ASX ANNOUNCEMENT 23 July 2012

# MOLLACAS COPPER PROJECT: INCREASED MINERAL RESOURCE

## HIGHLIGHTS

- **Final Mineral Resource Estimate completed for the oxide and secondary sulphide zone of 15.5 million tonnes containing 79,111 tonnes Cu and 63,663oz Au**
- **Initial Mineral Resource Estimate completed for the transitional and primary sulphide zone of 18.8 million tonnes containing 52,638 tonnes Cu and 112,745oz Au**
- **Total Mineral Resource Estimate for the project of 34.3 million tonnes containing 131,749 tonnes Cu and 176,408oz Au**

## KEY RESULTS

The Mineral Resource Estimate for the oxide and secondary sulphide zone comprises the following:

- Measured Mineral Resource: 11.2 million tonnes at 0.55% Cu and 0.12g/t Au
- Indicated Mineral Resource: 4.3 million tonnes at 0.41% Cu and 0.14g/t Au

The resource contains 79,111 tonnes of leachable copper and 61,650 tonnes of soluble copper, and is the focus of a planned copper leach project (Copper Leach Project).

A mineral resource has also been estimated for the primary sulphide zone, inclusive of the transitional sulphide zone, which comprises the following:

- Measured Mineral Resource: 8.2 million tonnes at 0.30% Cu and 0.22g/t Au
- Indicated Mineral Resource: 5.1 million tonnes at 0.27% Cu and 0.18g/t Au
- Inferred Mineral Resource: 5.5 million tonnes at 0.26% Cu and 0.15g/t Au

The primary sulphide mineralisation remains open at depth.

The Company's focus remains on advancing the development of the Copper Leach Project. Hence, confirmatory metallurgical column leach testwork continues on those ore types comprising the oxide and secondary sulphide zones in order to optimise the process design for the Copper Leach Project.

With the estimation of an additional primary sulphide and gold resource, the increased resource base is to be evaluated in parallel with the Copper Leach Project to establish comparative financial returns.

William Howe, Managing Director said *"The new resource demonstrates the quality of the Mollacas Project and provides Metminco with optionality in terms of the development of the project."*

## DISCUSSION OF RESULTS

### Resource Modelling

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

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

The Mineral Resource Estimate is reported at a 0.2% Cu cut-off grade, and has been classified in accordance with the JORC Code (2004) for reporting Mineral Resources and Mineral Reserves. Sensitivities of the Mineral Resource Estimates to various Cu cut-off grades are summarised in Appendix 1.

### Mineral Resource Estimate

The Mineral Resource Estimate for the Mollacas Project is reported for the oxide and secondary sulphide zone (Tables 1a and 1b), the primary and transitional sulphide zone (Tables 2a and 2b), and for the project as a whole (Tables 3a and 3b).

Appendix 2 provides a cross-section through the Mollacas Block Model, showing the different mineralised zones, as well as the copper grades.

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

Oxide and Secondary Sulphide Zone (Copper Leach Project)

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

The Measured and Indicated Mineral Resource for the oxide and secondary sulphide zone is 15.5 million tonnes containing 79,111 tonnes of leachable copper and 63,663 ounces gold, as categorised in Tables 1a and 1b below. Of the leachable copper, 61,650 tonnes is soluble (15.5 million tonnes at 0.40% Cu).

It must be noted in Tables 1a and 1b below that CuT represents total leachable copper, whereas Cu_Sol represents total soluble copper.

**Table 1a: Mineral Resource Statement – Oxide and Secondary Sulphide Zone, Mollacas Project, SRK Consulting (Chile) S.A., July 06, 2012**

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

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

**Table 1b: Contained Metal Content by Resource Category – Oxide and Secondary Sulphide Zone**

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

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

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

Primary and Transitional Sulphide Zone

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

The primary and transitional sulphide zone comprises a Measured, Indicated and Inferred Mineral Resource of 18.8 million tonnes containing 52,638 tonnes copper and 112,745 ounces gold, as categorised in Tables 2a and 2b below.

**Table 2a: Mineral Resource Statement – Transitional and Primary Sulphide Zone, Mollacas Project, SRK Consulting (Chile) S.A., July 06, 2012**

| Category | Tonnes | CuT (%) | Au (g/t) |
|---|---|---|---|
| Measured | 8,206,798 | 0.30 | 0.216 |
| Indicated | 5,113,495 | 0.27 | 0.182 |
| **Total Measured and Indicated** | **13,320,293** | **0.29** | **0.203** |
| Inferred | 5,465,646 | 0.26 | 0.147 |

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

**Table 2b: Contained Metal Content by Resource Category – Transitional and Primary Sulphide Zone**

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

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

Mollacas Project

The total mineral resource for the Mollacas Project (oxide, secondary sulphide, transitional sulphide and primary sulphide zones) is 34.3 million tonnes containing 131,749 tonnes copper and 176,408oz gold, as categorised in Tables 3a and 3b below.

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

**Table 3a: Mineral Resource Statement for the Mollacas Project, SRK Consulting (Chile) S.A., July 06, 2012**

| Category | Tonnes | CuT (%) | Au (g/t) |
|---|---|---|---|
| Measured | 19,374,845 | 0.45 | 0.163 |
| Indicated | 9,427,365 | 0.34 | 0.162 |
| **Total Measured and Indicated** | **28,802,210** | **0.41** | **0.163** |
| Inferred | 5,465,646 | 0.26 | 0.147 |

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

**Table 3b: Contained Metal Content by Resource Category – Mollacas Project**

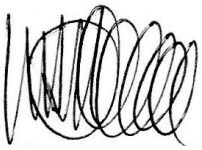
| Category | Tonnes | CuT Tonnes | Gold (oz) |
|---|---|---|---|
| Measured | 19,374,845 | 86,044 | 101,516 |
| Indicated | 9,427,365 | 31,494 | 49,061 |
| **Sub-Total** | **28,802,210** | **117,538** | **150,577** |
| Inferred | 5,465,646 | 14,211 | 25,831 |
| **Total** | **34,267,856** | **131,749**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

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

**FORWARD WORK PROGRAM**

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

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



**William Howe**

**Managing Director**


| For further information contact: | |
|---|---|
| Metminco Limited | Office: +61 (0) 2 9460 1856 |
| William Howe – Managing Director | Mobile: +56 9 9308 7900 |
| Stephen Tainton – GM Investor Relations | Mobile: +61 (0) 477 299 411 |

## Company Background

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

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

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

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

## Competent Persons Statement

### 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 announcement, has consented to the inclusion of the information in the form and context in which it appears herein.

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

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

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

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

# APPENDIX 1

## Mollacas Project: Grade – Tonnage Tables

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

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

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

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

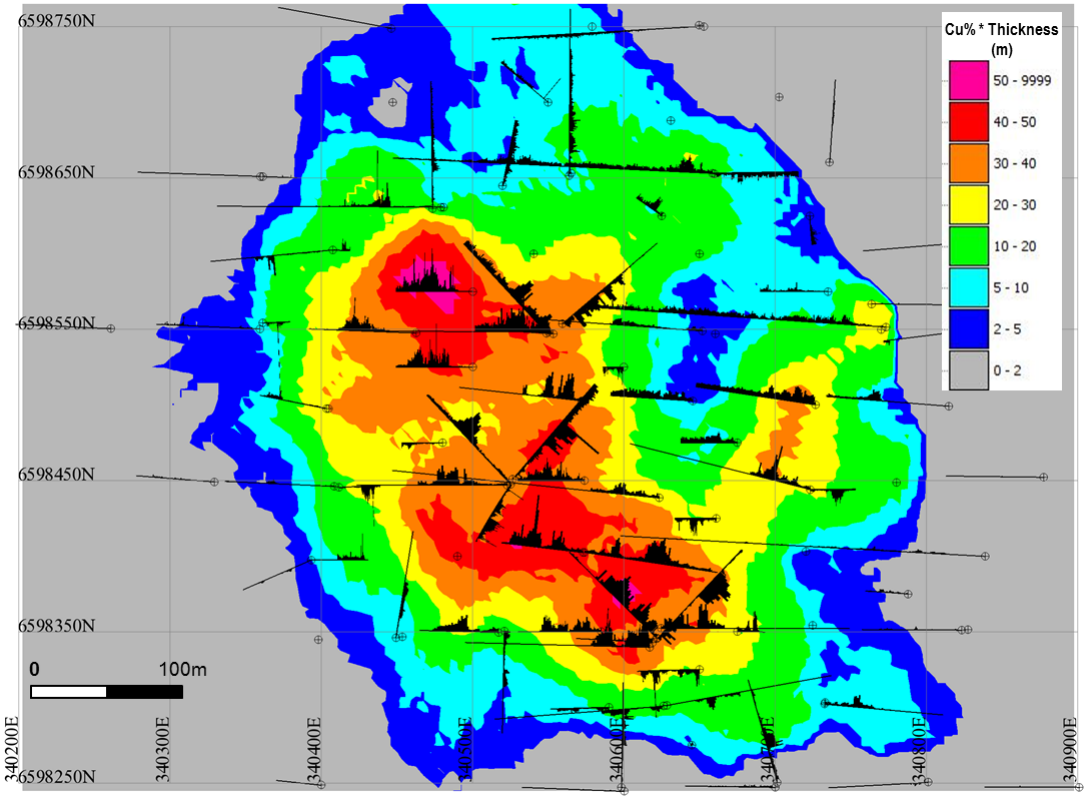
## Sensitivity of Total Mineral Resource to Cu cut-off grade

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

*Note: The table above excludes the low grade Leached Zone*

## APPENDIX 2

### Copper Leach Project: Cu (%) x Thickness (m)




### East-west section showing CuT% (All ore types)