METMINCO LIMITED
REPORT FOR THE SIX MONTH ENDED 31 DECEMBER 2010

ABN 43 119 759 349

CONTENTS

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire six month period ended 31 December 2010.

Board Composition

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

The names of the independent directors are Timothy Read and Francisco Vergara-Irarrazaval.

Due to the stage of development of the Company the majority of the directors are not independent.

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 purchases 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 Consolidated Group 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 honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the code of conduct.

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.

CORPORATE GOVERNANCE STATEMENT continued

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.

Occupational Health and Safety Policy

Metminco will be a model for responsible exploration and mining.

Having excellent local and government relationships and solid health, safety and environmental practices is just as important to a successful mining project as strong technical expertise. Metminco and its subsidiaries have demonstrated their corporate responsibility, proof of which was renewal of the Environmental Impact Declaration permit for their exploration activities earlier this year and a continuing and amicable dialogue with local community groups. Metminco will continue to build on its positive record in Chile and Peru.

Diversity Policy Statement

Metminco's workforce consists of people from diverse backgrounds with a range of skills, values and experiences. 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.

Audit Committee

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

Performance Evaluation

Due to the reporting period being a period of six months as a result of a change in year end of the Company, an annual performance evaluation of the Board and all Board members was not conducted.

Board Roles and Responsibilities

The Board is first and foremost accountable ensuring its actions are in accordance with key corporate governance principles.

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' 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 Chief Executive Officer 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 Group 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, fringe benefits, 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.

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.

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

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.

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 six month period ended 31 December 2010. During the period Metminco changed its financial year end from 30 June to 31 December in order to synchronise the Group's reporting. The comparatives used in the report are for the twelve months ended 30 June 2010.

Directors

The following persons held the office of director at anytime during or since the six month period ended 31 December 2010:

John Fillmore *(resigned 16 March 2011)*	Non Exective Chairman
William J Howe	Managing Director
Timothy Read	Non Executive Director
Francisco Vergara-Irarrazaval	Non Executive Director
Phillip J Wing	Director
William S Etheridge	Director

Antonio Ortuzar was appointed as a Director of the Company and Chairman of the Board on 16 March 2011.

Directors have been in office since the start of the six month period unless otherwise stated.

Company Secretary

Philip Killen was the Company Secretary for the six month period and was 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 six month period were as a diversified mineral explorer focussing on prospects in South America, through its wholly owned subsidiaries Hampton Mining Limited (Hampton) an unlisted Australian public company and North Hill Holdings Group Inc, (North Hill) a company registered in the British Virgin Islands. Hampton and North Hill have 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 six month period was $11,340,398 after providing for income tax (30 June 2010: loss of $7,776,592 for 12 months).

Review of operations

Metminco, through its wholly owned subsidiary Hampton and North Hill, holds equity interests and rights over a number of precious metal projects located in the world-class Andean porphyry province of Chile and Peru. A summary of Metminco's projects is given below, with the two most advanced projects being the Los Calatos copper-molybdenum porphyry deposit in southern Peru and the Mollacas copper leach deposit in Region IV, Chile.

The Company's premier project, Los Calatos, is located near and in a similar geological setting to three large operating copper-molybdenum porphyry mines held by others, namely the Cerro Verde, Cuajone and Toquepala mines (Figure 1). JORC compliant resources have been estimated at Los Calatos at a 0.2% copper cut-off grade, of 926 million tonnes, comprising Indicated Resources of 111 million tonnes at 0.39% copper and 380 ppm (0.038%) molybdenum and Inferred Resources of 815 million tonnes at 0.37% copper and 260 ppm (0.026%) molybdenum.

A 50,000 metre diamond drilling program commenced in December 2010 which has been designed to further test the Los Calatos porphyry system.

Metminco's other advanced projects are the Mollacas copper leach project, currently at the pre-feasibility study stage, and the Vallecillo gold-zinc project which are both located approximately 500 km north of Santiago, Chile.

Figure 1: Metminco projects in Chile and Peru

Note: Shows major known copper deposits. Tonnages and grades shown are for estimated resources before any extraction, but taking account of any resource additions subsequent to start of any operations

LOS CALATOS

The Los Calatos Project is located in southern Peru, approximately 80 kilometres due southeast of the important regional city of Arequipa, and approximately 60 kilometres northwest of the town of Moquegua. Tacna, near the Chile border, is approximately 170 kilometres to the south east of the project. The project is included within 26 granted exploration licences covering 214 square kilometres (Figure 2), and is accessed by sealed road (Pan American Highway) from Moquegua and Arequipa, except for the last 50 kilometres which is unsealed. The port of Ilo is located approximately 160 kilometres by road to the south of the project area. The project area is located at an altitude of approximately 2,900 metres above sea level.

The project occurs within a historically well defined copper-molybdenum porphyry belt in southern Peru. Production from mines in this region exceeded 600,000 tonnes of copper metal in 2009. With the proposed upgrade to the Toquepala and Cerro Verde mines and the development of the Tia Maria and Quellaveco mines, production from this belt is anticipated to increase to more than 1.2 million tonnes of copper metal per annum. Molybdenum is a significant byproduct of copper mining from this belt (refer figure 3).

Metminco commenced a 50,000 metre diamond drilling program in December 2010 which is designed to test the Los Calatos porphyry system.

In late 2010 Metminco commissioned a comprehensive program of ground geophysical surveys across the large Los Calatos Cu-Mo porphyry system. The program was undertaken by an independent contractor, Quantec, and surveyed magnetic and electrical properties.

Surveying, analysis and interpretation of the resistivity and chargeability features will give a detailed subsurface 3D understanding of the alteration, structural and lithological features at Los Calatos. These features will be integrated with the results of various surface sampling and drilling programs conducted over Los Calatos to date, and are expected to provide an important guide to the occurrence of potential additional mineralisation across the system.

In July 2010, Hampton announced a JORC compliant Mineral Resource estimate, as follows:

Total combined resources of 926,234,000 tonnes reported at a cut-off grade of 0.2% Cu comprising:
- Indicated Resources 111,264,000 tonnes at 0.39% Cu and 380 ppm (0.038%) Mo
- Inferred Resources 814,970,000 tonnes at 0.37% Cu and 260 ppm (0.026%) Mo

Resources estimated across a range of copper cut-off grades are tabulated as follows:

CUT-OFF GRADE	INDICATED RESOURCES			INFERRED RESOURCES		
%	t ('000)	Cu %	Mo %	t ('000)	Cu %	Mo %
0.40	36,975	0.59	0.62	296,699	0.55	0.034
0.35	49,036	0.54	0.055	365,562	0.52	0.034
0.30	64,108	0.49	0.049	463,465	0.47	0.032
0.25	86,325	0.43	0.044	594,390	0.43	0.030
0.20	111,264	0.39	0.038	814,970	0.37	0.026
0.15	136,269	0.35	0.034	1,049,445	0.33	0.022

At the 0.2% copper cutoff grade, the drilling to date defines a mineralised porphyry body with a drill tested strike length of 900 metres, a maximum drill tested width of 500 metres, and a drill tested vertical depth of 1100 metres. The cutoff grade of 0.2% copper is broadly consistent with a development concept of large-scale open pit mining.

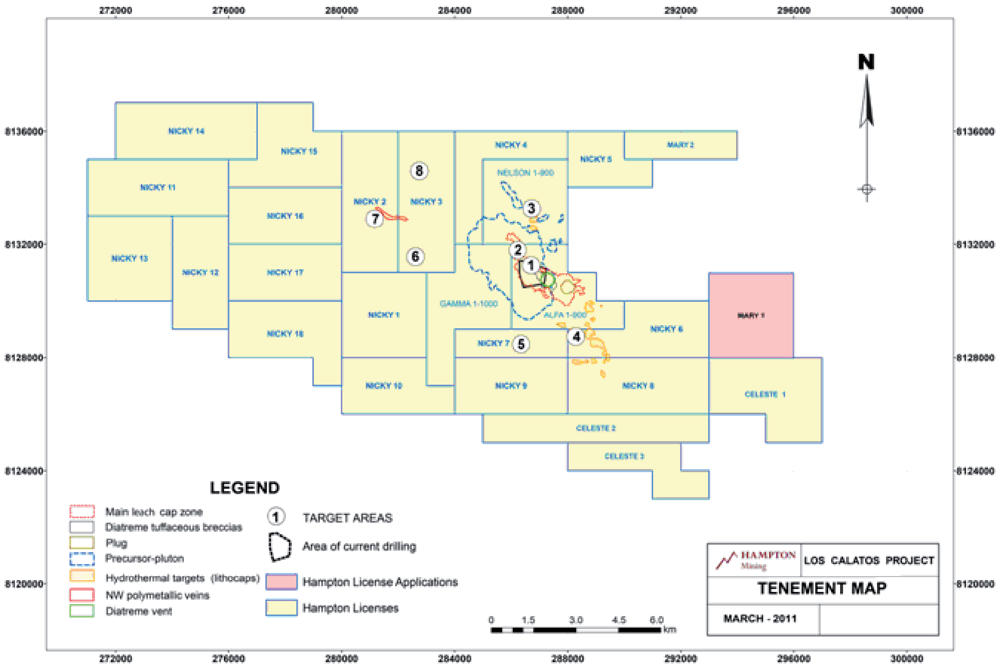

Figure 2: Plan of the Los Calatos copper-molybdenum project showing the Metminco licences, geological and geochemical anomalism

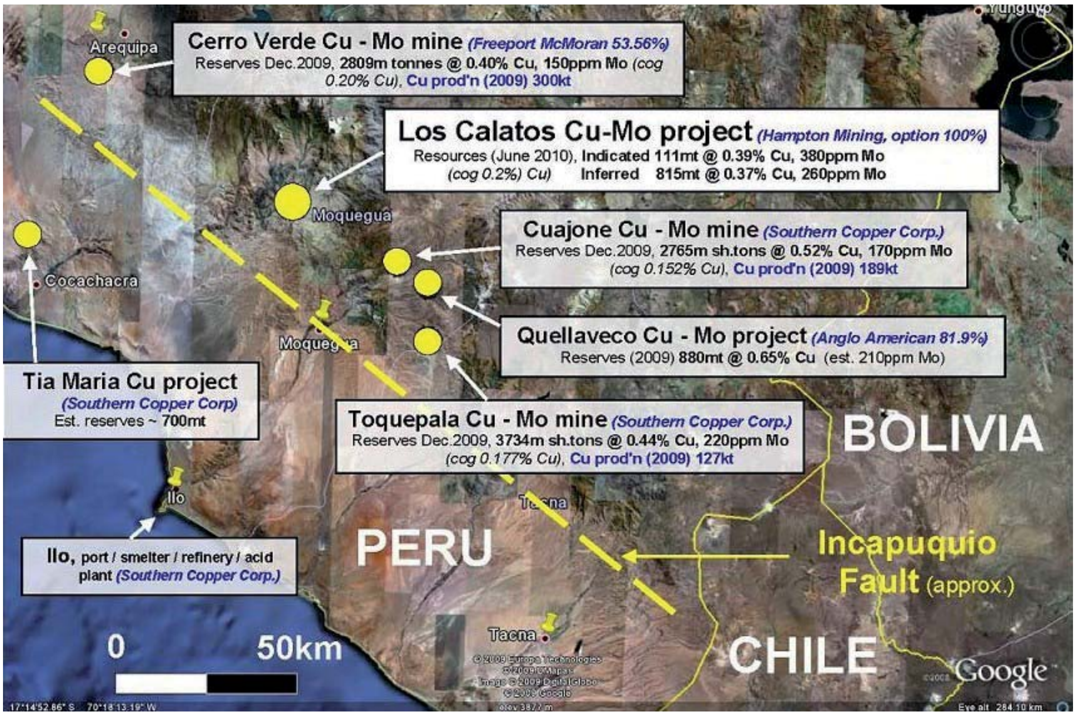

Figure 3: Los Calatos copper-molybdenum project – location near other porphyry deposits, far south Peru

LOS CALATOS continued

Extensive regional scale mapping and geochemical traverse sampling have been undertaken by Hampton over the last two and half years, covering a large part of the extensive licences. This work has identified eight significant surface alteration and geochemical anomalous zones which collectively fall within a porphyry ´cluster´ (Figure 2). These anomalies, along with the main zone at Los Calatos have recently been geophysically surveyed and now require follow-up modelling and analysis ahead of being drill tested. The geochemically anomalous areas occur as 'windows' beneath overlying unmineralised volcanics and recent volcanic ash (Figure 4).

Preliminary flotation testwork undertaken in 2009 on composite samples from drill core have been previously reported by the Company. The test results (predicted results from each of the locked cycle tests) are shown in the following table:

CONCENTRATE GRADES		CONCENTRATE RECOVERIES	
Cu %	Mo %	Cu %	Mo %
25.0	3.1	87.5	79.1

Further metallurgical testwork is warranted to optimise copper recoveries and copper concentrate grade by conventional flotation, and to test flotation and seperation of the molybdenum from the copper/ molybdenum concentrate. Gold and silver are also likely to contribute as credits to any revenue stream from mining and concentrating operations at Los Calatos. The grades of eight concentrate samples are shown in the table below:

		CONCENTRATE GRADE OF 8 SAMPLES	
Element	Unit	Average	Range
Ag	g/t	42	12 - 91
Au	g/t	1.15	0.7 - 1.8
Cu	%	24.93	21.4 - 30.5
Mo	%	3.08	0.62 - 5.94

Figure 4: Los Calatos copper-molybdenum project – view southeast across drilled area

MOLLACAS

The Mollacas Project, 50% owned by Metminco, covers an area of 33 square kilometres and is located in Region IV Chile, approximately 65 kilometres east of the town of Ovalle. The Mollacas Project is 160 kilometres by road from the important port of La Serena, and approximately 450 kilometres north of Santiago. Metminco holds its 50% interest in the project through its wholly owned subsidiary Minera Hampton Chile Limitada (Minera Hampton), with the balance beneficially held by Chilean corporation MN Ingenerios Limitada.

The Mollacas Project is located along a north south trending volcanic sequence, which has been subsequently intruded by sub-volcanic porphyritic rocks. The deposit occurs within an alteration zone approximately 800 x 600 metres in size. Copper mineralisation is developed as an oxide and supergene "blanket" above the primary porphyry mineralisation.

Initial drilling of 10 reverse circulation and 46 diamond core drill holes (Figure 7) generated JORC compliant Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Resources of 9.8 million tonnes @ 0.52% copper, for total copper resources of 17.0 million tonnes. A Scoping Study undertaken by SRK Consulting, Chile, in 2008 estimated that current resources at Mollacas could be mined over a 7 year mine life producing approximately 13,500 tonnes per annum cathode at a unit operating cost of approximately US$0.91 per pound. At copper prices of US$2.50/pound the Net Present Value of the project is estimated as US$103 million at a Discount Rate of 8% with an Internal Rate of Return 70%.

In November 2008, Hampton completed a 3,970 metre infill drilling program, providing material for detailed leach testing. Detailed column leach testwork on oxide and supergene ores for the Mollacas deposit, undertaken by CIMM laboratories in Santiago, was completed late October 2010. Analysis of the leach results is currently being completed.

This will provide information for leaching and solvent extraction/electrowinning design as part of a final feasibility study, and will refine copper recoveries and provide more accurate estimates of operating and capital costs.

Figure 7: Mollacas copper leach SXEW project: Google Earth image showing drilled deposit and valley to west, proposed site for leach pads and plant

VALLECILLO

The Vallecillo Project, owned variably between 50% and 100% by Metminco, covers an area of 179 square kilometres (including recent applications), and is located approximately 50 kilometres northeast of Ovalle and some 25 kilometres north of the Mollacas Project. The Vallecillo Project contains porphyry and porphyry related base and precious metal mineralisation. JORC compliant resources have been defined for gold-zinc breccia mineralisation within the La Colorada deposit. As with Mollacas, Minera Hampton has a 50% interest in the project, with the balance beneficially held by MN Ingenerios Limitada.

SRK Consulting (Chile) completed a revised resource estimation for the La Colorada gold-zinc-silver-lead (Au-Zn-Ag-Pb) deposit at Vallecillo in late 2009 based on two campaigns of drilling by Hampton (in 2006 and 2008) for a total of 29 holes totalling 8,490 metres. At a cut-off grade of 0.3 g/t gold, total JORC compliant resources (2008) are estimated as 10.1 million tonnes and can be broken down into;

- Indicated Resources: 7.9 million tonnes @ 1.14 g/t Au; 11.4 g/t Ag; 1.32% Zn; 0.29% Pb
- Inferred Resources: 2.2 million tonnes @ 0.78 g/t Au; 8.2 g/t Ag; 0.58% Zn; 0.26% Pb

Contained metal equivalent increased by approximately 40% over the previous resource estimate undetaken in 2006.

Preliminary metallurgical testwork for the La Colorada deposit, completed in early 2010, indicates a gold recovery on site of approximately 93% into Dore bullion, via gravity and leaching of zinc concentrates, and recovery of greater than 90% zinc into a zinc concentrate averaging approximately 54% zinc.

The Company has recently increased its licence area in the Vallecillo area through further exploration licence applications following up on regional exploration undertaken by the Company.

Detailed surface mapping and grid geochemical sampling of Vallecillo during 2009 and 2010 has identified seven exploration targets: four targets (V-1 to V-4) are polymetallic (Au/Pb/Zn/Ag), two targets (V-5 and V-6) are Au-Cu porphyry (Figure 5) and one target (V-7) is Au. Three targets (V-2 to V-4) are possible extensions to the La Colorada gold-zinc breccia deposit (V-1), where Metminco has delineated JORC resources (Figure 6).

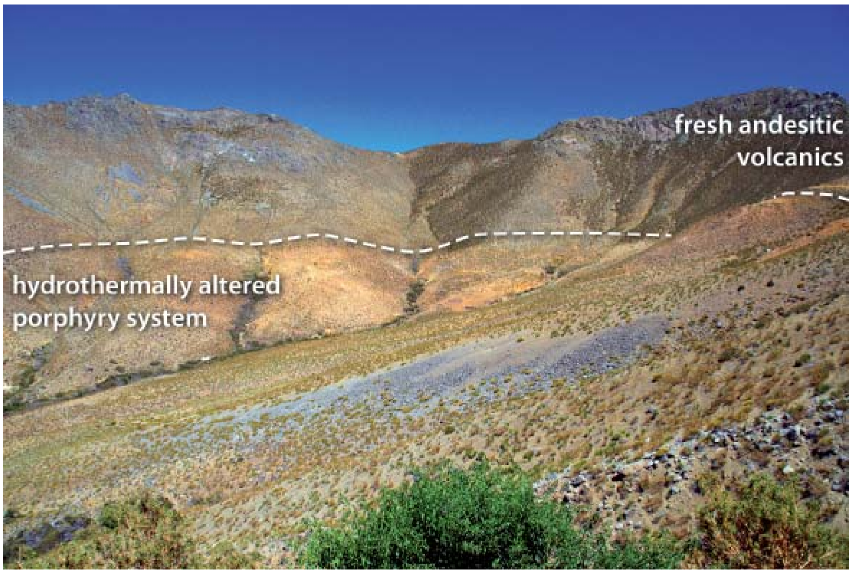

Figure 5:
Vallecillo project: view northwest across the undrilled copper-gold porphyry target

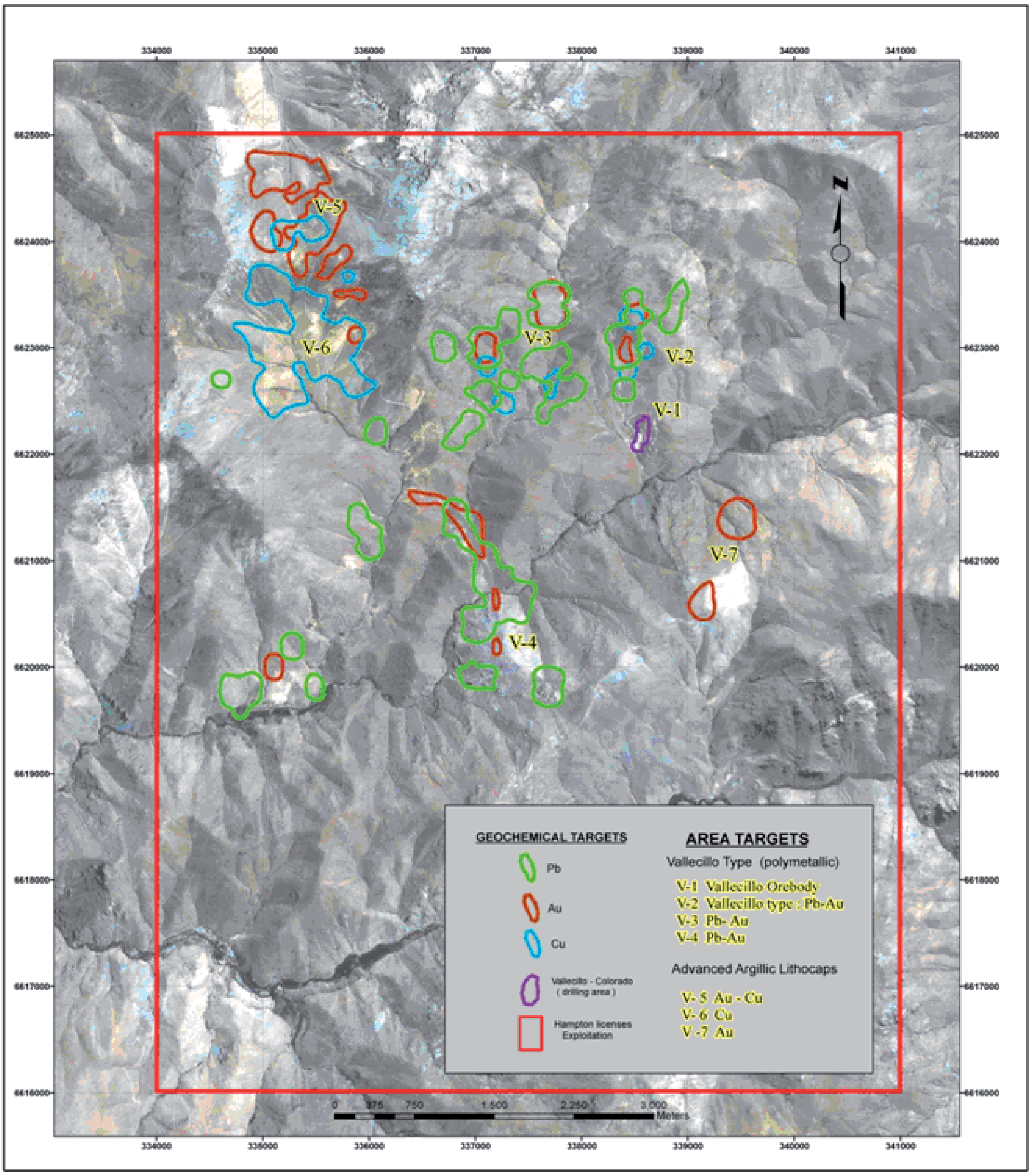

Figure 6: Vallecillo project: Plan showing granted and application leases and current exploration targets (Pb/Au/Cu) overlain on IKONOS satellite image.

CAMARON

The Camaron Project covers an area of approximately 130 square kilometres and is located at an elevation of 1500 metres above sea level to the north of the Vallecillo Project, some 20 kilometres south of the town of Vicuna and 60 kilometres to the east of the port of La Serena.

Minera Hampton holds 100 square kilometres of tenements in its own right and has an option to purchase 100% of the remaining 30 square kilometres of tenements.

Camaron is a large anomalous untested low-sulphidation gold mineralised system that may be related to a porphyry hydrothermal system.

Broad spaced grid geochemical mapping and sampling completed in late 2009 returned significant copper, gold and molybdenum values and identified a number of drill targets (Figure 8). Three main areas have been selected for a maiden drilling program and an initial reverse circulation drilling program is anticipated to commence during 2011.

Exploration results to date suggest that the Camaron Project presents a large intensely leached gold-copper porphyry complex, known to also be anomalous in molybdenum at surface. The surface expression of this large alteration system (argillic/chloritic/silicification) covers an area of approximately 10 kilometres x 6 kilometres and is oriented northwest-southeast.

Geological surveying and geochemical analysis suggests the gold anomalies are associated with low sulphidation 'Hot Springs' type gold mineralisation.

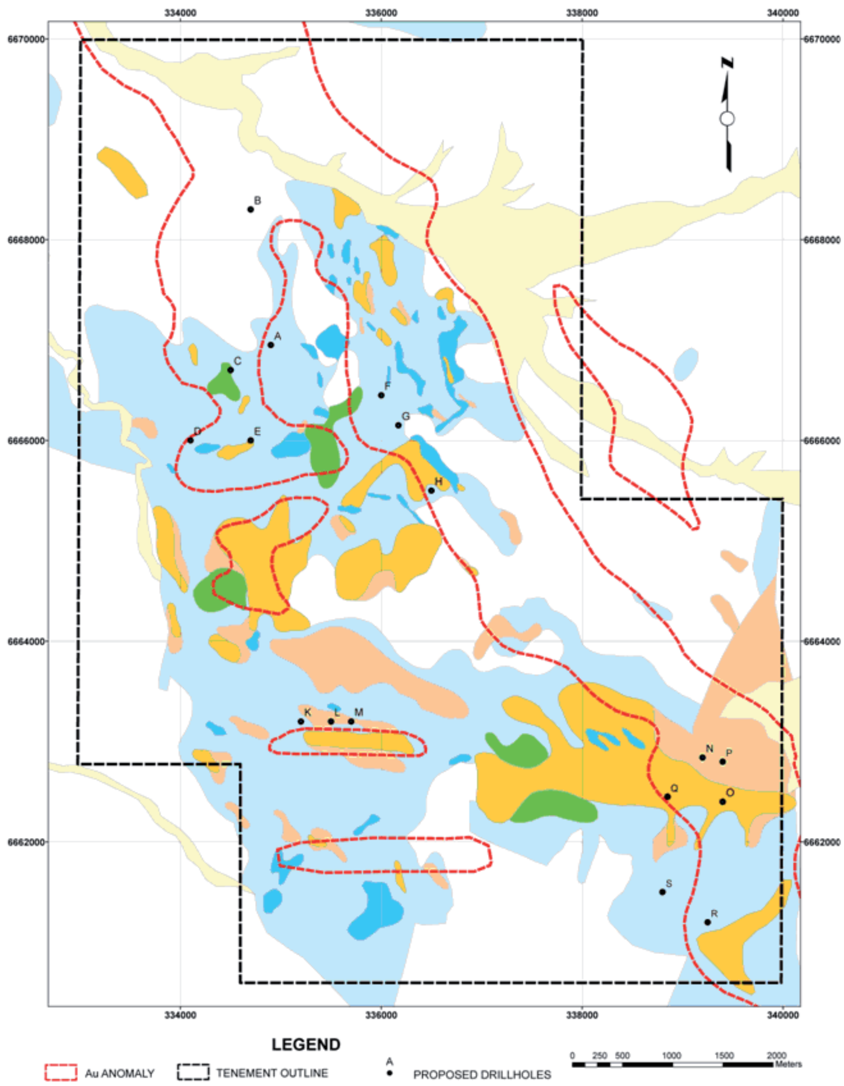

Figure 8: Camaron gold project: large low sulphidation epithermal gold system (note: anomalous Au occurs within the areas outlined by dashed red lines)

ISIDRO

The Isidro Project, which is located immediately north and east of Vicuna and hence north of the Camaron Project, covers an area of approximately 250 square kilometres: 230 square kilometres of which are 100% owned by Minera Hampton; and the remaining 20 square kilometres is held by SCM San Lorenzo which is 50% owned by Minera Hampton.

Isidro has been interpreted to be a large copper-gold (Cu-Au) stacked manto system, and is as yet untested by drilling. Surface geochemical sampling by Minera Hampton has indicated extensive strong Cu-Au anomalism.

Future exploration will comprise prospect scale mapping, as well as broader reconnaissance mapping, assisted by satellite imagery and broad scale geochemical sampling, leading to further definition of drilling targets. A maiden drilling program is scheduled to commence in 2011.

LOICA

The Loica Project, 50% owned by Metminco, covers an area of 35 square kilometres and is located approximately 100 kilometres south east of Ovalle. It comprises a large copper-molybdenum porphyry system, approximately 4 kilometres long, and is oriented north-south. Minera Hampton drilling of the upper part of the Loica system in 2007 intersected significant widths of low grade Cu-Mo mineralisation.

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

OTHER AREAS

The identification of new areas in the north of Chile has commenced with applications placed for Caldera (42 square kilometres) in the Arica area, and Jaspe (14 square kilometres) in the Antofagasta area.

RESOURCE INVENTORY

MINERAL RESOURCE ESTIMATES AS AT 31 DECEMBER 2010

PROJECT	CATEGORY	RESOURCE	GRADE		CONTAINED TONNES COPPER EQUIVALENT METAL	
			COPPER	MOLYBDENUM		
		million tonnes	%	%	million tonnes	million pounds
LOS CALATOS [1]	INDICATED	111.26	0.39	0.038	0.65	1,422.71
	INFERRED	814.97	0.37	0.026	4.07	8,983.50
MOLLACAS [2]	INDICATED	7.21	0.56		0.04	89.05
	INFERRED	9.83	0.52		0.05	112.68

PROJECT	CATEGORY	RESOURCE	GRADE			
			GOLD	SILVER	ZINC	LEAD
		million tonnes	grams/tonne	grams/tonne	%	%
VALLECILLO [3]	INDICATED	7.89	1.14	11.39	1.32	0.29
	INFERRED	2.21	0.78	8.16	0.58	0.26

NOTES:
1 Reported at a 0.2% copper cutoff
2 Reported at a 0.2% copper cutoff
3 Reported at a 0.3 grams per tonne gold cutoff

Competency Statements

The estimate of the Resources for the Los Calatos Project as presented in this statement, has been carried out in accordance with the guidelines of the 'Australian Code for Reporting of Mineral Resources and Ore Reserves' committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Mineral Council of Australia, 2004. Information was collated and interpreted by C. Sinclair and resource block modelling undertaken by SRK Consulting, Chile. C. Sinclair reviewed and validated the information provided by Hampton and the work undertaken by SRK Consulting, Chile. C. Sinclair is a full time employee of Minera Hampton Chile Limitada, a wholly owned subsidiary of Hampton Mining Limited, and estimated the resources based on the block modelling undertaken by SRK Consulting, Chile. Mr. Sinclair has sufficient experience (over 30 years) which is relevant to the style of mineralization and 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 Australian Code for Reporting Mineral Resources and Ore Reserves. Mr. Sinclair is a Member of the AusIMM and has over 40 years' experience. Mr. Sinclair is signing off as the competent person for this statement, and consents to the inclusion in the report based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for the Mollacas Project is based on information compiled and reviewed by George G. Even, Principal Geologist of SRK Consulting, Chile (SRK), in Santiago, who is a member of the AusIMM (overseas branch). Mr. Even has sufficient experience which is relevant to the style of mineralisation and 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, Mineral Resources and Ore Reserves'. Mr. Even consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr. Ernesto Jaramillo, Senior Resource Geologist of SRK Consulting, Chile, performed the updating of the geologic model as well as the estimation and classification of the mineral resources.

The information in this report that relates to Mineral Resources of the Vallecillo gold-zinc deposit 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.

Corporate

On the corporate front, Metminco achieved a number of significant milestones including completion of 100% ownership of Hampton which together with the earlier acquisition of North Hill secured 100% ownership of the Los Calatos Project located in southern Peru. Hampton's portfolio of projects also includes a 50% interest in the Vallecillo, Mollacas and Loica projects located in Chile.

During the six month period ended 31 December 2010, Metminco raised funds of A$35 million to fund advancement of Hampton's projects, complete the acquisition of North Hill and Hampton and for working capital.

On 18 March 2011 Metminco joined the S&P/ASX 300 index which will provide Metminco with the opportunity for stronger institutional investment support and wider investor recognition for the Company's six assets in Chile and Peru.

Metminco completed the acquisition of a 100% interest in Hampton
During the six month period ended 31 December 2010, Metminco increased its ownership of Hampton from 69.4% to 100% by completing the following transactions:

- On 28 July 2010 Metminco increased its ownership of Hampton from 69.4% to 72.6% by acquisition of 5,376,562 fully paid ordinary shares in Hampton from Hampton minorities for consideration of 21,506,248 fully paid ordinary Metminco shares, and accepting its full entitlement in Hampton pro-rata rights offers for consideration of A$1.66 million.
- On 3 December Metminco completed the purchase of 60,970,425 fully paid ordinary Hampton shares (27.3% of Hampton) resulting in Hampton becoming a wholly owned subsidiary of Metminco. Following shareholder approval at the Annual General Meeting on 24 November 2010, 160,000,000 Metminco Shares were issued to Takoradi Limited (Takoradi), 35,000,000 to the Sentient Group, 11,434,076 to Notesan Pty Ltd and 6,400,000 to AJ Holdings Corporation as consideration for the acquisition of the 27.3% interest in Hampton that Metminco did not already own. Takoradi's consideration included a cash component of A$3.35 million, A$175,000 paid on signing the sale agreement with the remaining A$3.175 million paid on settlement.
- Effective 3 December 2010, Mr Rodney Hudspeth and Mr Terry Wilsteed, appointees to the Board of Hampton in accordance with a share subscription agreement between Hampton and Takoradi dated April 2006, resigned from the Hampton Board. Mr Hudspeth's application to the Federal Court to seek leave as a director of Hampton in accordance with section 237 of the *Corporations Act* to pursue legal action on behalf of Hampton has been subsequently dismissed by the Federal Court.

Capital raisings
During the six months year ended 31 December 2010, Metminco raised A$35 million before costs through issue of shares as follows:

- Issue of 9,999,999 shares, raising A$1.5 million and a further 23,333,333 shares to raise A$3.5 million before costs in July 2010.
- Issue of 150 million shares to raise A$30 million before costs in November 2010.
- Issue of 12,500 converted options to raise A$3,125 and a further 100 shares to raise A$100.

Financial Position
The net assets of the Consolidated Group have increased by $28,231,314 from 30 June 2010 to $134,169,609 as at 31 December 2010. This increase is largely due to the following factors:

- Proceeds from share issues raising a total of A$35 million before costs of raising, and
- Acquisition of the remaining minority interest in Hampton.

Managing Director appointed
On 8 December 2010, William Howe was appointed as Managing Director of Metminco. Mr Howe is based in Santiago, Chile. The Company maintains a strong presence through its wholly owned Chilean and Peruvian subsidiaries. Minera Hampton Chile Limitada (Minera Hampton) and Hampton Mining Peru SAC (Hampton Peru).

Hampton, now wholly owned by Metminco, was founded by Mr Howe, who together with a strong exploration team in Chile and Peru, has driven the development of the Company's portfolio of copper and gold projects from the Company's base in Chile.

Investec Bank plc appointed as Broker and Nomad to the AIM market
On 8 December 2010, the Company appointed Investec Bank plc as its Nominated Advisor and Broker to the AIM market.

Early Repayment of US$3.5 million Convertible Notes
On 24 December 2010, the Company completed early repayment of convertible notes totalling US$3.5 million by issue of 30,114,160 Metminco Shares in satisfaction of principal and accrued interest to date of repayment. The Company also paid US$560,000 in early repayment fees.

Change of Financial Year
Pursuant to subsections 323D(3) of the *Corporation Act* 2001 (Cth), Metminco is required to ensure the financial years of its consolidated entities are synchronised with its own financial year. Metminco announced that effective 31 December 2010, the Company will change its financial year from 30 June to 31 December in order to synchronise with the Hampton group of companies. The comparative used in the financial report are for the twelve months ended 30 June 2010.

Significant Changes in State of Affairs
There are no significant changes in the state of affairs during the period other than as disclosed in the Directors' Report.

Dividends paid or recommended
No dividends were paid or declared during the period by the Company. The Directors do not recommend paying an interim dividend for the period ended 31 December 2010.

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

On 16 March 2010, John Fillmore resigned as a Director of the Company after guiding Metminco from its Initial Public Offering in 2007 to a market capitalisation of over A$500 million.

On 16 March 2010, Antonio Ortuzar Vicuña, a Chilean national and resident was appointed a Director and Chairman of the Company. Mr Ortuzar, a lawyer by profession, is a highly respected figure in the global resources sector and has extensive experience and networks in the financial markets in both North and South America as well as in London.

No other events have occurred subsequent to the reporting date which have affected, or which may materially affect, these financial statements.

The Company accepted its full entitlement in accordance with a Hampton pro rata rights offer dated 26 July 2010 and late August 2010 was allotted 3,509,339 fully paid ordinary Hampton shares for a total cost of A$982,615 increasing its interest in Hampton from 71.9% to 72.6%.

Likely future developments

The Group will continue to focus on exploration activities and further advancement of mineralised deposits in Chile and Peru.

Environmental regulations

The Group's operations are subject to significant environmental regulations under the laws of Australia, Chile and Peru. The Directors are not aware of any breaches of the legislation during the half 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

John Fillmore	**Non Executive Chairman** *(resigned 16 March 2011)*
QUALIFICATIONS	LLB, BComm
EXPERIENCE	Appointed Chairman in May 2007. Board member since May 2007. John has practiced as a lawyer continuously since his admission in 1977. In 1985 he established his own firm, J.A. Fillmore & Co. That firm continues under his control today as a boutique legal firm providing advice and services to a range of business enterprises both within and outside Australia. John is Chairman or director of a number of unlisted companies in agriculture, financial services, investment, property and several private companies. John holds a Bachelor of Commerce and Bachelor of Laws degrees from the University of Melbourne and is a fellow of the Tax Institute of Australia.
INTEREST IN SHARES AND OPTIONS	2,220,000 ordinary shares in Metminco Limited and 7,099,999 options to acquire shares.
SPECIAL RESPONSIBILITIES	Member of the audit and remuneration and nomination committees.
Antonio Ortúzar	**Non Executive Chairman** *(appointed 16 March 2011)*
QUALIFICATIONS	University Gabriela Mistral (LLB)
EXPERIENCE	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 Otuzar 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 3,000,000 options to acquire shares.
SPECIAL RESPONSIBILITIES	Member of the remuneration and nomination committees.

Information on Directors continued

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, 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 specializes 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 and Selwyn Mines Limited.

INTEREST IN SHARES AND OPTIONS: 48,264,168 ordinary shares in Metminco Limited.

Phillip Wing — **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.

William Etheridge — **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: 62,400,000 ordinary shares in Metminco Limited.

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 of 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	250,000 ordinary fully paid shares in Metminco Limited and 6,000,000 options to acquire shares.
SPECIAL RESPONSIBILITIES	Chairman of the audit 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 Compaò"a Minera El Indio and Compaò"a Minera San Josè, 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, agriculture, and foreign governments through their embassies in Chile and has acted 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 RESPONSIBILITIES	Member of the audit and remuneration and nomination committees.

Company Secretary

Philip Killen	**Chief Financial Officer/Company Secretary**
QUALIFICATIONS	B.Maths/B.Commerce, CPA
EXPERIENCE	Mr Killen is a finance professional with over 16 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	3,949,836 ordinary shares in Metminco Limited and 4,000,000 options to acquire shares.

DIRECTORS' REPORT continued

Meetings of the Board

The Board of Directors held 7 meetings during the period ended 31 December 2010. Attendances of Directors at these meetings are shown in the table below:

DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND BOARD MEETINGS
John Fillmore	7	7
Phillip Wing	6	7
William Howe	6	6
William Etheridge	6	7
Timothy Read	7	7
Francisco Vergara-Irarrazaval	7	7

Meetings of Board Committees

Directors who are members of board committees held each one meeting during the period ended 31 December 2010. Attendances of Directors at these meetings are shown in the table below:

	AUDIT COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS
John Fillmore	1	1	1	1
Timothy Read	1	1	1	1
Francisco Vergara-Irarrazaval	–	–	1	1

The Board has also resolved to form an occupational health and safety committee; the membership of this committee is currently being considered.

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 $28,447 for the period ended 31 December 2010 (for the year ended 30 June 2010: $6,538).

Indemnification of Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the half 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:

Listed options

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
4 December 2009	4 December 2012	$0.25	1,000,000
4 December 2007	4 December 2012	$0.25	26,217,517
			27,217,517

Unlisted options

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
29 September 2010	31 July 2012	$0.30	4,500,000
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
			37,000,000

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 period 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 period ended 31 December 2010:

	$
Advisory services regarding Employee Share Option Plan	4,500
Chile Tax Review by Grant Thornton Chile	9,756
	14,256

Auditor's Independence Declaration

The lead auditors' independence declaration as required under section 307C of the *Corporations Act* 2001 for the half year ended 31 December 2010 is set out on page 27.

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 half year.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Metminco Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of Metminco Limited 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 in consideration with professional advise from independent external consultants.
- The remuneration and nomination committee reviews key management personnel packages annually by reference to the Company´s performance, executive performance and comparable information from industry sectors.

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 market practice, duties and accountability. Independent external advice is sought when required. 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.

Performance based Remuneration

The Company does not currently have a performance based remuneration scheme for directors. The Company has provided some performance based remuneration to directors for the period. The Company does provide performance based remuneration to certain key executives of the Group.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the half 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 2010 and any change during the year	Contract details (duration and termination)	Proportions of elements of remuneration related to performance: Non-salary cash-based incentives %	Shares/Units %	Options/Rights %	Proportions of elements of remuneration not related to performance: Fixed salary/fees %	Total %
Group Key Management Personnel							
John Fillmore	Chairman	No written contract	–	–	92	8	**100**
William Howe	Managing Director *(appointed 6 December 2010)*	No fixed term	–	–	–	100	**100**
Philip Wing	Non Executive Director	Written contract	–	–	–	100	**100**
William Etheridge	Director	No written contract	–	–	–	100	**100**
Tim Read	Non Executive Director	No written contract	–	–	94	4	**100**
Francisco Vergara-Irarrazaval	Non Executive Director	No written contract	–	–	–	100	**100**
Philip Killen	CFO and Company Secretary	No fixed term	–	–	74	26	**100**
Colin Sinclair	General Manager Exploration	No fixed term	–	–	76	24	**100**
Keith Weston	Exploration Manager Peru	Fixed term	–	–	74	26	**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. 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 remuneration and nomination committee.

Changes in Directors and Executives Subsequent to 31 December 2010

John Fillmore resigned as a Director and Chairman of the Company and Antonio Ortúzar was appointed a Director and Chairman of the Company on 16 March 2011. There were no other changes in Directors or Executives subsequent to 31 December 2010.

REMUNERATION REPORT continued

Remuneration Details for the period to 31 December 2010

The following table of benefits and payments details, in respect to the financial year, 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		CASH-SETTLED SHARE-BASED PAYMENTS	TERMINATION BENEFITS	TOTAL
		SALARY, FEES AND LEAVE $	PROFIT SHARE AND BONUSES $	NON-MONETARY $	OTHER $	PENSION AND SUPER-ANNUATION $	OTHER $	INCENTIVE PLANS $	LSL $	SHARES/ UNITS $	OPTIONS/ RIGHTS $	$	$	$
Group Key Management Personnel														
John Fillmore	Dec 2010	43,000	–	–	–	–	–	–	–	–	505,554	–	–	548,554
	Jun 2010	72,000	–	–	–	–	–	–	–	–	–	–	–	72,000
William Howe	Dec 2010	200,000	–	–	–	–	–	–	–	–	–	–	–	200,000
	Jun 2010	87,500	–	–	–	–	–	–	–	–	–	–	–	87,500
Phillip Wing	Dec 2010	121,250	–	–	–	–	–	–	–	–	–	–	–	121,250
	Jun 2010	372,782	–	–	–	–	–	–	–	–	–	–	–	372,782
William Etheridge	Dec 2010	103,593	–	–	–	9,323	–	–	–	–	–	–	–	112,916
	Jun 2010	145,260	–	–	–	13,073	–	–	–	–	–	–	–	158,333
Tim Read	Dec 2010	40,773	–	–	–	–	–	–	–	–	505,554	–	–	546,327
	Jun 2010	60,766	–	–	–	–	–	–	–	–	–	–	–	60,766
Francisco Vergara-Irarrazaval	Dec 2010	31,251	–	–	–	–	–	–	–	–	–	–	–	31,251
	Jun 2010	12,501	–	–	–	–	–	–	–	–	–	–	–	12,501
Philip Killen	Dec 2010	116,250	–	–	–	–	–	–	–	–	337,036	–	–	453,286
	Jun 2010	99,312	–	–	–	4,438	–	–	–	–	–	–	–	103,750
Colin Sinclair	Dec 2010	132,500	–	–	–	–	–	–	–	–	421,295	–	–	553,795
	Jun 2010	57,500	–	–	–	–	–	–	–	–	–	–	–	57,500
Keith Weston	Dec 2010	87,500	–	–	–	–	–	–	–	–	252,777	–	–	340,277
	Jun 2010	113,750	14,000	–	–	6,417	–	–	–	–	–	–	–	134,167
Shane Turner	Dec 2010	–	–	–	–	–	–	–	–	–	–	–	–	–
	Jun 2010	15,604	–	–	–	1,288	–	–	–	–	53,000	–	–	69,892
Total Key Management Personnel	**Dec 2010**	**876,117**	**–**	**–**	**–**	**9,323**	**–**	**–**	**–**	**–**	**2,022,216**	**–**	**–**	**2,907,656**
	Jun 2010	1,036,975	14,000	–	–	25,216	–	–	–	–	53,000	–	–	1,129,191

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

No cash bonus or share-based payments were paid during the half year.

Options and rights issued, granted and exercised

Following shareholder approval at the Annual General Meeting on 24 November 2010, the Company issued options to directors and key management personnel under terms and conditions set out in the Employee Share Option Plan as follows:

John Fillmore:

- 3,000,000 options exercisable at A$0.44 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.
- 3,000,000 options exercisable at A$0.525 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.

Timothy Read:

- 3,000,000 options exercisable at A$0.44 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.
- 3,000,000 options exercisable at A$0.525 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.

Colin Sinclair:

- 2,500,000 options exercisable at A$0.44 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.
- 2,500,000 options exercisable at A$0.525 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.

Philip Killen:

- 2,000,000 options exercisable at A$0.44 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.
- 2,000,000 options exercisable at A$0.525 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.

Keith Weston:

- 1,500,000 options exercisable at A$0.44 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.
- 1,500,000 options exercisable at A$0.525 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.

Other employees:

- 2,500,000 options exercisable at A$0.44 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.
- 2,500,000 options exercisable at A$0.525 per share no later than 6 December 2013 in accordance with the rules of the Company's Employee Option Plan.

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 based share price of $0.35 (based on the Company's 30 Day Weighted Average Price as at 6 December 2010), interest rate of 4.75%, 70% volatility, the terms of the options and an estimated option life to 31 March 2012 based on the Company's best estimate of the expected exercise patterns, which may not eventuate. The options are not transferrable, the expiry date is contingent on a number of terms and conditions set out the in the Employee Share Option Plan and the holder will only realise a benefit through exercise of the options.

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

Options

Option holders do not have any rights to participate in any issues of shares or other interests in the Company. For details of options issued to directors and executives as remuneration, refer to the 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

31 March 2011
Sydney

AUDITOR'S INDEPENDENCE DECLARATION
to the Directors of Metminco Limited

GrantThornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@grantthornton.com.au
W www.grantthornton.com.au

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 2010, 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
Director – Audit & Assurance

Sydney, 31 March 2011

STATEMENTS OF COMPREHENSIVE INCOME
for the six months ended 31 December 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		6 MONTHS ENDED 31 DECEMBER 2010	12 MONTHS ENDED 30 JUNE 2010	6 MONTHS ENDED 31 DECEMBER 2010	12 MONTHS ENDED 30 JUNE 2010
		$	$	$	$
Revenue					
Other revenue	2	67,695	51,297	66,341	47,469
Gain on consolidation of subsidiary		–	600,062	–	–
Fair value loss on convertible notes		(5,882,403)	(2,185,129)	(5,882,403)	(2,185,129)
Fair value adjustment on equity swap		2,210,160	(96,625)	2,210,160	(96,625)
Realised gain on equity swap		327,868	–	327,868	–
Finance costs		(1,290,843)	(360,810)	(1,290,843)	(360,810)
Foreign exchange gain/(loss)		(334,224)	170,942	(494,727)	(13,436)
Administration expenses		(3,760,239)	(1,324,707)	(2,991,149)	(973,826)
Corporate expenses		(2,571,390)	(2,165,748)	(2,273,960)	(1,918,786)
Occupancy expense		(89,966)	(85,067)	(31,191)	(52,403)
Exploration expenditure impaired		(9,875)	(1,588,013)	249	(1,144,664)
Share of net loss of associates and joint ventures		(7,181)	(793,156)	–	–
Loss before income tax	3	**(11,340,398)**	**(7,776,592)**	**(10,359,655)**	**(6,697,848)**
Income tax expense	4	–	–	–	–
Loss for the year		**(11,340,398)**	**(7,776,592)**	**(10,359,655)**	**(6,697,848)**
Other comprehensive income					
Exchange differences on translating foreign controlled entities		(3,612,522)	1,599,074	–	–
Total comprehensive loss for the year		**(14,952,920)**	**(6,177,518)**	**(10,359,655)**	**(6,697,848)**
Loss attributable to:					
Members of the parent entity		(11,140,906)	(7,508,615)	(10,359,655)	(6,697,848)
Non controlling interests		(199,492)	(267,977)	–	–
		(11,340,398)	**(7,776,592)**	**(10,359,655)**	**(6,697,848)**
Total comprehensive loss attributable to:					
Members of the parent entity		(13,767,291)	(6,398,667)	(10,359,655)	(6,697,848)
Non controlling interests		(1,185,629)	221,149	–	–
		(14,952,920)	**(6,177,518)**	**(10,359,655)**	**(6,697,848)**
Loss per share					
From continuing operations:					
Basic loss per share (cents)	7	(1.25)	(1.70)		
Diluted loss per share	7	(1.25)	(1.70)		

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

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		31 DECEMBER 2010	30 JUNE 2010	31 DECEMBER 2010	30 JUNE 2010
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	8	23,189,432	2,159,428	21,572,370	1,189,206
Trade and other receivables	9	1,999,828	2,317,751	1,851,497	1,999,915
Equity swap derivative	9	1,648,388	–	1,648,388	–
Other assets	10	196,571	215,694	158,537	158,537
Total current assets		**27,034,219**	**4,692,873**	**25,230,792**	**3,347,658**
Non-current assets					
Trade and other receivables	9	3,340,018	4,132,878	951,292	1,864,078
Equity swap derivative	9	465,147	(96,625)	465,147	(96,625)
Financial assets	11	–	–	155,085,360	100,561,933
Investments accounted for using equity method	12	4,160,154	5,053,371	–	–
Property, plant and equipment	15	669,378	820,461	6,084	2,883
Exploration and evaluation expenditure	16	102,297,461	101,608,247	–	–
Total non-current assets		**110,932,158**	**111,518,332**	**156,507,883**	**102,332,269**
TOTAL ASSETS		**137,966,377**	**116,211,205**	**181,738,675**	**105,679,927**
LIABILITIES					
Current liabilities					
Trade and other payables	17	2,021,494	3,350,183	1,249,815	2,756,220
Short term provisions	19	73,382	68,519	2,242	23,036
Total current liabilities		**2,094,876**	**3,418,702**	**1,252,057**	**2,779,256**
Non-current liabilities					
Borrowings	18	1,701,892	6,854,208	1,701,892	6,854,208
Total non-current liabilities		**1,701,892**	**6,854,208**	**1,701,892**	**6,854,208**
TOTAL LIABILITIES		**3,796,768**	**10,272,910**	**2,953,949**	**9,633,464**
NET ASSETS		**134,169,609**	**105,938,295**	**178,784,726**	**96,046,463**
EQUITY					
Issued capital	20	196,501,824	106,133,934	196,501,824	106,133,934
Reserves	29	(39,990,443)	1,412,576	3,032,656	302,628
Accumulated losses		(22,341,772)	(11,200,866)	(20,749,754)	(10,390,099)
Parent interest		134,169,609	96,345,644	178,784,726	96,046,463
Non-controlling interest		–	9,592,651	–	–
TOTAL EQUITY		**134,169,609**	**105,938,295**	**178,784,726**	**96,046,463**

The Net Assets of the Company are in excess of the Consolidated Group due primarily to the acquisition of Hampton minority interests being recorded at carrying value in the Consoldiated Group whereas in the Company the acquistion has been recorded at cost.

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

STATEMENTS OF CHANGES IN EQUITY
for the six months ended 31 December 2010

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACQUISITION RESERVE	NON-CONTROLLING INTERESTS $	TOTAL $
Consolidated Group							
Total equity as at 1 July 2009	**5,399,061**	**(3,692,251)**	**249,628**	**–**	**–**	**–**	**1,956,438**
Loss attributable to members of the parent entity	–	(7,508,615)	–	–	–	–	(7,508,615)
Loss attributable to non-controlling interest	–	–	–	–	–	(267,977)	(267,977)
Other comprehensive income	–	–	–	1,109,948	–	489,126	1,599,074
Total comprehensive loss	–	(7,508,615)	–	1,109,948	–	221,149	(6,177,518)
Recognition of non-controlling interest in Hampton	–	–	–	–	–	9,371,502	9,371,502
Options issued to director	–	–	53,000	–	–	–	53,000
Shares issued during the period	101,901,908	–	–	–	–	–	101,901,908
Transaction costs	(1,167,035)	–	–	–	–	–	(1,167,035)
Balance as at 30 June 2010	**106,133,934**	**(11,200,866)**	**302,628**	**1,109,948**	**–**	**9,592,651**	**105,938,295**
Total equity as at 1 July 2010	**106,133,934**	**(11,200,866)**	**302,628**	**1,109,948**	**–**	**9,592,651**	**105,938,295**
Loss attributable to members of the parent entity	–	(11,140,906)	–	–	–	–	(11,140,906)
Loss attributable to non-controlling interests	–	–	–	–	–	(199,492)	(199,492)
Other comprehensive income	–	–	–	(2,626,385)	–	(986,137)	(3,612,522)
Total comprehensive loss	–	(11,140,906)	–	(2,626,385)	–	(1,185,629)	(14,952,920)
Acquisition of minority interest	–	–	–	–	(41,506,662)	(8,407,022)	(49,913,684)
Options issued to directors and employees and service providers	–	–	2,730,028	–	–	–	2,730,028
Shares issued during the period	92,232,755	–	–	–	–	–	92,232,755
Transaction costs	(1,864,865)	–	–	–	–	–	(1,864,865)
Balance as at 31 December 2010	**196,501,824**	**(22,341,772)**	**3,032,656**	**(1,516,437)**	**(41,506,662)**	**–**	**134,169,609**

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

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACQUISITION RESERVE	NON-CONTROLLING INTERESTS $	TOTAL $
Company							
Total equity as at 1 July 2009	**5,399,061**	**(3,692,251)**	**249,628**	**–**	**–**	**–**	**1,956,438**
Loss attributable to members of the parent entity	–	(6,697,848)	–	–	–	–	(6,697,848)
Total comprehensive loss	–	(6,697,848)	–	–	–	–	(6,697,848)
Shares issued during the period	101,901,908	–	–	–	–	–	101,901,908
Transaction costs	(1,167,035)	–	–	–	–	–	(1,167,035)
Options issued to director	–	–	53,000	–	–	–	53,000
Balance as at 30 June 2010	**106,133,934**	**(10,390,099)**	**302,628**	**–**	**–**	**–**	**96,046,463**
Total equity as at 1 July 2010	**106,133,934**	**(10,390,099)**	**302,628**	**–**	**–**	**–**	**96,046,463**
Loss attributable to members of the parent entity	–	(10,359,655)	–	–	–	–	(10,359,655)
Total comprehensive loss	–	(10,359,655)	–	–	–	–	(10,359,655)
Shares issued during the period	92,232,755	–	–	–	–	–	92,232,755
Transaction costs	(1,864,865)	–	–	–	–	–	(1,864,865)
Options issued to directors and employees and service providers	–	–	2,730,028	–	–	–	2,730,028
Balance as at 31 December 2010	**196,501,824**	**(20,749,754)**	**3,032,656**	**–**	**–**	–	**178,784,726**

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

STATEMENTS OF CASH FLOWS
for the six months ended 31 December 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $
Cash flows from operating activities					
Payments to suppliers and employees		(3,623,291)	(3,146,544)	(2,923,350)	(2,180,445)
Interest received		67,695	50,554	64,341	46,727
Finance costs paid		(560,486)	(173,304)	(558,488)	(173,304)
Net cash used in operating activities	25(b)	**(4,116,082)**	**(3,269,294)**	**(3,417,497)**	**(2,307,022)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(11,160)	(1,298)	(5,158)	(1,298)
Payments for exploration expenditure		(3,388,351)	(1,450,772)	–	(108,701)
Proceeds from sale of assets		–	13,998	–	13,998
Payment for subsidiary net of cash acquired		(5,010,762)	(13,945,118)	(9,560,968)	(17,003,250)
Net cash used in investing activities		**(8,410,273)**	**(15,383,190)**	**(9,566,126)**	**(17,099,251)**
Cash flows from financing activities					
Proceeds from issue of shares		35,003,160	16,067,225	35,003,160	16,067,225
Proceeds in respect to capital raisings		(1,864,865)	4,407,334	(1,864,865)	(4,407,334
Proceeds from borrowing		–	(1,167,035)	(1,167,035)	(1,167,035)
Proceeds from equity swap		1,026,086	156,251	1,062,086	156,251
Proceeds from issue of shares to non-controlling interest		29,068	31,584	–	–
Net cash provided by financing activities		**34,193,449**	**19,495,359**	**34,164,381**	**19,463,775**
Net increase in cash and cash equivalents held		**21,667,094**	**842,875**	**21,180,758**	**57,502**
Cash and cash equivalents at beginning of the period		2,159,428	991,713	1,189,206	991,713
Effect of exchange rates on cash holdings in foreign currencies		(637,090)	324,840	(797,594)	139,991
Cash and cash equivalents at 31 December 2010	25(a)	**23,189,432**	**2,159,428**	**21,572,370**	**1,189,206**

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 for the six month period ended 31 December 2010 ("Consolidated Group" or "Group") and the separate financial statements and notes of Metminco Limited as an individual parent entity ("Parent Entity" or "Company") for the half year ended 31 December 2010.

The Company has applied Australian Securities & Investment Commission class order CO 10/654 in the preparation of the financial statements. CO 10/654 permits entities to continue to include parent entity financial statements in their financial reports. Entities taking advantage of the relief are not required to present the summary parent entity information otherwise required by regulation 2M.3.01.

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.

Pursuant to subsections 323D(3) of the *Corporation Act* 2001 (Cth), Metminco has changed its financial year from 30 June to 31 December to synchronise with its consolidated entities. Therefore comparatives for income and expense and cash flow items represent 12 months as opposed to 6 months.

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 31 March 2011.

a. Going concern basis of accounting

Both the Consolidated Group and the Company have made losses for the half year. Metminco Limited 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 Group will need to raise additional capital to advance its current portfolio of exploration projects and meet ongoing working capital requirements. 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.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Metminco Limited at the end of the reporting period. A controlled entity is any entity over which Metminco Limited 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 half year, the financial performance of those entities are included only for the period of the half year that they were controlled. A list of controlled entities is contained in Note 14 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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 statement of comprehensive income. 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 that does not result in a loss of control 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 statement of comprehensive income.

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.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to 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.

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, plant and equipment 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 the statement of comprehensive income 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	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 the statement of comprehensive income. 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 in the period 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.

There are currently no restoration requirements for the areas of interest held.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

g. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is 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 in the periods in which they are incurred.

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

Finance 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 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.)

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 the profit or loss.

i. Derivative financial instruments

Metminco Limited and controlled entities designate derivatives held as non-effective and all movements are recognised through the statement of comprehensive income.

Equity swap agreement

The equity swap arrangement embedded in the receivable (Note 9) has been designated as a fair value derivative and movements taken through the statement of comprehensive income.

Convertible note option

The conversion option embedded in the convertible notes (Note 18) has been treated as an embedded derivative and fair valued through the statement of comprehensive income.

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. The amount of gain or loss relating to the liability component is recognised in the profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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 at Note 13.

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.

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, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity 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 that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on 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).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

Other equity settled share-based payments to 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 $102,297,461.

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 70% volatility (based on historical volatility), 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.

v. New Accounting Standards for Application In Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future periods and which the company has not decided to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues (applicable for annual reporting periods ending on or after 31 January 2011)

This standard makes amendments which clarify that rights, options or warrants to acquire a fixed number of an company's own equity instruments for a fixed amount in any currency are equity instruments if the company offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.

This Standard is not expected to impact the Company.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (applicable for annual reporting periods ending on or after 31 December 2013)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.

In addition, the majority of requirements from AASB 139 for the classification and measurement of financial liabilities has been carried forward unchanged, except in relation to own credit risk where an entity takes the option to measure financial liabilities at fair value. AASB 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income (OCI), unless there is a accounting mismatch in the profit or loss, in which case all gains or losses are to be presented in the profit or loss.

This Standard is not expected to impact the Company.

AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124 (applicable for annual reporting periods ending on or after 31 December 2011)

This revision amends the disclosure requirements for government related entities and the definition of a related party.

This Standard is not expected to impact the Company.

AASB 2009-13 Amendments to AASB 1 arising from Interpretation 19 (applicable for annual reporting periods ending on or after 30 June 2011)

This standard amends AASB 1 to allow a first-time adopter to use the transitional provisions in Interpretation 19 as identified in AASB 1048.This Standard is not expected to impact the Company.

AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14) (applicable for annual reporting periods ending on or after 31 December 2011)

This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Company.

AASB 2010-01 Limited exemption from comparative AASB 7 disclosures for first time adopters (Amendments to AASB 1 and AASB 7) (applicable for annual reporting periods ending on or after 30 June 2011)

These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards.

This Standard is not expected to impact the Company.

AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements (applicable for annual reporting periods ending on or after 30 June 2014)

This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.

This Standard is not expected to impact the Company.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

v. New Accounting Standards for Application In Future Periods continued

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139] (applicable for annual reporting periods ending on or after 30 June 2011)

This Standard limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value.

Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e.split between consideration and post combination expenses.

It clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated.

Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.

This Standard is not expected to impact the Company.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] (applicable for annual reporting periods ending on or after 31 December 2011)

This Standard emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.

It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

It provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.

Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken in account.

This Standard is not expected to impact the Company.

AASB 1053 Application of Tiers of Australian Accounting Standards (applicable for annual reporting periods ending on or after 30 June 2014)

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

a Tier 1: Australian Accounting Standards; and

b Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

a for-profit entities in the private sector that have public accountability (as defined in this Standard); and

b the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

a for-profit private sector entities that do not have public accountability;

b all not-for-profit private sector entities; and

c public sector entities other than the Australian Government and State,

This Standard is not expected to impact the Company.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods ending on or after 30 June 2011)

This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are 'consideration paid' in accordance with AASB 139. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.

The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.

This Standard is not expected to impact the Company.

AASB 2010-05 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods ending on or after 31 December 2011)

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

This Standard is not expected to impact the Company.

AASB 7 Financial Instruments: Disclosures (Transfers of Financial Assets) (applicable for annual reporting periods ending on or after 30 June 2012)

The Standard amends the disclosures required, to help users of financial statements evaluate the risk exposures relating to more complex transfers of financial assets (eg. securitisations) and the effect of those risks on an entity's financial position.

This Standard is not expected to impact the Company.

	CONSOLIDATED		COMPANY	
	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $

NOTE 2: REVENUE

Interest received – other persons	67,695	51,297	66,341	47,469
Profit on sale of asset	–	362	–	362
	67,695	51,659	66,341	47,831

NOTE 3: LOSS FOR THE YEAR

Expenses				
Expenses from continuing operations:				
Finance costs – external	1,290,843	360,810	1,290,843	360,810
Gain on consolidation of subsidiary	–	(600,062)	–	–
Foreign currency translation losses/(gains)	334,224	(170,942)	494,727	13,436
AIM listing costs	–	1,164,478	–	1,164,478
Rental expense on operating leases	89,966	111,708	–	–
Capitalised exploration expenditure impaired	9,875	1,588,013	–	1,144,664
Employee and directors' benefits expense	3,299,090	1,180,443	2,960,866	902,910
Depreciation and amortisation expense	79,008	5,221	1,709	4,112

NOTE 4: INCOME TAX EXPENSE

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

Loss before tax	11,340,398	7,776,592	10,359,655	6,697,848
Total income tax benefit calculated at 30% (2009: 30%)	(3,402,119)	(2,332,978)	(3,107,896)	(2,009,354)
Tax effect of:				
Foreign exchange losses/(gains)	100,267	(51,283)	148,418	4,031
Fair value of receivables losses/(gains)	(761,408)	(28,988)	(761,408)	(28,988)
Gain on consolidation of a subsidiary	–	(180,019)	–	–
Fair value loss on convertible notes	1,764,721	655,539	1,764,721	655,539
Options issued	819,008	–	819,008	–
Write off capitalised exploration expenditure	2,963	476,404	–	343,399
Exploration expenditure capitalised	(1,016,506)	(32,610)	–	(32,610)
Share of associates' loss	2,154	237,947	–	–
	(2,490,920)	**(1,255,988)**	**(1,137,157)**	**(1,067,983)**
Deferred tax asset not brought to account	2,490,920	1,255,988	1,137,157	1,067,983
Income tax expense on pre-tax loss	–	–	–	–
Applicable weighted average effective tax rate	0%	0%	0%	0%
Deferred tax asset not taken to account				
Tax losses carried forward:				
– Revenue losses carried forward	19,498,983	11,195,916	12,047,195	8,256,672

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.

b. Tax effects relating to each component of other comprehensive income

	31 DECEMBER 2010			30 JUNE 2010		
	BEFORE-TAX AMOUNT $000	TAX (EXPENSE) BENEFIT $000	NET-OF-TAX AMOUNT $000	BEFORE-TAX AMOUNT $000	TAX (EXPENSE) BENEFIT $000	NET-OF-TAX AMOUNT $000
Consolidated Group						
Exchange differences on translating foreign controlled entities	(3,612,522)	–	(3,612,522)	1,599,074	–	1,599,074
	(3,612,522)	**–**	**(3,612,522)**	**1,599,074**	**–**	**1,599,074**

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 period ended 31 December 2010.

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

	CONSOLIDATED	
	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $
Short term employee benefits	876,117	1,050,975
Post-employment benefits	9,323	25,216
Other long term benefits	–	–
Termination benefits	–	–
Share based payments	2,022,216	53,000
	2,907,656	**1,129,191**

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

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 PERIOD	GRANTED AS REMUNER-ATION DURING THE PERIOD	EXERCISED DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF PERIOD	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE
31 December 2010							
John Fillmore							
Listed option @ $0.25 Dec 2012	1,099,999	–	–	–	1,099,999	–	1,099,999
Unlisted option @ $0.44 Dec 2013	–	3,000,000	–	–	3,000,000	3,000,000	3,000,000
Unlisted option @ $0.525 Dec 2013	–	3,000,000	–	–	3,000,000	3,000,000	3,000,000
William Howe	–	–	–	–	–	–	–
Philip Wing	–	–	–	–	–	–	–
William Etheridge	–	–	–	–	–	–	–
Tim Read	–	–	–	–	–	–	–
Unlisted option @ $0.44 Dec 2013	–	3,000,000	–	–	3,000,000	3,000,000	3,000,000
Unlisted option @ $0.525 Dec 2013	–	3,000,000	–	–	3,000,000	3,000,000	3,000,000
Francisco Vergara-Irarrazaval	–	–	–	–	–	–	–
Philip Killen	–	–	–	–	–	–	–
Unlisted option @ $0.44 Dec 2013	–	2,000,000	–	–	2,000,000	2,000,000	2,000,000
Unlisted option @ $0.525 Dec 2013	–	2,000,000	–	–	2,000,000	2,000,000	2,000,000
Colin Sinclair	–	–	–	–	–	–	–
Unlisted option @ $0.44 Dec 2013	–	2,500,000	–	–	2,500,000	2,500,000	2,500,000
Unlisted option @ $0.525 Dec 2013	–	2,500,000	–	–	2,500,000	2,500,000	2,500,000
Keith Weston							
Listed option @ $0.25 Dec 2012	274,999	–	–	–	274,999	–	274,999
Unlisted option @ $0.44 Dec 2013	–	1,500,000	–	–	1,500,000	1,500,000	1,500,000
Unlisted option @ $0.525 Dec 2013	–	1,500,000	–	–	1,500,000	1,500,000	1,500,000
	1,374,998	24,000,000	–	–	25,374,998	24,000,000	25,374,998
30 June 2010							
John Fillmore	1,099,999	–	–	–	1,099,999	–	1,099,999
Keith Weston	274,999	–	–	–	274,999	–	274,999
	1,374,998	–	–	–	1,374,998	–	1,374,998

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 30 JUNE 2010	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE AT 31 DECEMBER 2010
31 December 2010					
John Fillmore	2,220,000	–	–	–	2,220,000
William Howe	48,264,168	–	–	–	48,264,168
Philip Wing	15,893,336	–	–	–	15,893,336
William Etheridge	62,400,000	–	–	–	62,400,000
Tim Read	250,000	–	–	–	250,000
Francisco Vergara - Irarrazaval	50,140,000	–	–	–	50,140,000
Philip Killen	3,949,836	–	–	–	3,949,836
Colin Sinclair	5,766,353	–	–	–	5,766,353
Keith Weston	550,000	–	–	–	550,000
Shane Turner	40,000	–	–	–	40,000
	189,473,693	**–**	**–**	**–**	**189,473,693**
30 June 2010					
John Fillmore	2,220,000	–	–	–	2,220,000
William Howe	–	–	–	48,264,168	48,264,168
Philip Wing	–	–	–	15,893,336	15,893,336
William Etheridge	–	–	–	62,400,000	62,400,000
Tim Read	–	–	–	250,000	250,000
Francisco Vergara - Irarrazaval	–	–	–	50,140,000	50,140,000
Philip Killen	–	–	–	3,949,836	3,949,836
Colin Sinclair	–	–	–	5,766,353	5,766,353
Keith Weston	550,000	–	–	–	550,000
Shane Turner	40,000	–	–	–	40,000
	2,810,000	**–**	**–**	**186,663,693**	**189,473,693**

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 27 Related Party Transactions.

NOTE 6: AUDITORS' REMUNERATION

	CONSOLIDATED		COMPANY	
	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $
Audit services:				
Parent	70,566	70,000	70,566	70,000
Subsidiaries				
– Hampton and North Hill	26,493	20,000	–	–
	97,059	90,000	70,566	70,000
Expert's report and professional services	14,256	223,287	4,500	223,287
	111,315	**313,287**	**75,066**	**293,287**

NOTE 7: LOSS PER SHARE

		CONSOLIDATED	
		6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $
a.	**Reconciliation of earnings to loss**		
	Loss	(11,340,398)	(7,776,592)
	Loss attributable to minority equity interest	199,492	267,977
	Loss used in the calculation of basic and dilutive EPS	**(11,140,906)**	**(7,508,615)**
		NO.	NO.
b.	**Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS**	892,478,975	443,794,287
	Weighted average number of dilutive options outstanding	–	–
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	892,478,975	443,794,287
c.	**Anti-dilutive options on issue not used in dilutive EPS calculation**	64,217,517	27,230,017

NOTE 8: CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Cash at bank	23,189,432	2,151,232	21,572,370	1,181,010
Short-term bank deposits	–	8,196	–	8,196
	23,189,432	**2,159,428**	**21,572,370**	**1,189,206**

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010	30 JUNE 2010	31 DECEMBER 2010	30 JUNE 2010
	$	$	$	$
NOTE 9: TRADE AND OTHER RECEIVABLES AND DERIVATIVES				
Current				
Other receivables	287,500	389,751	139,168	71,915
Receivable from equity swap – secured	1,712,328	1,928,000	1,712,329	1,928,000
Total current trade and other receivables	**1,999,828**	**2,317,751**	**1,851,497**	**1,999,915**
Equity swap derivative at fair value	**1,648,388**	**–**	**1,648,388**	**–**
Non-current				
VAT receivables	2,295,511	2,268,800	–	–
Long term receivables	93,215	–	–	–
Receivable from equity swap – secured	951,292	1,864,078	951,292	1,864,078
Total non-current trade and other receivables	**3,340,018**	**4,132,878**	**951,292**	**1,864,078**
Equity swap derivative at fair value	**465,147**	**(96,625)**	**465,147**	**(96,625)**

No amounts are past due or considered impaired. No provision for impairment has been made. The maturity of trade and other receivables is in Note 28.

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 has placed £2,250,000 in government bonds with an escrow agent as security for the proceeds receivable.

Over a 24 month period the Company will exchange £93,750 worth of government bonds per month for a cash payment the amount of which is determined against a benchmark price of $A0.12 per ordinary share. If the volume weighted average price of an ordinary share for the five dealing days prior to settlement exceeds the benchmark price then the Company will receive more than 100% of the monthly payment due. If the price is less than the benchmark price, the Company will receive less than 100% of the monthly payment due. There is no higher or lower limit on the amount of the payments due to the Company under these arrangements but the total number of shares issued is fixed.

The secured equity swap receivable is measured at amortised cost.

Fair value adjustment

The fair value of the derivative is based on the future discounted cash flow assuming the 90 day VWAP of shares, GBP/AUD exchange rate and applicable United Kingdom interest rate as at 31 December 2010.

Movement in the fair value of equity swap derivative is as follows:

	OPENINGBALANCE 1 JULY 2009	CHARGE FOR THE PERIOD	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30 JUNE 2010
Consolidated Group				
Non-current receivable from equity swap	–	(96,625)	–	(96,625)
Company				
Non-current receivable from equity swap	–	(96,625)	–	(96,625)

NOTE 9: TRADE AND OTHER RECEIVABLES continued

	OPENINGBALANCE 1 JULY 2010	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 31 DECEMBER 2010
Consolidated Group				
Current receivable from equity swap	–	1,648,388	–	1,648,388
Non-current receivable from equity swap	(96,625)	561,772	–	465,147
Company				
Non-current receivable from equity swap	(96,625)	561,772	–	465,147

No other receivables are past due or considered impaired.

	NOTE	CONSOLIDATED 31 DECEMBER2010 $	CONSOLIDATED 30 JUNE 2010 $	COMPANY 31 DECEMBER 2010 $	COMPANY 30 JUNE 2010 $
NOTE 10: OTHER ASSETS					
CURRENT					
Prepayments		196,571	215,694	158,537	158,537
Total current other assets		**196,571**	**215,694**	**158,537**	**158,537**
NOTE 11: FINANCIAL ASSETS					
Investments in controlled entities:					
– Shares at cost		–	–	155,085,360	100,561,933
Total financial assets		**–**	**–**	**155,085,360**	**100,561,933**
NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Advances to joint venture entities		–	110,485	–	–
Equity accounted investments in joint venture entities		4,160,154	4,942,886	–	–
	13	**4,160,154**	**5,053,371**	**–**	**–**

NOTE 13: INTEREST IN JOINT VENTURES

Interests are held in the following:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST 31 DECEMBER 2010	OWNERSHIP INTEREST 30 JUNE 2010	CARRYING AMOUNT OF INVESTMENT 31 DECEMBER 2010	CARRYING AMOUNT OF INVESTMENT 30 JUNE 2010
Unlisted:							
SCM Ovalle	Exploration	Chile	Ordinary	50%	50%	1,209,237	1,552,146
SCM San Lorenzo	Exploration	Chile	Ordinary	50%	50%	2,950,917	3,501,225
						4,160,154	**5,053,371**

In July 2008 Minera Hampton Chile Limitada (a wholly owned subsidiary of Hampton) and MN Ingenieros (an unrelated entity) formed a jointly owned (ie each party holding 50% of the equity) Chilean company, Sociedad Contractual Minera Ovalle (SCM Ovalle).

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

Advances by Minera Hampton to SCM Ovalle and SCM San Lorenzo are in USD and are non interest bearing with no fixed repayment terms.

		CONSOLIDATED		COMPANY	
		31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
a.	**Movements during the year in equity accounted investment in joint venture entities:**				
	Balance as at the beginning of the period	5,053,371	–	–	–
	Add new investment during the period	–	5,846,527	–	–
	Share of joint venture company's loss after tax	(7,181)	(793,156)	–	–
	Impact of foreign exchange movement on balance at beginning of period	(886,036)	–	–	–
	Balance as at the end of the period	**4,160,154**	**5,053,371**	**–**	**–**
b.	**Equity accounted losses of joint venture companies are broken down as follows:**				
	Share of joint venture companies' loss before income tax	(7,181)	(793,156)	–	–
	Share of joint venture companies' income tax expense	–	–	–	–
	Share of joint venture companies' loss after income tax	**(7,181)**	**(793,156)**	**–**	**–**
c.	**Summarised presentation of aggregate assets, liabilities and performance of joint venture**				
	Current assets	6,608	6,682	–	–
	Non-current assets	8,410,752	9,986,963	–	–
	Total assets	**8,417,360**	**9,993,645**	**–**	**–**
	Current liabilities	97,053	103,444	–	–
	Total liabilities	**97,053**	**103,444**	**–**	**–**
	Net assets	**8,320,307**	**9,890,201**	**–**	**–**
	Loss after income tax	**(14,362)**	**(1,586,312)**	**–**	**–**

NOTE 14. CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 31 DECEMBER 2010 %	30 JUNE 2010 %
a. Controlled entities consolidated			
Subsidiaries of Metminco Limited:			
Hampton Mining Limited	Australia	100	69.4
North Hill Holdings Group Inc	British Virgin Islands	100	100
***Wholly owned subsidiaries of Hampton*:**			
Hampton Mining Peru S.A.C	Peru	100	69.4
Minera Hampton Chile Limitada	Chile	100	69.4
Wholly owned subsidiaries of North Hill:			
Cerro Norte Mining Inc	British Virgin Islands	100	100
Minera Cerro Norte SA	Peru	100	100
Minera CN SAC	Peru	100	100

b. Acquisition of minority interest in Hampton Mining Limited

On 3 December 2010, the Company acquired the minority shareholders interest in Hampton and Hampton became a wholly owned subsidiary of the Company.

	CONSOLIDATED $
Purchase consideration:	
Cash payments	4,150,000
Ordinary shares issued	45,792,752
	49,942,752
Less proceeds from issue of shares to non-controlling interest	(29,068)
Acquisition reserves [1]	(41,506,662)
Non-controlling interest	**8,407,022**

1 The acquisition reserve is the difference between the carrying value of the minority interest acquired and the consideration paid to acquire the minority interest.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Land				
At cost	314,111	372,629	–	–
Total land	**314,111**	**372,629**	**–**	**–**
Plant and equipment				
At cost	548,017	583,445	11,746	6,587
Accumulated depreciation	(192,750)	(135,613)	(5,662)	(3,704)
Total plant and equipment	**355,267**	**447,832**	**6,084**	**2,883**
Total property, plant and equipment	**669,378**	**820,461**	**6,084**	**2,883**
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	372,629	–	–	–
Additions through acquisition of entity	–	347,179	–	–
Impact of foreign exchange movement on balance at beginning of year	(58,518)	25,450	–	–
Depreciation	–	–	–	–
Carrying amount of plant and equipment at end of year	**314,111**	**372,629**	**–**	**–**
Plant and equipment				
Carrying amount at beginning of year	447,832	19,333	2,883	19,333
Additions	11,160	1,298	5,158	1,298
Disposals	–	(13,636)	–	(13,636)
Additions through acquisition of entity	–	415,854	–	–
Impact of foreign exchange movement on balance at beginning of year	(24,717)	30,204	–	–
Depreciation	(79,008)	(5,221)	(1,957)	(4,112)
Carrying amount of plant and equipment at end of year	**355,267**	**447,832**	**6,084**	**2,883**
Carrying amount at end of year	**669,378**	**820,461**	**6,084**	**2,883**

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $

NOTE 16: EXPLORATION AND EVALUATION EXPENDITURE

	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Costs carried forward in respect of areas of interest in:				
– exploration and evaluation phases at the end of year	**102,297,461**	**101,608,247**	**–**	**–**
Reconciliations				
Carrying amount at the beginning of year	101,608,247	1,035,963	–	1,035,963
Expenditure incurred during current year	3,388,601	1,450,772	–	108,701
Additions through acquisition of entity	–	100,721,654	–	–
Impact of foreign exchange movement during the year	(2,689,511)	(12,129)	–	–
Exploration written off	(9,875)	(1,588,013)	–	(1,144,664)
Carrying amount at the end of year	**102,297,461**	**101,608,247**	**–**	**–**

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

Capitalised costs amounting to $3,388,351 (for the year ended 30 June 2010: $1,450,772) have been included in cash flows from investing activities.

NOTE 17: TRADE AND OTHER PAYABLES

	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Trade payables	700,434	855,273	208,216	526,661
Amount payable to wholly owned subsidiary	–	–	–	37,191
Other payables and accrued expenses	1,321,060	2,494,910	1,041,599	2,192,368
	2,021,494	**3,350,183**	**1,249,815**	**2,756,220**

NOTE 18: BORROWINGS

	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
NON CURRENT				
Unsecured liabilities				
Convertible notes	491,981	4,669,079	491,981	4,669,079
Conversion option at fair value	1,209,911	2,185,129	1,209,911	2,185,129
Total non-current borrowings	1,701,892	6,854,208	1,701,892	6,854,208
Total borrowings	**1,701,892**	**6,854,208**	**1,701,892**	**6,854,208**

Convertible loan facility

The Company has a convertible loan facility of $US0.5 million (30 June 2010: US$4 million) repayable on or before 1 April 2012. The interest rate is fixed at 16% per annum which is capitalised at $0.12 per share. The principal may be capitalised at the lender's option at any time after six months following drawdown at the lower of A$0.12 per share and 80% of the average mid market closing price for the Company's shares on the ASX over the three dealing days prior to service of the relevant notice. The lender may convert earlier on a change of control of the Company, defined as the acquisition of 50% or more of the voting rights in the shares of the Company by a party or a change in more than 50% in the board of directors, a capital raising by the Company of $US2 million or more, or upon the disposal of a material asset. The Company repaid $US3.5 million in convertible loans during the period by issue of 29,018,269 shares in the Company (Lenders exercised their right to convert principal into shares) and payment of an early repayment fee US$560,000 (A$ 558,488) has been expensed to the profit and loss. At balance date the fair value of the conversion on the convertible notes is A$1,209,911 (30 Jun 2010:A$2,185,129).

NOTE 19: PROVISIONS

	SHORT-TERM EMPLOYEE BENEFITS	TOTAL
	$	$
Consolidated Group		
Opening balance at 1 July 2010	68,519	68,519
Additional provisions	4,863	4,863
Balance at 31 December 2010	**73,382**	**73,382**
Company		
Opening balance at 1 July 2010	23,036	23,036
Additional provisions	(20,794)	(20,794)
Balance at 31 December 2010	**2,242**	**2,242**

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010	30 JUNE 2010	31 DECEMBER 2010	30 JUNE 2010
	$	$	$	$
Analysis of Total Provisions				
Current	73,382	68,519	2,242	23,036

NOTE 20: CONTRIBUTED EQUITY

1,231,107,839 (30 June 2010: 778,862,608) fully paid ordinary shares	**196,501,824**	**106,133,934**	**196,501,824**	**106,133,934**
	NO.	NO.	NO.	NO.
a. Movements in ordinary share capital				
Balance at beginning of the reporting period	778,862,608	53,250,005	778,862,608	53,250,005
Shares issued				
– 9 July 2009	–	303,690,732	–	303,690,732
– 26 September 2009	–	16,666,667	–	16,666,667
– 11 December 2009	–	7,140,529	–	7,140,529
– 23 December 2009	–	30,000	–	30,000
– 19 January 2009	–	170,000	–	170,000
– 1 March 2010	–	111,793,842	–	111,793,842
– 3 May 2010	–	72,887,884	–	72,887,884
– 14 May 2010	–	150,000,000	–	150,000,000
– 19 May 2010	–	59,899,616	–	59,899,616
– 30 June 2010	–	3,333,333	–	3,333,333
– 1 July 2010	1,556,360	–	1,556,360	–
– 1 July 2010	9,999,999	–	9,999,999	–
– 19 July 2010	23,333,334	–	23,333,334	–
– 28 July 2010	21,506,248	–	21,506,248	–
– 1 October 2010	1,374,430	–	1,374,430	–
– 29 November 2010	150,000,000	–	150,000,000	–
– 3 December 2010	212,834,076	–	212,834,076	–
– 3 December 2010	1,350,000	–	1,350,000	–
– 3 December 2010	12,500	–	12,500	–
– 17 December 2010	100	–	100	–
– 24 December 2010	30,114,160	–	30,114,160	–
– 31 December 2010	164,024	–	164,024	–
At the end of the reporting period	**1,231,107,839**	**778,862,608**	**1,231,107,839**	**778,862,608**

NOTE 20: CONTRIBUTED EQUITY continued

b. Movements in ordinary share capital

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Balance at beginning of the reporting period	**106,133,934**	**5,399,061**	**106,133,934**	**5,399,061**
Shares issued				
– 9 July 2009	–	39,479,795	–	39,479,795
– 26 September 2009	–	2,227,180	–	2,227,180
– 11 December 2009	–	1,075,188	–	1,075,188
– 23 December 2009	–	5,100	–	5,100
– 19 January 2009	–	28,900	–	28,900
– 1 March 2010	–	14,838,822	–	14,838,822
– 3 May 2010	–	10,933,183	–	10,933,183
– 14 May 2010	–	22,500,000	–	22,500,000
– 19 May 2010	–	8,984,942	–	8,984,942
– 30 June 2010	–	661,763	–	661,763
– 1 July 2010	1,425,000	–	1,425,000	–
– 19 July 2010	3,251,665	–	3,251,665	–
– 28 July 2010	3,225,937	–	3,225,937	–
– 1 October 2010	274,886	–	274,886	–
– 29 November 2010	29,500,000	–	29,500,000	–
– 3 December 2010	41,525,286	–	41,525,286	–
– 3 December 2010	405,000	–	405,000	–
– 3 December 2010	3,125	–	3,125	–
– 17 December 2010	35	–	35	–
– 24 December 2010	10,690,526	–	10,690,526	–
– 31 December 2010	66,430	–	66,430	–
At the end of the reporting period	**196,501,824**	**106,133,934**	**196,501,824**	**106,133,934**

On 1 July 2010 the Company issued 9,999,999 shares to raise $1.5 million gross for working capital purposes. The shares rank for dividends immediately.

On 19 July 2010 the Company issued 23,333,334 shares to raise $3.5 million gross for working capital purposes. The shares rank for dividends immediately.

On 28 July 2010 the Company issued 21,506,248 shares as consideration for the acquisition of 5,376,562 fully paid ordinary shares in Hampton and issued 1,556,360 shares in settlement of June 2010 quarter interest payable to convertible note holders. The shares rank for dividends immediately.

On 1 October 2010 the Company issued 1,374,430 shares in settlement of September 2010 quarter interest payable to convertible note holders. The shares rank for dividends immediately.

On 29 November 2010 the Company issued 150,000,000 shares to raise A$30 million gross to fund ongoing exploration of South American assets and specifically to fund a 50,000 metre drill program at the Los Calatos project in southern Peru. The shares rank for dividends immediately.

On 3 December 2010 the Company issued 214,184,076 shares as follows:

- 160,000,000 shares issued to Takoradi Limited and 35,000,000 shares issued to the Sentient Group as part consideration for 56,511,906 fully paid ordinary shares in Hampton.
- 11,434,076 shares were issued to Notesan Pty Limited as consideration for 2,858,519 fully paid ordinary shares in Hampton.
- 6,400,000 shares were issued to AJ Holdings Corporation as consideration for 1,600,000 fully paid ordinary shares in Hampton.
- 1,350,000 shares were issued in lieu of cash for consulting fees.

The shares rank for dividends immediately.

On 17 December 2011 the Company issued 12,500 shares for options exercised at $0.25 cents and issued 100 shares at $0.35 cents in accordance with the Prospectus dated 9 December 2010.

On 24 December 2010 the Company issued 30,114,160 shares on exercise of conversion rights by convertible note holders in settlement of US$3.6 million in loans and accrued interest to date of early repayment. The shares rank for dividends immediately.

On 31 December 2010 the Company issued 164,024 shares $0.12 cents in settlement of interest for the quarter ended 31 December 2010 in respect of a US$ 500,000 convertible note facility. The shares rank for dividends immediately.

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, convertible notes 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.

Management intends to raise additional capital through equity raisings within the next 12 months.

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 between 1% and 10%. The gearing ratios for the half year ended 31 December 2010 are as follows:

		CONSOLIDATED		COMPANY	
	NOTE	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Face value of convertible notes		491,981	4,669,079	491,981	4,669,079
Conversion options at fair value		1,209,911	2,185,129	1,209,911	2,185,129
Total borrowings	18	**1,701,892**	**6,854,208**	**1,701,892**	**6,854,208**

The loss on fair value will only be incurred if the borrowings are repaid by the issue of shares.

Borrowings repayable by cash		491,981	4,669,079	491,981	4,669,079
Less cash and cash equivalents	8	(23,189,432)	(2,159,428)	(21,572,370)	(1,189,206)
Net debt		(22,697,451)	2,509,651	(21,080,389)	3,479,873
Total equity		**134,169,609**	**105,938,295**	**134,169,609**	**96,046,463**
Gearing ratio		(16.9)%	2.4%	(15.7)%	3.6%

NOTE 21: OPTIONS

EXPIRY DATE	EXERCISE PRICE $	OUTSTANDING AT 30 JUNE 2010	ISSUED DURING HALF YEAR	EXERCISED DURING HALF YEAR	LAPSED DURING HALF YEAR	OUTSTANDING AT 31 DECEMBER 2010
Listed						
31 December 2010						
4 December 2012	$0.25	27,230,017	–	12,500	–	27,217,517
Unlisted						
31 December 2010						
31 July 2012 [1]	$0.30	–	4,500,000	–	–	4,500,000
6 December 2013 [2]	$0.44	–	14,250,000	–	–	14,250,000
6 December 2013 [3]	$0.525	–	14,250,000	–	–	14,250,000
6 December 2013 [4]	$0.44	–	2,000,000	–	–	2,000,000
6 December 2013 [5]	$0.525	–	2,000,000	–	–	2,000,000
30 June 2010						
4 December 2012 [6]	$0.25	26,230,017	1,000,000	–	–	27,230,017

Notes:

1 On 24 September 2010 the Company issued 4,500,000 options to BGF Equities exercisable at $0.30 per share on or before 31 July 2012 in lieu of cash payable for corporate advisory services. The fair value was determined by applying the Binomial valuation methodology on date of issue, weighted average share price on date of issue of $0.17, no dividends, the terms of the options and an estimated option life to 31 March 2012 based on the Company's best estimate of the expected exercise patterns, which may not eventuate. As the options are not transferrable the holder will only realise a benefit through exercise of the options. On exercise of an option BGF will be granted a new option with an exercise price of $0.35 per share and an expiry date 2 years from date of issue which in accordance with AASB2 will be valued if and when when issued.

2 On 6 December 2010 the Company issued 14,250,000 options (6,000,000 Director Options and 8,250,000 Employee Options) at $0.44 cents expiring 6 December 2013. The fair value was determined by applying the Binomial valuation methodology on date of issue, weighted average share price on date of issue of $0.17, no dividends, the terms of the options and an estimated option life to 31 March 2012 based on the Company's best estimate of the expected exercise patterns, which may not eventuate. As the options are not transferrable and the expiry date is contingent on a number of terms and conditions set out the in the Company's Employee Share Option Plan, the holder will only realise a benefit through exercise of the options. The option life has been estimated to be 31 March 2012 based on the Company's best estimate of the expected exercise patterns which may not eventuate in the future.

3 On 6 December 2010 the Company issued 14,250,000 options (6,000,000 Director Options and 8,250,000 Employee Options) at $0.525 cents expiring 6 December 2013. The fair value was determined by applying the Binomial valuation methodology on date of issue, weighted average share price on date of issue of $0.17, no dividends, the terms of the options and an estimated option life to 31 March 2012 based on the Company's best estimate of the expected exercise patterns, which may not eventuate. As the options are not transferrable and the expiry date is contingent on a number of terms and conditions set out the in the Company's Employee Share Option Plan, the holder will only realise a benefit through exercise of the options. The option life has been estimated to be 31 March 2012 based on the Company's best estimate of the expected exercise patterns which may not eventuate in the future.

4 On 6 December 2010 the Company issued 2,000,000 options at $0.44 cents in lieu of cash payment for services expiring 6 December 2013. The fair value was determined by applying the Binomial valuation methodology on date of issue, weighted average share price on date of issue of $0.17, no dividends, the terms of the options and an estimated option life to 31 March 2012 based on the Company's best estimate of the expected exercise patterns, which may not eventuate. As the options are not transferrable and the expiry date is contingent on a number of terms and conditions set out the in the Company's Employee Share Option Plan, the holder will only realise a benefit through exercise of the options. The option life has been estimated to be 31 March 2012 based on the Company's best estimate of the expected exercise patterns which may not eventuate in the future.

5 On 6 December 2010 the Company issued 2,000,000 options @ $0.525 cents in lieu of cash payment for services. The fair value was determined by applying the Binomial valuation methodology on date of issue, weighted average share price on date of issue of $0.35, no dividends ,the terms of the options and an estimated option life to 31 March 2012 based on the Company's best estimate of the expected exercise patterns, which may not eventuate. As the options are not transferrable and the expiry date is contingent on a number of terms and conditions set out the in the Company's Employee Share Option Plan, the holder will only realise a benefit through exercise of the options. The option life has been estimated to be 31 March 2012 based on the Company's best estimate of the expected exercise patterns which may not eventuate in the future.

6 The options were part of share based remuneration to Shane Turner, a director. The fair value was determined by applying the Black Scholes valuation methodology.

Included under employee and directors' benefit expense in Note 3 is $2,401,382 (Jun 2010: $53,000) and under Corporate expenses $328,646 (Jun 2010: Nil) which relates to equity settled share based payments transactions.

The exercise prices of options range from $0.25 to $0.525 and the weighted average life assuming maximum life is 881 days.

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010	30 JUNE 2010	31 DECEMBER 2010	30 JUNE 2010
	$	$	$	$

NOTE 22: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable (minimum lease payments)				
– not later than 12 months	261,514	197,152	–	–
– between 12 months and 5 years	656,955	262,286	–	–
– greater than 5 years	–	–	–	–
	918,469	**459,438**	**–**	**–**

The Group has non-cancellable leases over five premises in Chile and Peru with terms ranging from 6 to 37 months. Rent is payable monthly in advance.

b. Exploration Tenement Licence Commitments

Non-cancellable licence fees for exploration tenements contracted for but not capitalised in the financial statements				
Payable (minimum lease payments)				
– not later than 12 months	**415,096**	**661,821**	**–**	**–**

NOTE 23: COMMITMENTS AND CONTINGENT LIABILITIES

The holder of the surface titles in respect of the Mollacas Project, Agrícola Bauzá Ltda has filed various actions against Minera Hampton (a wholly owned subsidiary of Hampton), MN Ingenieros (an unrelated entity) and Sociedad Contractual Minera Ovalle (jointly owned and controlled by Minera Hampton and MN Ingenieros) in respect of claims relating to access and environmental accusations. All claims determined by the Chilean judiciary to date have been successfully defended.

On 23 August 2007 Minera Hampton entered into an option to purchase 100% of the Genesis tenements, forming part of the Camaron project, located in the Vicuna area of Chile which expired late December 2010. In Janaury 2011 Minera Hampton finalised the purchase of a 33.% interest in the Genesis tenements for US$782,000 (A$782,000) and enterered into an 18 month option agreement to acquire the remaining 67%. On signing the option agreement the Company paid US$370,000 (A$370,000) with 2 further option payments of US$370,000 (A$370,000) payable on the six month and twleve month anniversary. If Minera Hampton exercises the option then Minera Hampton must pay US$1 million on the exercise date and 3 further annual payments each of US$1 million on the second, third and fourth anniversary of exercise of the option (in total $US 4 million – A$ 4 million) as an advance payment against future royalty payments, and pay 1.7% of the Net Smelter Return on future production from the Genesis tenements.

NOTE 24: OPERATING 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. Unallocated 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
- Net gains on disposal of available-for-sale investments
- 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
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations.

	MINERAL EXPLORATION		UNALLOCATED		TOTAL	
	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $	6 MONTHS ENDED 31 DECEMBER 2010 $	12 MONTHS ENDED 30 JUNE 2010 $
i. *Segment performance*						
Other income	1,354	3,827	66,341	47,470	67,695	51,297
Total segment revenue	1,354	3,827	66,341	47,470	67,695	51,297
Total group revenue					**67,695**	**51,297**
Segment loss before tax	980,744	1,078,744	10,359,654	6,697,848	11,340,398	7,776,592
Loss before tax from continuing operations					**11,340,398**	**7,776,592**
Depreciation and amortisation expense included in segment result	77,050	1,109	1,958	4,112	**79,008**	**5,221**

	MINERAL EXPLORATION		UNALLOCATED		TOTAL	
	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
ii. *Segment assets*						
Segment assets	111,319,144	111,093,211	26,647,233	5,117,994	137,966,377	116,211,205
Segment asset increases for the period						
– capital expenditure	3,394,353	–	5,158	1,298	3,399,511	1,298
– acquisitions	–	110,742,495	21,755,171	–	21,755,171	110,742,495
	3,394,353	**110,742,495**	**21,760,329**	**1,298**	**25,154,682**	**110,743,793**
Included in segment assets are:						
– Equity accounted associates and joint ventures	4,160,154	5,053,371	–	–	4,160,154	5,053,371
iii. *Segment liabilities*						
Segment liabilities	842,819	639,446	2,953,949	9,633,464	3,796,768	10,272,910
Reconciliation of segment liabilities to group liabilities						
Total group liabilities					**3,796,768**	**10,272,910**

iv. *Revenue by geographical region*

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

Australia	66,341	47,469
South America	1,354	3,828
Total revenue	**67,695**	**51,297**

v. *Assets by geographical region*

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

Australia	26,647,233	5,117,994
South America	111,319,144	111,093,211
Total assets	**137,966,377**	**116,211,205**

NOTE 25: NOTES TO THE STATEMENTS OF CASH FLOWS

	CONSOLIDATED		COMPANY	
	6 MONTHS ENDED 31 DECEMBER2010 $	12 MONTHS ENDED 30 JUNE 2010 $	6 MONTHS ENDED 31 DECEMBER2010 $	12 MONTHS ENDED 30 JUNE 2010 $
a. Reconciliation of Cash				
Cash at the end of the period as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:				
Cash and cash equivalents	23,189,432	2,159,428	21,572,370	1,189,206
	23,189,432	**2,159,428**	**21,572,370**	**1,189,206**
b. Reconciliation of loss from ordinary activities after Income Tax to net cash used in operating activities				
Loss from ordinary activities after income tax	(11,340,398)	(7,776,592)	(10,359,655)	(6,697,848)
Add/(less) non-cash items:				
Depreciation and amortisation	79,008	5,221	1,958	4,112
Gain on sale of equipment	–	(362)	–	(362)
Gain on consolidation of subsidiary	–	(600,062)	–	–
Fair value loss on convertible notes	5,882,403	2,185,129	5,882,403	2,185,129
Share of net loss of associates	7,181	793,156	–	–
Exchange loss/(gains)	334,224	(170,942)	494,727	13,436
Impairment of exploration properties	9,875	1,588,013	–	1,144,664
Expense on grant of options	2,730,028	53,000	2,730,028	53,000
Shares issued in lieu of payment for services	405,000	–	405,000	–
Finance costs	730,357	186,763	730,357	186,763
Changes in assets and liabilities, net of the effects of purchase and disposal of controlled entities during the period:				
Decrease/(Increase) in receivables	(227,111)	71,479	334,987)	(2,223)
Decrease/(Increase) in prepayments	19,123	(156,167)	–	(156,167)
(Increase)/Decrease in payables	(541,969)	426,868	(737,867)	846,837
(Increase)/Decrease in provisions	4,863	28,577	(20,795)	19,012
Net cash used in operating activities	**(4,116,082)**	**(3,269,294)**	**(3,417,497)**	**(2,307,022)**

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010	30 JUNE 2010	31 DECEMBER 2010	30 JUNE 2010
	$	$	$	$
c. Acquisition of Entities				
During the period ended 31 December 2010 the Company completed acquisition of 100% of Hampton (30 June 2010: a 69.4% ownership interest in Hampton and a 100% ownership interest in North Hill). Details of this transaction are:				
Purchase consideration				
Consisting of:				
– Cash consideration	4,150,000	17,695,604	4,150,000	17,695,604
– Ordinary shares	45,792,752	82,497,920	45,792,752	82,497,920
Total consideration	49,942,752	100,193,524	49,942,752	100,193,524
Cash consideration	4,150,000	17,695,604	4,150,000	17,695,604
Cash outflow [1]	**4,150,000**	**15,605,472**	**4,150,000**	**15,605,472**
Assets and liabilities held at acquisition date:				
Cash		2,090,132		2,090,132
Receivables	–	2,474,601	–	2,474,601
Prepayments	–	87,778	–	87,778
Investments	–	4,605,297	–	4,605,297
Property, plant and equipment	–	763,033	–	763,033
Exploration	–	100,721,654	–	100,721,654
Payables	–	(1,157,936)	–	(1,157,936)
Provisions	–	(51,116)	–	(51,116)
	–	**109,533,443**	**–**	**109,533,443**
Gain on consolidation	–	(600,062)	–	(600,062)
Minority equity interests in acquisitions	–	(9,339,919)	–	(9,339,919)
Acquisition reserve	(41,506,662)	–	–	–
	8,436,090	**99,593,462**	**–**	**99,593,462**

Note 1: The Company paid A$1,660,762 (US$1,500,000) in July 2010 as final settlement for the acquisition of North Hill.

d. Non-cash Financing and Investing Activities

Share issue

During the period ended 31 December 2010, 234,340,324 ordinary fully paid shares were issued at an average price of $0.20 per share as part of the consideration for the purchase of a further 29.7% ownership interest in Hampton.The share issue was based on the fair value of the two companies prior to the purchase.

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

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

On 16 March 2010 John Fillmore resigned as a Director and Chairman of the Company after guiding Metminco from its Initial Public Offering in 2007 to a market capitalisation of over $A500 million.

On 16 March 2010, Antonio Vicuna Ortuzar, a Chilean national and resident was appointed a Director and Chairman of the Company. Antonio,a lawyer by profession, is a highly respected figure in the global resources sector and has extensive experience and networks in the financial markets in both North and South America as well as in London.

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

NOTE 27: 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 half year are:

John Fillmore, Phillip Wing, William J Howe, William S 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

Legal services fees totaling $25,376 were (12 months to 30 Jun 2011: $79,628) paid to JA Fillmore and Co. of which John Fillmore is principal.

Apart from the details disclosed in this Note, 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 at Note 5.

b. Associated companies

Advances by Minera Hampton Chile Limitada to Sociedad Contractual Minera Ovalle and Sociedad Contractual Minera San Lorenzo are in USD and are non interest bearing with no fixed repayment terms. Total advances to the associated companies as at 31 December 2010 was nil (30 Jun 2010: nil). Refer Notes 12 and 13.

c. 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 2010 was $2,657,274 (12 months to 30 Jun 2011: nil).

NOTE 28: 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		COMPANY	
	NOTE	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Financial Assets					
Cash and cash equivalents	8	23,189,432	2,159,428	21,572,370	1,189,206
Trade and other receivables	9	5,339,846	6,450,629	2,802,789	3,863,993
Fair value of equity swap derivative	9	2,113,535	(96,625)	2,113,535	(96,625)
Total Financial Assets		**30,642,813**	**8,513,432**	**26,488,694**	**4,956,574**
Financial Liabilities					
Financial liabilities at amortised cost					
– Trade and other payables	17	2,021,494	3,350,183	1,249,815	2,756,220
– Borrowings	18	1,701,892	6,854,208	1,701,892	6,854,208
Total Financial Liabilities		**3,723,386**	**10,204,391**	**2,951,707**	**9,610,428**

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.

NOTE 28: FINANCIAL RISK MANAGEMENT continued

a. *Credit risk continued*

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 and the United Kingdom given the substantial operations in those regions.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9.

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.

Financial Liability and Financial Asset Maturity Analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	31 DEC 2010	30 JUN 2010	31 DEC 2010	30 JUN 2010	31 DEC 2010	30 JUN 2010	31 DEC 2010	30 JUN 2010
	$	$	$	$	$	$	$	$
Consolidated Group								
Financial liabilities due for payment								
Convertible notes	–	–	1,701,892	6,854,208	–	–	1,701,892	6,854,208
Trade and other payables (excluding est. annual leave)	2,021,494	3,350,183	–	–	–	–	2,021,494	3,350,183
Total contractual outflows	**2,021,494**	**3,350,183**	**1,701,892**	**6,854,208**	**–**	**–**	**3,723,386**	**10,204,391**
Total expected outflows	**2,021,494**	**3,350,183**	**1,701,892**	**6,854,208**	**–**	**–**	**3,723,386**	**10,204,391**
Financial assets – cash flows realisable								
Cash and cash equivalents	23,189,432	2,159,428	–	–	–	–	23,189,432	2,159,428
Trade and other receivables and derivatives	3,648,216	2,317,751	3,805,165	4,038,253	–	–	7,453,381	6,356,044
Total anticipated inflows	**26,837,648**	**4,477,179**	**3,805,165**	**4,038,253**	**–**	**–**	**30,642,813**	**8,515,472**
Net (outflow)/inflow on financial instruments	**24,816,154**	**1,126,996**	**2,103,273**	**(2,815,955)**	**–**	**–**	**26,919,427**	**(1,688,919)**

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	31 DEC 2010	30 JUN 2010	31 DEC 2010	30 JUN 2010	31 DEC 2010	30 JUN 2010	31 DEC 2010	30 JUN 2010
	$	$	$	$	$	$	$	$
Company								
Financial liabilities due for payment								
Convertible notes	–	–	1,701,892	6,854,208	–	–	1,701,892	6,854,208
Trade and other payables (excluding est. annual leave)	1,249,817	2,719,029	–	–	–	–	1,249,817	2,709,029
Amounts payable to related parties	–	37,191	–	–	–	–	–	37,191
Total contractual outflows	**1,249,817**	**2,756,220**	**1,701,892**	**6,854,208**	**–**	**–**	**2,951,709**	**9,610,428**
Total expected outflows	**1,249,817**	**2,756,220**	**1,701,892**	**6,854,208**	**–**	**–**	**2,951,709**	**9,610,428**
Financial assets – cash flows realisable								
Cash and cash equivalents	21,572,370	1,189,206	–	–	–	–	21,572,370	1,189,206
Trade and receivables and derivatives	3,499,885	1,999,915	1,416,439	1,767,453	–	–	4,916,324	3,767,368
Total anticipated inflows	**25,072,255**	**3,189,121**	**1,416,439**	**1,767,453**	**–**	**–**	**26,488,694**	**4,956,574**
Net (outflow)/inflow on financial instruments	**23,822,438**	**432,901**	**(285,453)**	**(5,086,755)**	**–**	**–**	**23,536,985**	**(4,653,854)**

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.

iii. Equity price risk

The convertible notes issued by the Company provide the note holders with the right to require the Company to repay the loan by the issue of fully paid ordinary shares. The conversion price has a fixed price element of $0.12 per share. The Group is exposed to equity price risk which may increase the value of its financial liability if its share price is higher than $0.12 when the note holders can exercise their conversion right.

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.

NOTE 28: FINANCIAL RISK MANAGEMENT continued

c. Market Risk continued

	CONSOLIDATED		COMPANY	
	31 DECEMBER 2010 $	30 JUNE 2010 $	31 DECEMBER 2010 $	30 JUNE 2010 $
Cash assets held in Australian dollars and subject to floating interest rate	9,418,236	1,131,339	9,418,234	953,924
Cash assets held in Australian dollars and subject to a fixed interest rate	–	8,196	–	–
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	12,867,164	1,019,893	11,250,104	235,282
Australian currency equivalent of cash assets held in UK pounds and subject to floating interest rate	904,032	–	904,032	–
Total cash assets	**23,189,432**	**2,159,428**	**21,572,370**	**1,189,206**
Financial liabilities repayble in US dollars				
Convertible notes	491,981	4,669,079	491,981	4,669,079

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 2010, 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%	188,365	43,189	188,365	23,784
Decrease in interest rate by 2%	(188,365)	(43,189)	(188,365)	(23,784)
Change in equity				
Increase in interest rate by 2%	188,365	43,189	188,365	23,784
Decrease in interest rate by 2%	(188,365)	(43,189)	(188,365)	(23,784)

Foreign Currency Risk Sensitivity Analysis

At 31 December 2010, 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) and to the UK pound (GBP), with all other variables remaining constant would be as follows:

Change in profit				
Improvement in AUD to USD by 5%	(612,722)	(48,566)	(535,719)	(23,243)
Decline in AUD to USD by 5%	612,722	48,566	535,719	23,243
Change in equity				
Improvement in AUD to USD by 5%	(612,722)	(48,566)	(535,719)	(23,243)
Decline in AUD to USD by 5%	612,722	48,566	535,719	23,243
Change in profit				
Improvement in AUD to GBP by 5%	(43,049)	–	(43,049)	–
Decline in AUD to GBP by 5%	43,049	–	43,049	–
Change in equity				
Improvement in AUD to GBP by 5%	(43,049)	–	(43,049)	–
Decline in AUD to GBP by 5%	43,049	–	43,049	–

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented 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. Areas of judgment and the assumptions have been detailed below. 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 2010		30 JUNE 2010	
	FOOTNOTE	NET CARRYING VALUE $	NET FAIR VALUE $	NET CARRYING VALUE $	NET FAIR VALUE $
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	23,189,432	23,189,432	2,159,428	2,159,428
Loans and receivables	(i)	5,339,846	5,339,846	6,450,629	6,450,629
Financial assets at fair value	(ii)	2,113,535	2,113,535	(96,625)	(96,625)
Total financial assets		**30,642,813**	**30,642,813**	**8,513,432**	**8,513,432**
Financial liabilities					
Financial liabilities at amortised cost	(i)	2,021,494	2,021,494	3,350,183	3,350,183
Financial liabilities at fair value	(iii)	1,701,892	1,701,892	6,854,208	6,854,208
Total financial liabilities		**3,723,386**	**3,723,386**	**10,204,391**	**10,204,391**
Parent Entity					
Financial assets					
Cash and cash equivalents	(i)	21,572,370	21,572,370	1,189,206	1,189,206
Loans and receivables	(i)	2,802,789	2,802,789	3,863,993	3,863,993
Financial assets at fair value	(ii)	2,113,535	2,113,535	(96,625)	(96,625)
Investments		155,085,360	155,085,360	100,561,933	100,561,933
Total financial assets		**181,574,054**	**181,574,054**	**105,518,507**	**105,518,507**
Financial liabilities					
Financial liabilities at amortised cost	(i)	1,249,815	1,249,815	2,576,220	2,576,220
Financial liabilities at fair value	(iii)	1,701,892	1,701,892	6,854,208	6,854,208
Total financial liabilities		**2,951,707**	**2,951,707**	**9,430,428**	**9,430,428**

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, with movements recognised through profit and loss.

(iii) The convertible notes are valued at face value plus an adjustment to reflect the value of the option to convert to fully paid ordinary shares using the Company's prevailing price quoted on the ASX, with movements recognised through profit and loss.

NOTE 28: FINANCIAL RISK MANAGEMENT continued

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 2 categories and the basis for valuation is set out in the notes to the accounts.

NOTE 29: 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 in the reserve of acquisition of the Hampton minority interest. Refer Notes 14b and 25c.

NOTE 30: 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 28 to 70, 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 2010 and of the performance for the period ended on that date of the Company and Consolidated Group; and

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

2. the Executive Officer and Chief Finance Officer have each declared that:

    a. the financial records of the Company for the period have been properly maintained in accordance with s286 of the *Corporations Act* 2001;

    b. the financial statements and notes for the period comply with the Accounting Standards; and

    c. the financial statements and notes for the period give a true and fair view;

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 31st day of March 2011

INDEPENDENT AUDITOR'S REPORT
to the Members of Metminco Limited

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

Level 17, 383 Kent Street
Sydney NSW 2000
PO Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@grantthornton.com.au
W www.grantthornton.com.au

Report on the financial report

We have audited the accompanying financial report of Metminco Limited (the "Company"), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the company the consolidated entity comprising the Company and the entities it controlled at the period end or from time to time during the financial period.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which 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 and fair presentation of the financial report 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 Company's and consolidated entity's financial position as at 31 December 2010 and of their performance for the period 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 22 to 25 of the directors' report for the period ended 31 December 2010. 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 period ended 31 December 2010, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Director – Audit & Assurance

Sydney, 31 March 2011