appointed a Director on 16 March 2011
2 John Fillmore resigned as a Director on 16 March 2011

KMP Shareholdings

The number of ordinary shares in Metminco Limited held by each KMP of the Group during the period is as follows:

	BALANCE AT 31 DECEMBER 2011	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT 31 DECEMBER 2012
31 December 2012					
Antonio Ortúzar	6,400,000	–	–	–	6,400,000
William Howe	48,264,168	–	–	470,927	48,735,095
Philip Wing	15,893,336	–	–	–	15,893,336
William Etheridge	61,800,000	–	–	405,931	62,205,931
Tim Read	650,000	–	–	350,000	1,000,000
Francisco Vergara - Irarrazaval	50,140,000	–	–	–	50,140,000
Philip Killen	4,149,836	–	–	195,000	4,344,836
Stephen Tainton	–	–	–	200,000	200,000
Gavin Daneel	–	–	–	–	–
Colin Sinclair	5,766,353	–	–	139,741	5,906,094
Total [1]	**193,063,693**	**–**	**–**	**1,761,599**	**194,825,292**

1 Balance at the beginning of the year 2012 is lower than the balance at the end of the year 2011 due to the resignations of John Fillmore (2,220,000 shares) and Keith Weston (525,000 shares).

	BALANCE AT 31 DECEMBER 2010	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT 31 DECEMBER 2011
31 December 2011					
Antonio Ortúzar [1]	–	–	–	6,400,000	6,400,000
William Howe	48,264,168	–	–	–	48,264,168
Philip Wing	15,893,336	–	–	–	15,893,336
William Etheridge	62,400,000	–	–	(600,000)	61,800,000
Tim Read	250,000	–	–	400,000	650,000
Francisco Vergara - Irarrazaval	50,140,000	–	–	–	50,140,000
Philip Killen	3,949,836	–	–	200,000	4,149,836
Colin Sinclair	5,766,353	–	–	–	5,766,353
Keith Weston	550,000	–	–	(25,000)	525,000
John Fillmore [2]	2,220,000	–	–	–	2,220,000
	189,433,693	**–**	**–**	**6,375,000**	**195,808,693**

1 Antonio Ortúzar was appointed as a Director on 16 March 2011
2 John Fillmore resigned as a Director on 16 March 2011

Other KMP Transactions

There have been no other KMP transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP refer to Note 25 Related Party Transactions.

NOTES TO THE FINANCIAL STATEMENTS continued

	CONSOLIDATED	
	31 DECEMBER 2012	31 DECEMBER 2011
	$	$
NOTE 6: AUDITORS' REMUNERATION		
Audit services provided by Grant Thornton:		
Parent	99,500	89,541
Subsidiaries		
– Minera Hampton Chile Limitada and Minera Hampton Peru SAC	26,237	36,349
	125,737	125,890
Non audit tax advisory services – Australia	1,637	15,127
	127,374	**141,017**

NOTE 7: LOSS PER SHARE

a. Reconciliation of earnings to loss		
Loss	(11,912,898)	(8,777,306)
Loss attributable to minority equity interest	–	–
Loss used in the calculation of basic and dilutive EPS	**(11,912,898)**	**(8,777,306)**
	NO.	NO.
b. Weighted average number of ordinary shares outstanding during the full year used in calculating basic EPS	1,748,499,517	892,478,975
Weighted average number of dilutive options outstanding	–	–
c. Anti-dilutive options on issue not used in dilutive EPS calculation	41,500,000	69,217,517

NOTE 8: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 DECEMBER 2012	31 DECEMBER 2011
	$	$
Cash at bank	14,484,097	44,030,949
Short-term bank deposits	–	–
	14,484,097	**44,030,949**

NOTE 9: RECEIVABLES AND DERIVATIVE FINANCIAL INSTRUMENT

Current		
Other receivables	288,551	397,953
Receivable from equity swap – secured [1]	–	854,473
IGV receivables [2]	3,467,725	1,149,990
Total current trade and other receivables	**3,756,276**	**2,402,416**
Equity swap derivative at fair value	–	**109,613**
Non-current		
VAT receivables [3]	4,374,785	3,515,405
Total non-current trade and other receivables	**4,374,785**	**3,515,405**

1 Equity Swap:
The Company entered into a subscription agreement, an equity swap confirmation, an interest rate swap confirmation and a credit support agreement on 1 April 2010. Pursuant to these agreements the Company issued 25,000,000 shares at 9p per share for an aggregate subscription amount of £2,250,000. As security for the proceeds of these shares the recipient of the shares placed £2,250,000 in government bonds with an escrow agent as security for the proceeds receivable.
During the period ended 30 June 2012 the Company exchanged £93,750 worth of government bonds per month for a cash payment amount determined against a benchmark price of 12p per ordinary share. If the volume weighted average price of an ordinary share for the five dealing days prior to settlement exceeded the benchmark price then the Company received more than 100% of the monthly payment due. If the price was less than the benchmark price, the Company received less than 100% of the monthly payment due. There was no higher or lower limit on the amount of the payments under these arrangements but the total number of shares issued was fixed.
The secured equity swap receivable has been settled in full and a realised loss of $233,382 has been recognised for the period as a result of the equity swap derivative.

2 VAT receivables – current is IGV (Peruvian equivalent of VAT) incurred by Hampton Peru relating to the Los Calatos Project for the current period. Hampton Peru has been approved by the Peruvian Mining Department to recover IGV (Peruvian equivalent of VAT) paid on direct expenditure relating to the Los Calatos Project incurred until 31 December 2015. Hampton Peru has recovered in full all IGV paid with respect to the Los Calatos Project until 31 December 2011.

3 VAT receivables – non-current is IGV and IVA (Chilean equivalent of VAT) incurred by Hampton Peru and Hampton Chile which is recoverable against VAT received from sales and/or exports in the respective tax jurisdictions.

NOTE 10: OTHER ASSETS

CURRENT		
Prepayments	53,266	14,495
Total current other assets	**53,266**	**14,495**

NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Equity accounted investments in joint venture entities		2,891,734	2,947,726
	12	**2,891,734**	**2,947,726**

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 12: INTEREST IN JOINT VENTURES

Interests are held in the following:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				31 DECEMBER 2012	31 DECEMBER 2011	31 DECEMBER 2012	31 DECEMBER 2011
Unlisted:							
SCM San Lorenzo	Exploration	Chile	Ordinary	50%	50%	2,891,734	2,947,726
						2,891,734	**2,947,726**

In January 2009, in accordance with an agreement dated 19 May 2008 between Golden Amazonas (Amazonas) and Hampton Chile , SCM San Lorenzo was incorporated. The shareholders of SCM San Lorenzo are Hampton Chile, with 50% of the shares, and five minor shareholders with the remaining 50%. For the transfer of the title of the San Lorenzo Properties to SCM San Lorenzo, Hampton Chile paid Amazonas US$3 million. Hampton Chile does not control SCM San Lorenzo as the joint venture was formed for the sole purpose of holding ownership of the mining tenements.

		CONSOLIDATED	
		31 DECEMBER 2012 $	31 DECEMBER 2011 $
a.	**Movements during the year in equity accounted investment in joint venture entities:**		
	Balance as at the beginning of the period	2,947,726	4,160,154
	Less acquisition of 100% of SCM Ovalle – now consolidated	–	(1,209,237)
	Impact of foreign exchange movement on balance at beginning of period	(55,992)	(3,191)
	Balance as at the end of the year	**2,891,734**	**2,947,726**
b.	**Summarised presentation of aggregate assets, liabilities and performance of joint venture**		
	Current assets	–	–
	Non-current assets	5,783,468	5,895,452
	Total assets	**5,783,468**	**5,895,452**
	Current liabilities	–	–
	Total liabilities	–	–
	Net assets	**5,783,468**	**5,895,452**
	Loss after income tax	–	–

NOTE 13. CONTROLLED ENTITIES

a. Controlled entities consolidated

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
		31 DECEMBER 2012 %	31 DECEMBER 2011 %
Subsidiaries of Metminco Limited:			
Hampton Mining Limited	Australia	100	100
North Hill Holdings Group Inc	British Virgin Islands	100	100

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 31 DECEMBER 2012 %	31 DECEMBER 2011 %
Wholly owned subsidiaries of North Hill Holdings Group Inc:			
Cerro Norte Mining Inc	British Virgin Islands	100	100
North Hill Ovalle Inc	British Virgin Islands	100	100
North Hill Peru Inc	British Virgin Islands	100	100
North Hill Colombia Inc	British Virgin Islands	100	100
Minera Hampton Peru SAC	Peru	100	100
Minera Hampton Chile Limitada	Chile	100	100
Minera Hampton Colombia SAS	Colombia	100	–

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 31 DECEMBER 2012 $	31 DECEMBER 2011 $
Land		
At cost	2,724,414	2,678,365
Total land	**2,724,414**	**2,678,365**
Plant and equipment		
At cost	1,586,771	1,234,199
Accumulated depreciation	(570,743)	(323,119)
Total plant and equipment	**1,016,028**	**911,080**
Total property, plant and equipment	**3,740,442**	**3,589,445**
Reconciliations		
Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:		
Land		
Carrying amount at beginning of year	2,678,365	314,111
Additions through acquisition of entity	90,725	2,364,254
Impact of foreign exchange movement on balance at beginning of year	(44,676)	–
Carrying amount of land at end of year	**2,724,414**	**2,678,365**
Plant and equipment		
Carrying amount at beginning of year	911,080	355,267
Additions	370,790	704,748
Impact of foreign exchange movement on balance at beginning of year	(2,118)	–
Depreciation	(263,724)	(148,935)
Carrying amount of plant and equipment at end of year	**1,016,028**	**911,080**
Carrying amount at end of year	**3,740,442**	**3,589,445**

No assets are held as security for any liabilities.

	CONSOLIDATED	
	31 DECEMBER 2012 $	31 DECEMBER 2011 $

NOTE 15: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases at the end of year	**205,359,513**	**183,840,162**
Reconciliations		
Carrying amount at the beginning of year	183,840,162	102,297,461
Expenditure incurred during current year	26,829,287	18,902,274
Additions through acquisition of entity and conditional Barrick buy back	–	63,758,741
Impact of foreign exchange movement during the year	(769,049)	(1,065,166)
Exploration written off	(4,540,887)	(53,148)
Carrying amount at the end of year	**205,359,513**	**183,840,162**

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of mineral reserves.

Capitalised costs amounting to $26,829,287 (for the period ended 31 December 2011: $18,902,274) have been included in cash flows from investing activities.

NOTE 16: TRADE AND OTHER PAYABLES

Trade payables	583,704	2,440,901
Other payables and accrued expenses	671,046	1,726,923
	1,254,750	**4,167,824**

NOTE 17: PROVISIONS

	SHORT-TERM EMPLOYEE BENEFITS	
Consolidated Group		
Balance at the beginning of the reporting period	216,805	73,382
Additional provisions	128,589	143,423
Balance at the end of the reporting period	**345,394**	**216,805**

NOTE 18: CONTRIBUTED EQUITY

	CONSOLIDATED 31 DECEMBER 2012 $	CONSOLIDATED 31 DECEMBER 2011 $
1,749,543,023 (31 December 2011: 1,676,466,146) fully paid ordinary shares	**317,607,678**	**307,900,070**

a. Movements in ordinary share capital (no. of shares)	NO. OF SHARES	NO. OF SHARES
Balance at beginning of the reporting period	1,674,466,146	1,231,107,839
Shares issued		
– 31 March 2011	–	161,671
– 19 April 2011	–	1,200,000
– 28 April 2011	–	70,250,855
– 28 April 2011	–	75,000,000
– 3 May 2011	–	20,000,000
– 26 May 2011	–	4,895,781
– 6 June 2011	–	60,000,000
– 5 December 2011	–	211,850,000
– 6 January 2012	73,864,286	–
– 11 January 2012	1,211,141	–
– 4 December 2012	1,450	–
At the end of the reporting period	**1,749,543,023**	**1,674,466,146**

b. Movements in ordinary share capital ($)	CONSOLIDATED 31 DECEMBER 2012 $	CONSOLIDATED 31 DECEMBER 2011 $
Balance at beginning of the reporting period	**307,900,070**	**196,501,824**
Shares issued		
– 31 March 2011	–	60,627
– 19 April 2011	–	450,000
– 28 April 2011	–	24,510,523
– 28 April 2011	–	28,500,000
– 3 May 2011	–	7,600,000
– 26 May 2011	–	1,762,481
– 6 June 2011	–	22,800,000
– 5 December 2011	–	29,658,904
– 6 January 2012	10,341,000	–
– 11 January 2012	169,560	–
– 4 December 2012	362	–
Costs of capital raising 2012	(803,314)	(3,944,289)
At the end of the reporting period	**317,607,678**	**307,900,070**

NOTE 18: CONTRIBUTED EQUITY continued

On 6 January 2012 the Company issued 73,864,286 new ordinary shares by way of private placement to sophisticated and professional investors at a subscription price of A$0.14 per share to raise equity of A$10.3million.

On 11 January 2012 the Company issued 1,211,141 new ordinary shares pursuant to the Rights Issue which closed 3 January 2012.

On 4 December 2012 the Company issued 1,450 shares pursuant to the exercise of 1,450 listed options expiring on 4 December 2012.

All the shares rank for dividends pari passu. Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

c. Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains below 10%. The gearing ratios for the full year ended 31 December 2012 are as follows:

		CONSOLIDATED	
		31 DECEMBER 2012	31 DECEMBER 2011
	NOTE	$	$
Cash and cash equivalents	8	(14,484,097)	(44,030,949)
Net debt		(14,484,097)	(44,030,949)
Total equity		**233,059,969**	**236,065,582**
Gearing ratio		–	–

NOTE 19: OPTIONS

GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	OUTSTANDING AT 31 DECEMBER 2011	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	OUTSTANDING AT 31 DECEMBER 2012
31 December 2012							
Listed							
4 December 2007	4 December 2012	$0.25	26,217,517	–	(1,450)	(26,216,067)	–
4 December 2009	4 December 2012	$0.25	1,000,000	–	–	(1,000,000)	–
Unlisted							
24 September 2010	31 July 2012	$0.30	4,500,000	–	–	(4,500,000)	–
6 December 2010	6 December 2013	$0.44	14,250,000	–	–	–	14,250,000
6 December 2010	6 December 2013	$0.525	14,250,000	–	–	–	14,250,000
6 December 2010	6 December 2013	$0.44	2,000,000	–	–	–	2,000,000
6 December 2010	6 December 2013	$0.525	2,000,000	–	–	–	2,000,000
5 December 2011	5 December 2014	$0.215	2,500,000	–	–	–	2,500,000
6 December 2010	5 December 2014	$0.260	2,500,000	–	–	–	2,500,000
15 June 2012 [1]	15 June 2015	$0.175	–	2,000,000	–	–	2,000,000
15 June 2012 [2]	15 June 2015	$0.210	–	2,000,000	–	–	2,000,000
			69,217,517	**4,000,000**	**(1,450)**	**(31,716,067)**	**41,500,000**

Notes:

1 On 15 June 2012 the Company issued 2,000,000 options to Directors in accordance with the Company's ESOP @ $0.175 cents expiring 15 June 2015.

2 On 15 June 2012 the Company issued 2,000,000 options to Directors in accordance with the Company's ESOP @ $0.210 cents expiring 15 June 2015.

EXPIRY DATE		EXERCISE PRICE $	OUTSTANDING AT 31 DECEMBER 2010	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	OUTSTANDING AT 31 DECEMBER 2011
31 December 2011							
Listed							
4 December 2007	4 December 2012	$0.25	26,217,517	–	–	–	26,217,517
4 December 2009	4 December 2012	$0.25	1,000,000	–	–	–	1,000,000
Unlisted							
24 September 2010	31 July 2012	$0.30	4,500,000	–	–	–	4,500,000
6 December 2010	6 December 2013	$0.44	14,250,000	–	–	–	14,250,000
6 December 2010	6 December 2013	$0.525	14,250,000	–	–	–	14,250,000
6 December 2010	6 December 2013	$0.44	2,000,000	–	–	–	2,000,000
6 December 2010	6 December 2013	$0.525	2,000,000	–	–	–	2,000,000
5 December 2011	5 December 2014	$0.215	–	2,500,000	–	–	2,500,000
5 December 2011	5 December 2014	$0.260	–	2,500,000	–	–	2,500,000
			64,217,517	**5,000,000**	**–**	**–**	**69,217,517**

The options have been included in employee and director's benefits expense in the statement of comprehensive income. The options have been valued using the Binomial method, a share price of $0.115 (based on the Company's share price as at 14 June 2012), interest rate of 2.32%, 80% volatility, the life is 3 years which may not eventuate) and assuming the option are tradeable. The options are not transferrable, the expiry date is contingent on a number of terms and conditions set out in the Employee Share Option Plan and the holder will only realise a benefit through exercise of the options.

Included under employee and directors' benefit expense in Note 3 is $185,840 (Dec 2011: $203,585). The exercise prices of the options are either $0.215 or $0.260.

	CONSOLIDATED	
	31 DECEMBER 2012 $	31 DECEMBER 2011 $

NOTE 20: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

	31 DECEMBER 2012 $	31 DECEMBER 2011 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable (minimum lease payments)		
– not later than 12 months	252,870	240,165
– between 12 months and 5 years	22,881	229,155
– greater than 5 years	–	–
	275,751	**469,320**

The Group has non-cancellable leases over six premises in Australia, Chile and Peru with terms ranging from 1 to 15 months. Rent is payable monthly in advance.

b. Exploration Tenement Licence Commitments

	31 DECEMBER 2012 $	31 DECEMBER 2011 $
Mining and exploration licence fees for tenements held by the Group but not yet capitalised in the financial statements		
Payable (minimum licence payments)		
– not later than 12 months	**378,877**	**426,422**

NOTE 21: COMMITMENTS AND CONTINGENT LIABILITIES

The holder of land titles in respect of the Mollacas Project, Agrícola Bauzá Ltda has filed various actions against Hampton Chile with respect to access and environmental matters. All claims made by Agrícola Bauzá Ltda have been vigorously defended by Hampton Chile and the Chilean judiciary have ruled in favour of Hampton Chile in respect of all matters heard by the judiciary to date.

NOTE 22: REPORTING SEGMENTS

The Company's primary activity is mineral exploration in the geographic area of South America. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily for the sole purpose of mineral exploration.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual and half yearly financial statements of the Group.

b. Inter-segment transactions

There are no inter segment transactions.

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. *Segment liabilities*

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e. *Non-core reconciling items*

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities

	MINERAL EXPLORATION		UNALLOCATED		TOTAL	
	31 DECEMBER 2012 $	31 DECEMBER 2011 $	31 DECEMBER 2012 $	31 DECEMBER 2011 $	31 DECEMBER 2012 $	31 DECEMBER 2011 $
i. Segment performance						
Other income	12,699	785	324,289	350,124	336,988	350,909
Total segment revenue	12,699	785	324,289	350,124	336,988	350,909
Total group revenue	12,699	785	324,289	350,124	**336,988**	**350,909**
Segment loss before tax	6,239,874	2,257,250	5,673,024	6,520,056	11,912,898	8,777,306
Loss before tax from continuing operations	6,239,874	2,257,250	5,673,024	6,520,056	**11,912,898**	**8,777,306**
Depreciation and amortisation expense included in segment result	141,888	112,670	121,836	36,265	**263,724**	**148,935**
ii. Segment assets						
Segment assets	219,484,970	196,083,034	15,175,143	44,367,177	234,660,113	240,450,211
Segment asset increases for the period						
– capital expenditure	32,651,021	21,951,379	53,506	19,897	32,704,527	21,971,276
– acquisitions	–	80,512,559	–	–	–	80,512,559
	32,651,021	**102,463,938**	**53,506**	**19,897**	**32,704,527**	**102,483,835**
Included in segment assets are:						
– Equity accounted associates and joint ventures	2,891,734	2,947,726	–	–	2,891,734	2,947,726
iii. Segment liabilities						
Segment liabilities	1,160,123	3,374,730	440,021	1,009,899	1,600,144	4,384,629
Reconciliation of segment liabilities to group liabilities						
Total group liabilities	**1,160,123**	**3,374,730**	**440,021**	**1,009,899**	**1,600,144**	**4,384,629**

NOTE 22: REPORTING SEGMENTS continued

iv. Other income by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

	31 DECEMBER2012	31 DECEMBER 2011
	$	$
Australia	324,289	350,124
South America	12,699	785
Total revenue	**336,988**	**350,909**

v. Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

Australia	15,175,143	44,367,177
South America	219,484,970	196,083,034
Total assets	**234,660,113**	**240,450,211**

	CONSOLIDATED	
	31 DECEMBER2012	31 DECEMBER 2011
	$	$

NOTE 23: NOTES TO THE STATEMENT OF CASH FLOWS

a. Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	14,484,097	44,030,949
	14,484,097	**44,030,949**

b. Reconciliation of loss from ordinary activities after Income Tax to net cash used in operating activities

Loss from ordinary activities after income tax	(11,912,898)	(8,777,306)
Add/(less) non-cash items:		
Depreciation and amortisation	263,724	148,935
Fair value loss on convertible notes	–	66,649
Exchange loss/(gains)	654,452	(317,596)
Fair value of receivables loss/(gain)	233,382	1,029,297
Impairment of exploration properties	4,540,887	53,148
Expense on grant of options	185,840	203,585
Finance costs	–	528,908
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities during the financial year:		
(Increase) in receivables	(72,867)	(110,453)
(Increase)/decrease in prepayments	(38,771)	182,076
Increase/(decrease) in payables	(156,620)	614,845
Increase in provisions	128,589	143,423
Net cash used in operating activities	**(6,174,282)**	**(6,234,489)**

	CONSOLIDATED	
	31 DECEMBER 2012	31 DECEMBER 2011
	$	$
c. Acquisition of Entities		
During the year ended 31 December 2011 the Company increased its interest in SCM Ovalle from 50% to 100% ownership and paid stamp duty with respect to the purchase of Hampton Mining Limited completed in 2010. Details of this transaction are:		
Purchase consideration for SCM Ovalle		
– Cash consideration	–	9,414,800
– Ordinary shares	–	24,510,523
Total consideration	–	33,925,323
Purchase consideration for Hampton Mining Limited		
– Cash consideration	–	729,561
– Ordinary shares	–	–
Total consideration	–	729,561
Cash consideration	–	10,144,361
Cash outflow	–	**9,414,800**
Assets and liabilities held at acquisition date:		
Exploration	–	33,925,323

d. Financing and Investing Activities

Share issue

During the full year ended 31 December 2012, 73,864,286 ordinary fully paid shares were issued at an average price of $0.140 by way of private placement to sophisticated and professional investors.

The Company also issued 1,211,141 new ordinary shares pursuant to the Rights Issue which closed 3 January 2012. The Rights Issue was undersubscribed by 67,349,599 Shares (Shortfall Shares).

On 04 December 2012 the Company issued 1,450 shares pursuant to the exercise of 1,450 listed options expiring on 04 December 2012.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

Matters that have arisen in the interval between the end of the year and the date of this report of a material or unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years are as follows:

- In January 2013, Metminco's cash reserves increased to A$16.5 million (US$17.1 million) when Hampton Peru received A$2 million (US$2.1 million) relating to recovery of VAT paid on Los Calatos expenditure incurred between 01 January 2012 and 30 June 2012.
- On 4 March 2013 Metminco announced the results of the Study on the Los Calatos copper project. The Preferred Mining Scenario comprises an open pit for 7 years at a strip ratio of 2.2:1 followed by an underground block cave mining operation for the remainder of the a 31-year LoM with total material treated over the LoM being 656 million tonnes at 0.45% Cu and 0.026% Mo (0.56% CuEq), cash operating costs net of credits of US$1.09/lb and an initial pre-production capital expenditure of U$1.5 billion including initial underground development.

Other than the matters noted above, no other matters have arisen in the interval between the end of the full year and the date of this report of a material or unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 25: RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors

The names of each person holding the position of Director of Metminco Limited during the full year are:

Antonio Ortúzar, Phillip Wing, William Howe, William Etheridge, Tim Read and Francisco Vergara-Irarrazaval.

Details of Key Management Personnel remuneration are set out in Note 5.

Transactions with related parties:

a. Directors

Apart from the details disclosed in Note 5, no Directors entered into a material contract with the Company or the Consolidated Group since the end of the previous financial year and, there were no material contracts involving Directors' interests existing at year end.

Directors' and Executive Officer's holdings of shares and options

The aggregate interests of Directors and the Executive Officers of the reporting entity and their Director-related entities in shares and share options of entities within the Consolidated Group at year end are set out in the Directors' Report and in Note 5.

b. Subsidiaries

Advances by Metminico are in AUD and are non interest bearing with no fixed repayment terms. Total advances to the subsidiary companies as at 31 December 2012 was $33,286,962 (31 Dec 2011: $25,756,719).

NOTE 26: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, trade and other receivables, trade and other payables and convertible notes.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		CONSOLIDATED	
	NOTE	31 DECEMBER 2012 $	31 DECEMBER 2011 $
Financial assets			
Cash and cash equivalents	8	14,484,097	44,030,949
Trade and other receivables	9	8,131,061	5,917,821
Fair value of equity swap derivative	9	–	109,613
Total financial assets		**22,615,158**	**50,058,383**
Financial liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	16	1,254,750	4,167,824
Total financial liabilities		**1,254,750**	**4,167,824**

Financial Risk Management Policies

The Board of Directors is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the regular monitoring of exposures and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at reporting date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

With the exception of the receivable from the equity swap which is secured (Note 9), the Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to South America given the substantial operations in those regions.

Trade and other receivables are neither past due nor impaired and are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9. No impairment has been applied to trade and other receivables. Derivative instruments are held at fair value and not considered impaired.

With the exception of the receivable from the equity swap which is secured (Note 9), the Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to South America given the substantial operations in those regions.

Trade and other receivables are neither past due nor impaired and are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9. No impairment has been applied to trade and other receivables. Derivative instruments are held at fair value and not considered impaired.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

NOTE 26: FINANCIAL RISK MANAGEMENT continued

Financial Liability and Financial Asset Maturity Analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	31 DEC 2012 $	31 DEC 2011 $	31 DEC 2012 $	31 DEC 2011 $	31 DEC 2012 $	31 DEC 2011 $	31 DEC 2012 $	31 DEC 2011 $
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables (excluding est. annual leave)	1,254,750	4,167,824	–	–	–	–	1,254,750	4,167,824
Total contractual outflows	**1,254,750**	**4,167,824**	**–**	**–**	**–**	**–**	**1,254,750**	**4,167,824**
Total expected outflows	**1,254,750**	**4,167,824**	**–**	**–**	**–**	**–**	**1,254,750**	**4,167,824**
Financial assets – cash flows realisable								
Cash and cash equivalents	14,484,097	44,030,949	–	–	–	–	14,484,097	44,030,949
Trade, term and loans receivables	3,756,276	2,512,029	–	–	–	–	3,756,276	2,512,029
Total anticipated inflows	**18,240,373**	**46,542,978**	**–**	**–**	**–**	**–**	**18,240,373**	**46,542,978**
Net (outflow)/inflow on financial instruments	**16,985,623**	**42,375,154**	**–**	**–**	**–**	**–**	**16,985,623**	**42,375,154**

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Consolidated Group is exposed to interest rate and foreign exchange risk through cash assets held and financial liabilities owed as at the reporting date.

	CONSOLIDATED	
	31 DECEMBER 2012 $	31 DECEMBER 2011 $
Cash assets held in Australian dollars and subject to floating interest rate	2,437,519	6,464,772
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	11,253,865	37,167,874
Australian currency equivalent of cash assets held in UK pounds and subject to floating interest rate	761,094	124,097
Australian currency equivalent of cash assets held in Chilean pesos and subject to floating interest rate	31,619	274,206
Total cash assets	**14,484,097**	**44,030,949**

	CONSOLIDATED			
	31 DECEMBER 2012 $		31 DECEMBER 2011 $	
	INTEREST RECEIVED	WEIGHTED AVERAGE	INTEREST RECEIVED	WEIGHTED AVERAGE
Cash assets held in Australian dollars and subject to floating interest rate	229,177	0.78%	313,291	0.93%
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	97,927	0.33%	37,618	0.11%
Australian currency equivalent of cash assets held in UK pounds and subject to floating interest rate	–	–	–	–
Australian currency equivalent of cash assets held in Chilean pesos and subject to floating interest rate	9,884	0.03%	–	–
Total interest received	**336,988**	**1.14%**	**350,909**	**1.04%**

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Interest Rate Sensitivity Analysis

At 31 December 2012, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Change in profit		
Increase in interest rate by 2%	289,682	880,619
Decrease in interest rate by 2%	(289,682)	(880,619)
Change in equity		
Increase in interest rate by 2%	289,682	880,619
Decrease in interest rate by 2%	(289,682)	(880,619)

Foreign Currency Risk Sensitivity Analysis

At 31 December 2011, the effect on profit and equity as a result of changes in the value of the Australian dollar (AUD) compared to the US dollar (USD), the UK pound (GBP) and the Chilean peso (CLP), with all other variables remaining constant, would be as follows:

Change in profit		
Improvement in AUD to USD by 5%	(561,820)	(1,858,394)
Decline in AUD to USD by 5%	561,820	1,858,394
Change in equity		
Improvement in AUD to USD by 5%	(561,820)	(1,858,394)
Decline in AUD to USD by 5%	561,820	1,858,394
Change in profit		
Improvement in AUD to GBP by 5%	(38,055)	(6,205)
Decline in AUD to GBP by 5%	38,055	6,205
Change in equity		
Improvement in AUD to GBP by 5%	(38,055)	(6,205)
Decline in AUD to GBP by 5%	38,055	6,205
Change in profit		
Improvement in AUD to CLP by 5%	(1,581)	(13,710)
Decline in AUD to CLP by 5%	1,581	13,710
Change in equity		
Improvement in AUD to CLP by 5%	(1,581)	(13,710)
Decline in AUD to CLP by 5%	1,581	13,710

NOTE 26: FINANCIAL RISK MANAGEMENT continued

Net Fair Values

Fair value estimation

Financial assets and financial liabilities are presented at fair value or at amortised cost in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

		31 DECEMBER 2012		31 DECEMBER 201	
	FOOTNOTE	NET CARRYING VALUE $	NET FAIR VALUE $	NET CARRYING VALUE $	NET FAIR VALUE $
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	14,484,097	14,484,097	44,030,949	44,030,949
Trade and other receivables	(i)	8,131,061	8,131,061	5,917,821	5,917,821
Financial assets at fair value	(ii)	–	–	109,613	109,613
Total financial assets		**22,615,158**	**22,615,158**	**50,058,383**	**50,058,383**
Financial liabilities					
Financial liabilities at amortised cost	(i)	1,254,750	1,254,750	4,167,824	4,167,824
Total financial liabilities		**1,254,750**	**1,254,750**	**4,167,824**	**4,167,824**

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) The fair value of term receivables generally approximates carrying value.

d. Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Company only has level 3 categories and the basis for valuation is set out in the notes to the accounts.

NOTE 27: RESERVES

a. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

b. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

c. Acquisition Reserve

The acquistion reserve records items recognised on the subsequent acquisition of the Hampton minority interest.

NOTE 28: PARENT ENTITY INFORMATION

	CONSOLIDATED	
	31 DECEMBER 2012 $	31 DECEMBER 2011 $
Statement of Financial Position		
Current assets	14,428,253	44,059,385
Total assets	288,526,943	284,876,896
Current liabilities	440,021	1,009,897
Total liabilities	440,021	1,009,897
Issued capital	317,607,677	307,900,070
Retained earnings	(32,942,836)	(27,269,812)
Reserves	3,422,081	3,236,241
	288,086,922	**283,866,499**
Statement of Comprehensive Income		
Loss for the year	5,673,025	6,520,058
Total comprehensive loss	**5,673,025**	**6,520,058**

The parent entity has lease commitments of A$125,432. The parent entity has not entered into a deed of cross guarantee nor are there any contigent liabilities at the year end.

NOTE 29: COMPANY DETAILS

Metminco Limited is a company domiciled in Australia and its registered office is located at:

Level 6
122 Walker Street
North Sydney NSW 2060
Australia

The Company's principal office is located at:

Isidora Goyenechea 3162
Oficina 201
Las Condes
Chile.

The Group's principal activities are exploration and development of mineral prospects primarily located in Chile and Peru, South America.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 32 to 67, are in accordance with the *Corporations Act* 2001 and:

    a. comply with Accounting Standards;

    b. give a true and fair view of the financial position as at 31 December 2012 and of the performance for the full year ended on that date of the Consolidated Group; and

    c. comply with International Financial Reporting Standards as discussed in Note 1.

2. the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 31 December 2012

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

William J Howe

Director

Dated this 25th day of March 2013

INDEPENDENT AUDITOR'S REPORT
to the Members of Metminco Limited

GrantThornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

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Independent Auditor's Report
To the Members of Metminco Limited

Report on the financial report

We have audited the accompanying financial report of Metminco Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Metminco Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 27 to 30 of the directors' report for the year ended 31 December 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Metminco Limited for the year ended 31 December 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Partner - Audit & Assurance

Sydney, 25 March 2013

SHAREHOLDER INFORMATION

1. Shareholding

a. Distribution of shareholders

Category	Ordinary		
SIZE OF HOLDING	SECURITIES	%	NUMBER OF HOLDERS
100,001 – and over	1,620,678,700	92.63	882
10,001 – 100,000	111,874,958	6.39	3,089
5,001 – 10,000	9,706,992	0.55	1,187
1,001 – 5,000	6,326,338	0.36	2,406
1 – 1,000	956,035	0.05	2,402
Total	1,749,543,023	100.00	9,966
Unmarketable parcels	22,089,556	1.26	6,427

b. The names of the substantial shareholders listed in the holding company's register as at 10 April 2013 are:

Category	Ordinary
SHAREHOLDER	NUMBER
HSBC Custody Nominees (Australia) Limited	252,176,034
Computershare Clearing Pty Ltd	178,754,831
Highland Holdings Resources Inc.	121,500,000

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d. 20 largest shareholders – Ordinary shares

	NAME	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1	HSBC Custody Nominees (Australia) Limited	252,176,034	14.41
2	Computershare Clearing Pty Ltd	178,754,831	10.22
3.	Highland Holdings Resources Inc.	121,500,000	6.94
4.	Barrick Gold Corporation	75,000,000	4.29
5.	HSBC Custody Nominees (Australia) Limited	63,225,770	3.61
6.	Takoradi Limited	59,596,856	3.41
7.	Citicorp Nominees Pty Limited	59,564,766	3.40
8	National Nominees Limited	52,519,618	3.00
9	Mining Investment Services Pty Ltd	49,200,000	2.81
10	Sentient Executive GP II Limited	39,756,231	2.27
11	J P Morgan Nominees Australia Limited	31,904,234	1.82
12	Mr William Howe & Mrs Nicola Howe	30,866,000	1.76
13.	Tangarry Pty Ltd	29,666,664	1.70
14	RBC Investor Services Australia Nominees Pty Limited	21,430,080	1.22
15	Notesan Pty Limited	19,366,847	1.11
16	Wilnic Pty Ltd	17,869,095	1.02
17	Mining Investment Services Pty Ltd	12,600,000	0.72
18	Mr Maxwell James Green	10,750,000	0.61
19	Mr Maxwell James Green & Mrs Ruth Louise Green	10,600,000	0.61
20.	Chile Copper Mine Pty Ltd	10,266,668	0.59
		1,146,613,694	**65.54**

Percentage holding of twenty largest shareholders is 65.54%
Total ordinary fully paid shares on issue: 1,749,543,023 shares

SHAREHOLDER INFORMATION continued

f. As at 10 April 2013 the Company had on issue:

- 14,250,000 unlisted options (6,000,000 Director Options and 8,250,000 Employee Options) at 44 cents expiring no later than 6 December 2013
- 14,250,000 unlisted options (6,000,000 Director Options and 8,250,000 Employee Options) at 52.5 cents expiring no later than 6 December 2013
- 2,000,000 unlisted options at 44 cents in lieu of cash payment for services expiring 6 December 2013
- 2,000,000 unlisted options at 52.5 cents in lieu of cash payment for services expiring 6 December 2013
- 2,500,000 unlisted options (2,500,000 Employee Options) at 21.5 cents expiring no later than 5 December 2014
- 2,500,000 unlisted options (2,500,000 Employee Options) at 26.0 cents expiring no later than 5 December 2014
- 2,000,000 unlisted options (2,000,000 Director Options) at 17.5 cents expiring 15 June 2015
- 2,000,000 unlisted options (2,000,000 Director Options) at 21.0 cents expiring 15 June 2015
- 250,000 unlisted options (250,000 Employee Options) at 7.5 cents expiring 28 January 2016
- 250,000 unlisted options (250,000 Employee Options) at 8.9 cents expiring 28 January 2016.

2. The name of the company secretary is Mr Philip Killen.

3. The registered office and principal place of business in Australia is:

Level 6
122 Walker Street
North Sydney NSW 2060
Australia
Telephone +61 2 9460 1856, Fax +61 2 9460 1857

4. Registers of securities are held at the following address:

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all member exchanges of the Australian Securities Exchange and AIM Market of the London Stock Exchange.

6. Unquoted Securities

Options over Unissued Shares

A total of 42,000,000 options are on issue. 39,500,000 options are held by 9 holders of ordinary securities. 13,000,000 options are on issue to two directors.

CORPORATE DIRECTORY

Directors
Antonio Vicuña Ortuzar *(Chairman)*
William James Howe *(Managing Director)*
William Stirling Etheridge *(Non Executive Director)*
Dr Phillip John Wing *(Non Executive Director)*
Timothy Philip Read *(Non Executive Director)*
Francisco Vergara-Irarrazaval *(Non Executive Director)*

Company Secretary
Philip Walter Killen

Registered Office
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