METMINCO LIMITED

ABN 43 119 759 349

AND ITS CONTROLLED ENTITIES

ANNUAL REPORT FOR THE YEAR ENDED

31 DECEMBER 2013

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 31 December 2013.

Board Composition

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

The names of the independent directors are: Antonio Ortuzar (resigned 30 June 2013), Timothy Read, Phillip Wing, William Etheridge (resigned 8 October 2013), Roger Higgins (appointed 8 October 2013) and Francisco Vergara-Irarrazaval.

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

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

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

Ethical Standards

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

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

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

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

Trading Policy

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

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

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

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

Diversity Policy Statement

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

Accordingly the Company established a regional office in Moquegua, Southern Peru approximately 60 km from the Los Calatos Project with one of the objectives being to increase community participation in the Group's work force.

As the Group only has six staff based in Australia it is not practical to set measurable targets for diversity.

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

Gender composition: In 2013, the proporation of women on the board and in senior management was zero per cent and in the overall workforce eight per cent.

Performance Evaluation

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

The Managing Director undertakes an annual review of the performance of each senior executive against individual tasks and objectives. The report is considered by the Remuneration and Nomination Committee. Performance evaluations of the key executives were undertaken in the 2013 financial year.

Board Roles and Responsibilities

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

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

The roles of Chairman and Managing Director are separated and clearly defined. The Chairman leads the Board and is responsible for ensuring the effectiveness of governance practices. The Chairman is also responsible for the conduct of Board and shareholder meetings. Responsibility for the operations of the Company is delegated to the Managing Director who manages the Company within the policies set by the Board. The levels of authority for management are also documented.

CORPORATE GOVERNANCE STATEMENT

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

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

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

Shareholder Rights

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

Risk Management

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

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

Remuneration Policies

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

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

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

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

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

Audit and Risk Committee

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

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

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

The role of the Committee is to:

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

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

The Managing Director, Chief Financial Officer and external auditor also attend the Committee meetings by standing invitation. Other Directors and management are invited to attend Committee meetings and participate in discussion relating to specific issues that they have an interest in. At least twice per year the Committee meets with the external auditor without management present.

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

Remuneration and Nomination Committee

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

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

These responsibilities include:

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

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

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

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

Safety, Health and Sustainable Development Committee

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

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

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

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

Other Information

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

Make timely and balanced disclosure

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

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

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

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

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group being Metminco Limited (Metminco or the Company) and its controlled entities, for the financial year ended 31 December 2013.

Directors

The following persons held the office of director at any time during or since the year ended 31 December 2013 to the date of this report:

Antonio Ortuzar	Non Executive Chairman
(resigned effective 30 June 2013)	
Timothy Read	Non Executive Director
(appointed Non-Executive Chairman effective 30 June 2013)	
William Howe	Managing Director
Francisco Vergara – Irarrazaval	Non Executive Director
Phillip Wing	Non Executive Director
William Etheridge	Non Executive Director
(resigned effective 8 October 2013)	
Roger Higgins	Non Executive Director
(appointed effective 8 October 2013)	
Stephen Tainton	Executive Director
(appointed effective 8 October 2013)	

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

Company Secretary

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

Principal activities and significant changes in the nature of activities

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

Operating results

The consolidated loss of the Group for the year was A$36,072,302 after providing for income tax (31 Dec 2012: loss of A$11,912,898).

Operations Report

Overview

During 2013 the Company focused its activities on two projects, namely the Los Calatos copper-molybdenum project in Peru, and the Mollacas copper leach project in Chile.

The Company successfully completed further optimisation work on the Los Calatos Project using the services of an independent consultant, which improved the economics of the project considerably in terms of estimated unit operating costs and capital expenditure. In addition, and based on the results of a comprehensive ICP analysis, 9 geo-metallurgical units were differentiated for the Los Calatos deposit that will form the subject of detailed metallurgical testwork that is to be undertaken as part of the planned Pre-Feasibility Study.

At the Mollacas Project, work undertaken during the year was primarily of a metallurgical nature, aimed at developing an improved understanding of copper recovery rates for the different ore types present, as well as acid consumption rates – the results of which proved to be better than anticipated.

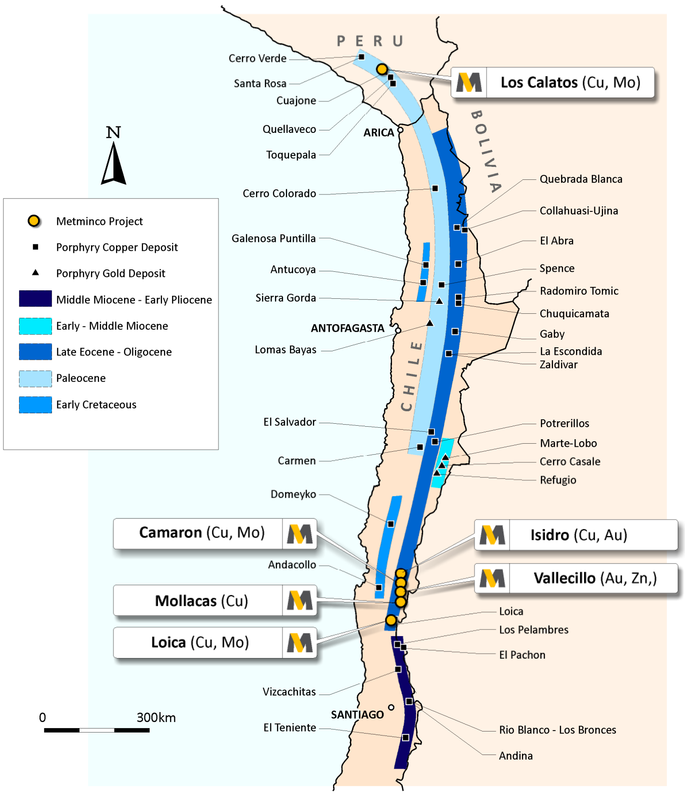
Limited work was conducted on the Company's other projects during the year following the decision to reduce expenditure in June 2013.

Projects

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

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

Figure 1: Locality map - Metminco projects.



LOS CALATOS

Location

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

Production from mines in this region exceeded 600,000 tonnes of copper metal in 2012. With the proposed upgrade to the Toquepala, Cuajone and Cerro Verde mines and the development of the Tia Maria and Quellaveco projects, production from this belt is expected to increase to more than 1.3 million tonnes of copper metal per annum. Molybdenum constitutes a significant by-product of copper mining from this belt.

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

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

The Los Calatos Project, which covers an area of 275 square kilometres, is located on state owned land approximately 80 kilometres to the southeast of Arequipa and 33 kilometres northwest of Moquegua, and occurs at an altitude of approximately 2,900 metres above mean sea level.

Following the conclusion of a Mining Scoping Study by NCL Ingeniería y Construcción Ltda ("NCL") and a Mine Production Study by Runge Pincock Minarco ("RPM"), Los Calatos is well placed for development as a low cost, long life, mining operation in an investment friendly jurisdiction.

Furthermore, the project is highly deliverable, with the designated status of a 'Project of National Interest' by the Peruvian government that enables Hampton Peru (a 100% held subsidiary of Metminco) to acquire surface title for infrastructure by direct purchase from the State. In addition, there is no competing land usage, seawater is planned to be used for metallurgical processing purposes, and power costs are low by comparison to similar operations in Chile.

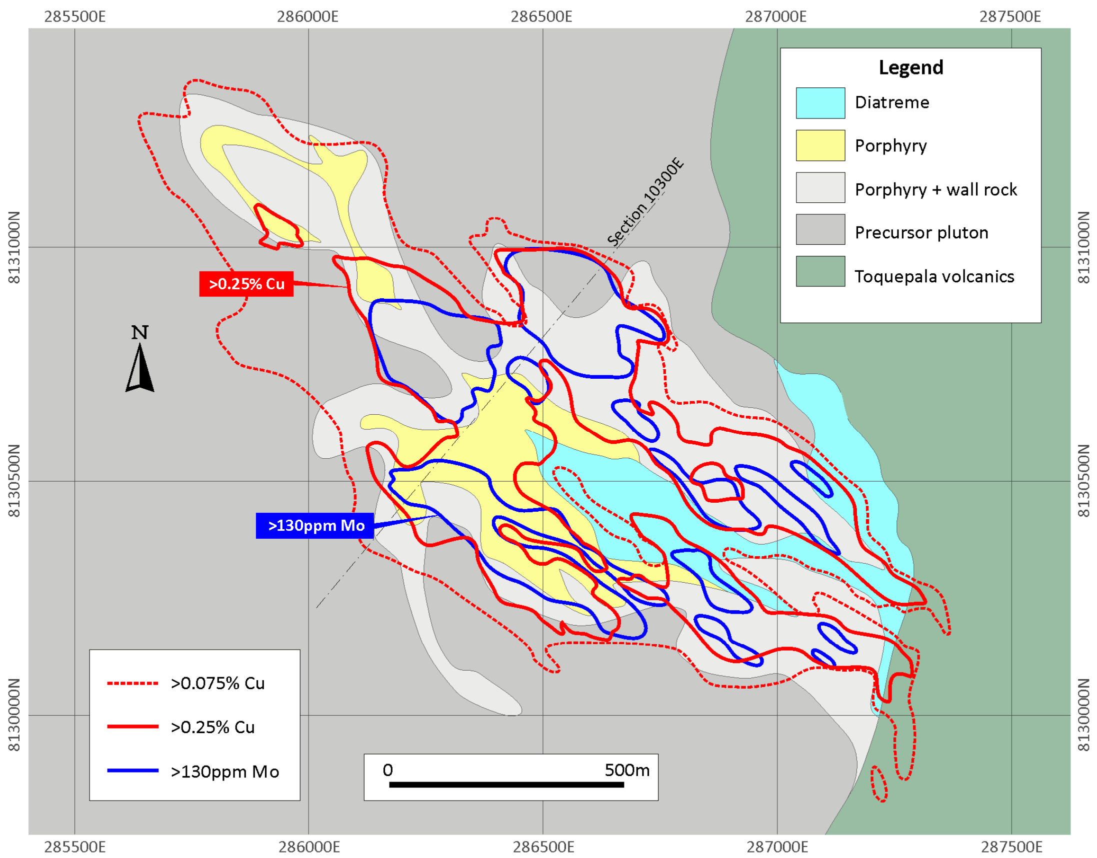
Project of National Interest

In July 2013 the Peruvian Government approved an increase in the area that Hampton Peru may purchase under the Project of National Interest designation from 2,800 ha to 12,700 ha to accommodate the surface infrastructure required to exploit the Los Calatos porphyry copper – molybdenum deposit. The surface infrastructure required for the proposed mine includes the open pit and underground workings, waste and ore stockpiles, plant, mine and administration structures and a tailings dam.

Geology and Exploration

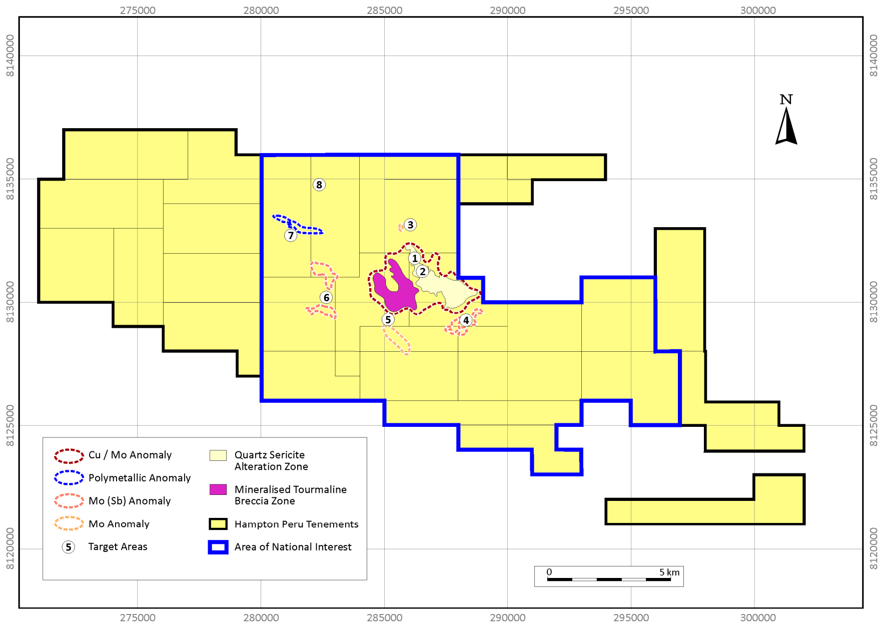
The mineralised porphyry system at Los Calatos is typical of the Andean type porphyry systems found in Chile and Peru, with copper and molybdenum mineralisation being associated with both the porphyry and adjacent wall rock. High grade copper and molybdenum mineralisation also occurs around the edge of a younger diatreme complex, which is typical of many of these systems (e.g. El Teniente in Chile). Figure 3 shows the distribution of the copper and molybdenum mineralisation asociated with the Los Calatos Porphyry Complex in plan.

Figure 3: Simplified geology of Los Calatos with and copper and molybdenum isograde lines (1,900m level).



Extensive, regional scale mapping, geochemical and geophysical programs have historically been undertaken by Metminco over the project area, which identified eight anomalous copper and molybdenum targets. Two targets (Figure 4; No's 1 and 2) have been drill tested and comprise the February 2013 Mineral Resource Estimate completed by SRK Consulting (Chile) S.A. ("SRK").

Figure 4: Project area comprises 275km² of tenements and 8 defined exploration targets.



Mineral Resources

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

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

The Mineral Resource Estimate provides for mineral resources that are amenable to open-pit mining and underground bulk mining. Mineral resources amenable to open-pit mining are identified as those resources occurring near surface to a vertical depth of 700 metres (viz. above an elevation of 2,300 metres above sea level), while resources amenable to underground bulk mining are identified as those resources occurring below this depth (Appendix 1; Tables 1 and 2).

The total Mineral Resource, inclusive of Inferred Mineral Resources, is summarised in Table 1 below.

Table 1: Total Mineral Resource – Preferred Mining Scenario.

Potential mining method	Tonnes (million)	Cu (%)	Mo (%)
Open Pit	493	0.38	0.023
Underground – bulk mining	926	0.51	0.022
Total Mineral Resource	1,419	0.47	0.022

Note:

i) Modified after SRK's Mineral Resource Estimate of February 2013.

ii) Open Pit: Mineral Resource Estimate reported at a 0.15% CuEq cut-off grade.

iii) Underground: Mineral Resource Estimate reported at a 0.35% CuEq cut-off grade.

Mining Scoping Study

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

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

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

On 4 March 2013 the Company announced the results of the Study which concluded that the Preferred Mining Scenario comprises a combination of an open pit with a life of 7-years and an underground block cave operation with a life of 24-years at a mining and processing rate of 21.9 million tonnes per annum (60,000 tonnes per day).

Following the completion of the Study by NCL, the Company commissioned Runge Pincock Minarco ("RPM") to review the work completed by NCL with the objective of further optimising operating costs and capital expenditure. The results of this work were announced by the Company on 12 August 2013, and presently constitute the reference base for the project going forward.

RPM Mine Production Study

As mentioned above, RPM focussed primarily on optimising operating costs and capital expenditure. To this effect, they evaluated the opportunity to increase production rates from the open pit and underground block cave operations, as well as the opportunity to delay underground development until such time as production from the open pit had commenced.

Accordingly, RPM reviewed the pit optimisation work conducted by Metminco post the conclusion of the NCL Study, as well as the underground production schedule developed by NCL. Based on the results of their Mine Production Study, RPM concluded that production rates of 75ktpd and 70ktpd are achievable for the open pit and underground block cave operations respectively, as does the opportunity exist to delay underground development until such time as production has commenced from a larger open pit operation ("Optimised L3_Model"). Figure 5 shows a section through the Los Calatos Block Model, demonstrating the position of the open pit and the planned underground block cave stopes.

Furthermore, RPM adjusted prior operating and capital cost estimates to accommodate the increased production rates and resultant 'ore flow'.

Optimised L3_Model

Open Pit Operation

In an endeavour to increase the life of the open pit operation, Metminco conducted a series of additional pit optimisation runs using Whittle 4D Lerchs-Grossman software to determine the approximate shape of a deeper, near-optimal, pit shell based on applied cut-off grade criteria and acceptable pit slope angles and strip ratios. Table 2 below summarises the results of this work.

Table 2: Key Results - Open Pit Optimised L3_Model.

Subject	Units	Optimised L3_Model
Tonnes Mined	Mt	362
Head grade: Cu	Cu (%)	0.371
Contained Cu	Mmlbs	2,957
Total waste	Mt	1,217
Strip Ratio	Waste:Ore	3.36:1
Pit Slopes	Degrees	41 to 47
Final Pit Depth	metres below surface	±700
Life of Pit	Years	14

RPM reviewed the results of the pit optimisation work and resultant mining schedule with the objective of determining whether the open pit was feasible and could deliver a production rate of 75ktpd run-of-mine. In particular, RPM evaluated the opportunity to attain the following:

- Maximise mineable resource extraction;
- Minimise waste material movement;
- Minimise bench turnover; and
- Minimise fleet size.

To facilitate this, a terrace mining method was adopted to allow for simultaneous access to multiple benches (up to five benches), and thereby provide for flexibility in blending. Furthermore, provision was made for maintaining a minimum mining width of 100 metres on a 15 metre high bench.

RPM concluded that the resultant mine schedule, which represents a balance between the delivery of product specification, mining practicality and compliance with key constraints established for the project, supports a production rate of 75ktpd without any material issues.

Underground Block Cave

RPM also reviewed the production schedule developed by NCL for the underground block cave operation with the objective of increasing the production rate from 60ktpd to 70ktpd and delaying the timing of the planned underground development so as to reduce pre-production capital expenditure.

- In order to achieve this, RPM endeavoured to optimise the mining schedule as it relates to the drawpoint, undercut and extraction sequence, albeit that a more detailed mine design and layout is ultimately required to facilitate this. Several assumptions were made:
- Development target per drift: 125 metres per month;
- Undercut drilling density: 4.5 dm per m^2;
- Undercutting rate: 6,700 dm per month per radial drill;
- Maximum undercutting rate: 3,250 dm per drift per month (50% drilling and 50% drill and blast);

- Maximum loading per drawpoint: 120tpd
- Drawbell and drawpoint establishment: 60 days after development of extraction drift is complete; and
- Five drawbells opened up per month

Based on the work completed by RPM, a total of 449Mt was scheduled over the life of the underground block cave operation of 21-years (Table 3), with an average drawpoint extraction rate of 120tpd and a maximum production rate of 70ktpd. Table 4 below summarises the tonnes mined from the three production levels, namely, 2005, 1795 and 1300.

Table 3: Block cave key parameters - Optimised L3_Model.

Subject	Units	Optimised L3_Model
Tonnes Mined	Mt	449
Head grade	Cu (%)	0.56
Contained Cu	mmlbs	5,525
Mining Levels	No.	2005, 1795 & 1300
Block Cave Stopes	No.	10
Life of Underground Block Cave	Years	21

Table 4: Underground Block Cave – Extracted tonnes scheduled (Optimised L3_Model).

Scenario	Level 2005		Level 1795		Level 1300		Total	
	No. Stopes	kt	No. Stopes	Kt	No. Stopes	kt	No. Stopes	kt
Optimised L3_Model	1	59,292	6	230,643	3	159,509	**10**	**449,444**

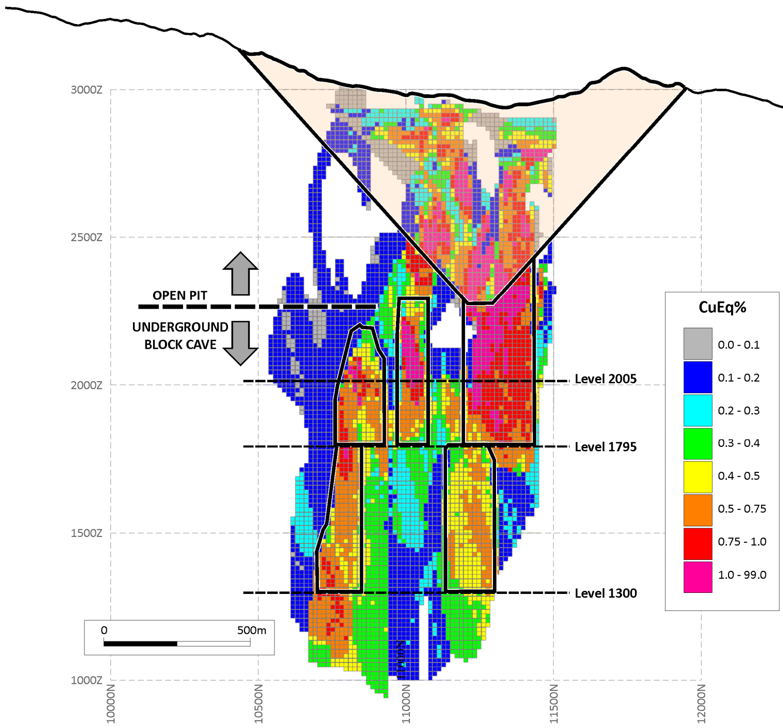
Note:

RPM schedule is based on the mine design as per the NCL Scoping Study (El Teniente extraction layout).

From the work completed by RPM, it is clear that further refinement of the production schedule is required, which will necessitate detailed mine design and planning, that is to be undertaken during the Pre-Feasibility Study. In addition, further exploration drilling and geotechnical and hydrological work is required to realise the full potential of Level 1300.

The eventual use of the sub-level caving mining method to access several high grade areas that do not meet the minimum size specifications for block caving will also be assessed during the Pre-Feasibility Study.

Figure 5: Section 10300E showing the Los Calatos Block Model, the planned Open Pit and certain of the underground Block Cave Stopes.



Life of Mine – Optimised L3_Model

The key operating parameters for the Optimised L3_Model are summarised in Table 5, and the development and production schedule is graphically depicted in Figure 6.

Figure 6: Optimised L3_Model – Annual Tonnes Mined and CuEq Grade.

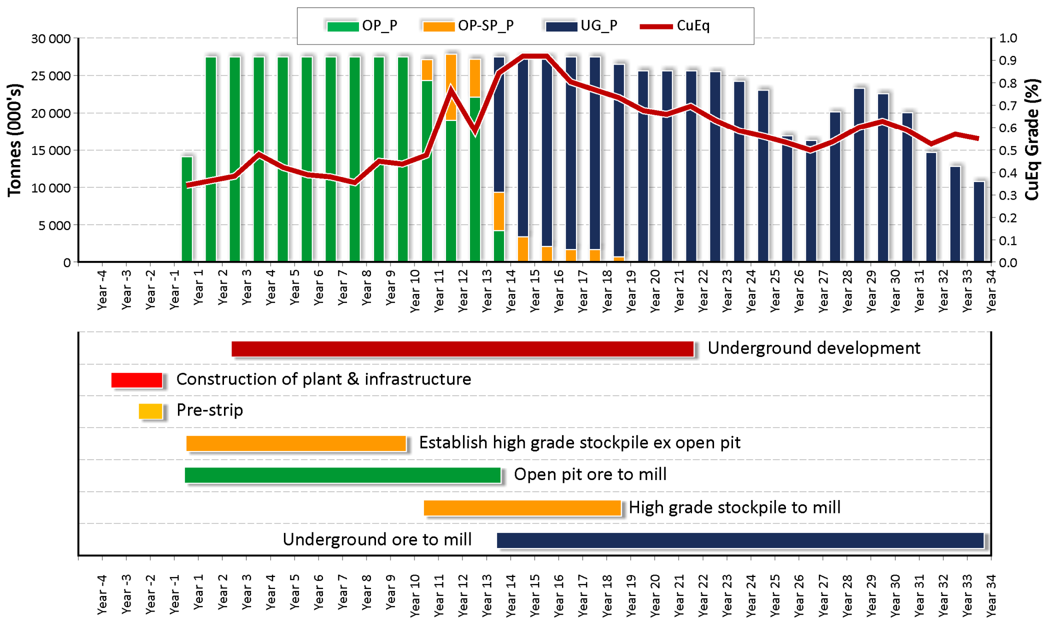


Table 5: Life of Mine – Key operating parameters Optimised L3_Model.

Parameter	Optimised L3_Model
Total tonnes milled (millions)	811
Average annual tonnes milled (millions)	23.9
Average annual copper in concentrate (kt)	98.4
Average annual payable molybdenum (kt)	4.8
Strip Ratio (open pit)	3.36:1
Mining costs (US$/t)	7.72
Processing costs (US$/t)	4.58
G & A costs (US$/t)	0.51
By - product credit (US$/lb payable Cu)	0.73
Cash operating costs *net of credits* (US$/lb copper)	1.12
Pre-production capital (US$ millions)	1,320

Note:

i) Cash operating costs exclude government royalties, but include all other costs and royalties.

ii) By-product credits based on commodity prices Cu = US$2.95/lb, Mo = US$12.78/lb, Au = US$1,348/oz, Ag = US$25.00/oz and Re = US$5,773/kg.

The envisaged life of mine for the Optimised L3_Model (Figure 6) can be summarised as follows:

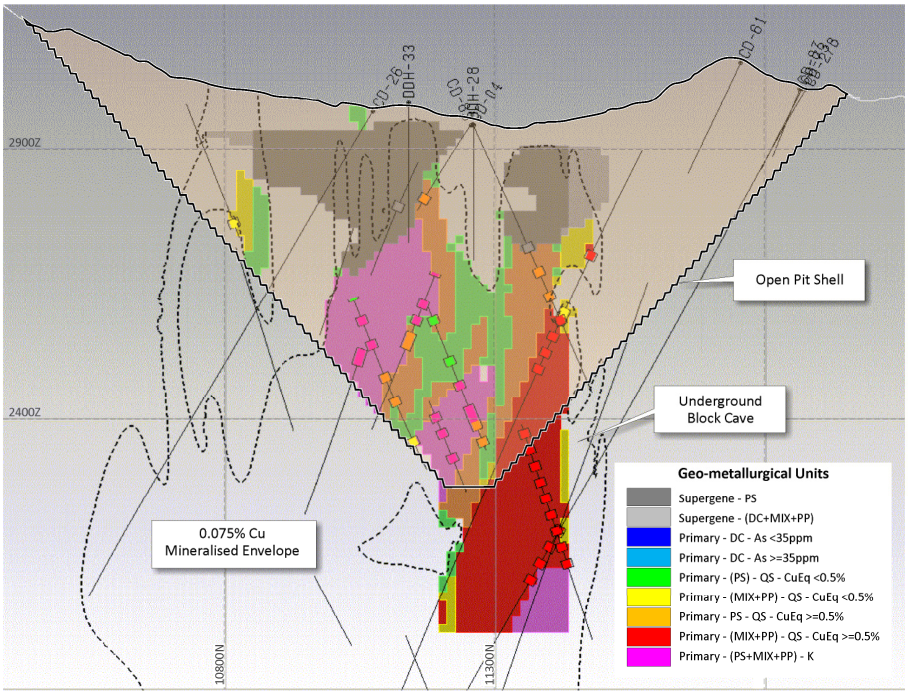
- The project development schedule allows for construction of the surface infrastructure and the metallurgical plant to be undertaken simultaneously with the development of the open pit operation.
- The life of the open pit is estimated to be 14-years during which time a stockpile will be established, which will supplement production from the underground operation during the underground ramp-up stage (Years 11 to 19).
- The annual contained copper and molybdenum metal in concentrate is expected to average 98.4kt and 4.8kt respectively over the life of mine.
- Cash operating costs, net of by-product credits, are expected to average US$1.12/lb of copper over the life of mine, and compare favourably with global cash costs, ranking the project in the lowest quartile of global producers.
- The initial capital requirement for the establishment of the open pit, surface infrastructure and metallurgical plant is estimated at US$1,320 million, which includes a contingency of 25% by virtue of the current developmental status of the project. Sustaining capital will be funded from cashflow while the development of the underground mining operation may well be financed through a combination of debt and equity to maximise project returns and free up cashflow from the operation.
- The underground mine infrastructure will consist of a twin decline system, one for personnel and equipment, and an adjacent conveyor system for ore extraction. Four vertical raise-bored ventilation shafts will support the underground operation. Ore will be crushed through a primary crusher to be located underground.
- The tonnes mined and treated over the life of the mine total 811 million tonnes, which will be processed through a conventional sulphide flotation plant using seawater for flotation purposes. Copper and molybdenum recoveries into separate concentrates are estimated to be 87% and 68% respectively based on initial metallurgical testwork.

Planned Metallurgical testwork

A preliminary metallurgical testwork program was conducted on 11 sulphide composites (derived from drill core samples) in 2009 at the SGS Lakefield Laboratories in Santiago. The results provided a provisional indication of the expected recoveries and likely concentrate grades for a commercial operation.

A second, more detailed, metallurgical testwork program (Phase 2) is to take place during the planned Pre-Feasibility Study. To facilitate this the main 'ore-types' which are planned to be mined during the open pit mining phase at Los Calatos, as well as Level 2005 of the underground block cave operation, were differentiated into 9 geo-metallurgical units. The geo-metallurgical units were differentiated on the basis of those criteria that may impact on the copper extraction process such as low-grade and high-grade copper equivalent zones, supergene and primary material, lithology and alteration type, and the presence of potentially deleterious elements (Figure 7).

Figure 7: Section 10300E - Geo-metallurgical units and selected samples for metallurgical testwork.



The metallurgical program will include both grinding and flotation testwork, and will confirm the relevant metallurgical parameters for the planned Feasibility Study. All of the proposed metallurgical tests will be carried out using sea water, as this will be the fluid medium of choice for the extraction process in the main commercial plant. Metallurgical tests will, however, also be conducted using potable water for comparative purposes.

The scope of work for the proposed metallurgical testing will comprise the following key phases:

- Flowsheet development program – Grinding Circuit;
- Flowsheet development program – Flotation Circuit for sulphide ores;
- Metallurgical mapping program – Grinding Circuit;
- Metallurgical mapping program – Flotation Circuit;
- Pilot plant testwork in order to generate sufficient bulk copper-molybdenum concentrate for copper-molybdenum separation testwork; and
- Environmental characterisation program of metallurgical products.

Pre-Feasibility Study planning

The Company continues with detailed investigations that are a pre-requisite for the commencement of a Pre-Feasibility Study. To this end, the following work is being undertaken:

- Design of an in-fill drilling program for the identified supergene zone, geotechnical work, as well as the sterilisation drilling required for the establishment of the requisite mine infrastructure;
- Geotechnical studies in support of the optimised pit and underground block cave operation;
- Phase 2 detailed metallurgical testwork;
- Identifying the optimal location for the planned tailings dam;
- Positioning of an infrastructure corridor to the coast; and
- Oceanographic studies for the positioning of loading facilities at the coast.

MOLLACAS

Focus 2013

During the period under review, the principle focus of the Company at Mollacas was to develop an improved understanding of the copper recoveries for the different ore types present, their mechanical attributes, optimal crush sizes and overall acid consumption rates.

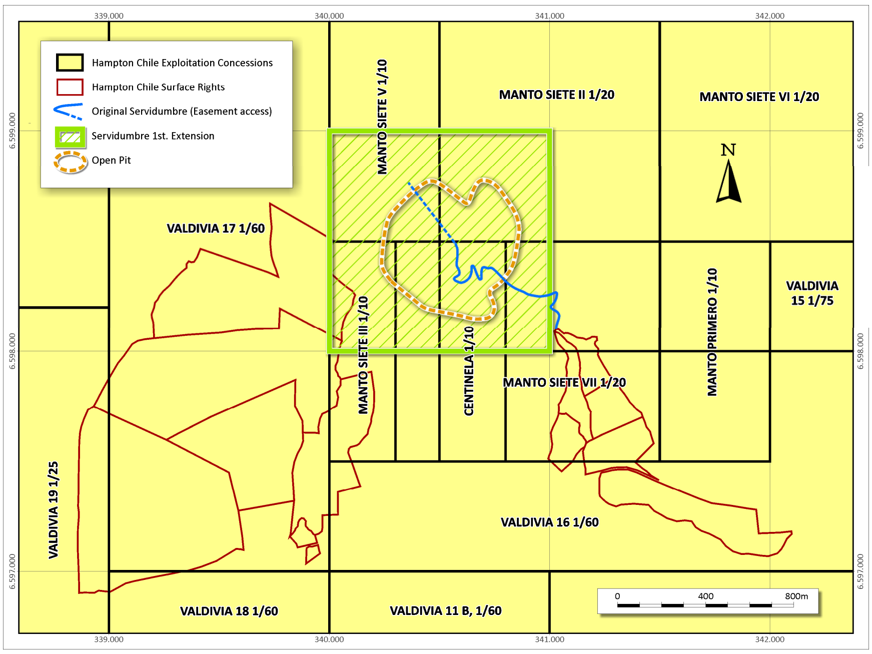
Location

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

Mineral Rights

The Company owns the mineral and surface rights for the Mollacas Project, as indicated in Figure 8.

Figure 8: Mollacas Project - Mineral and surface rights held by Metminco.



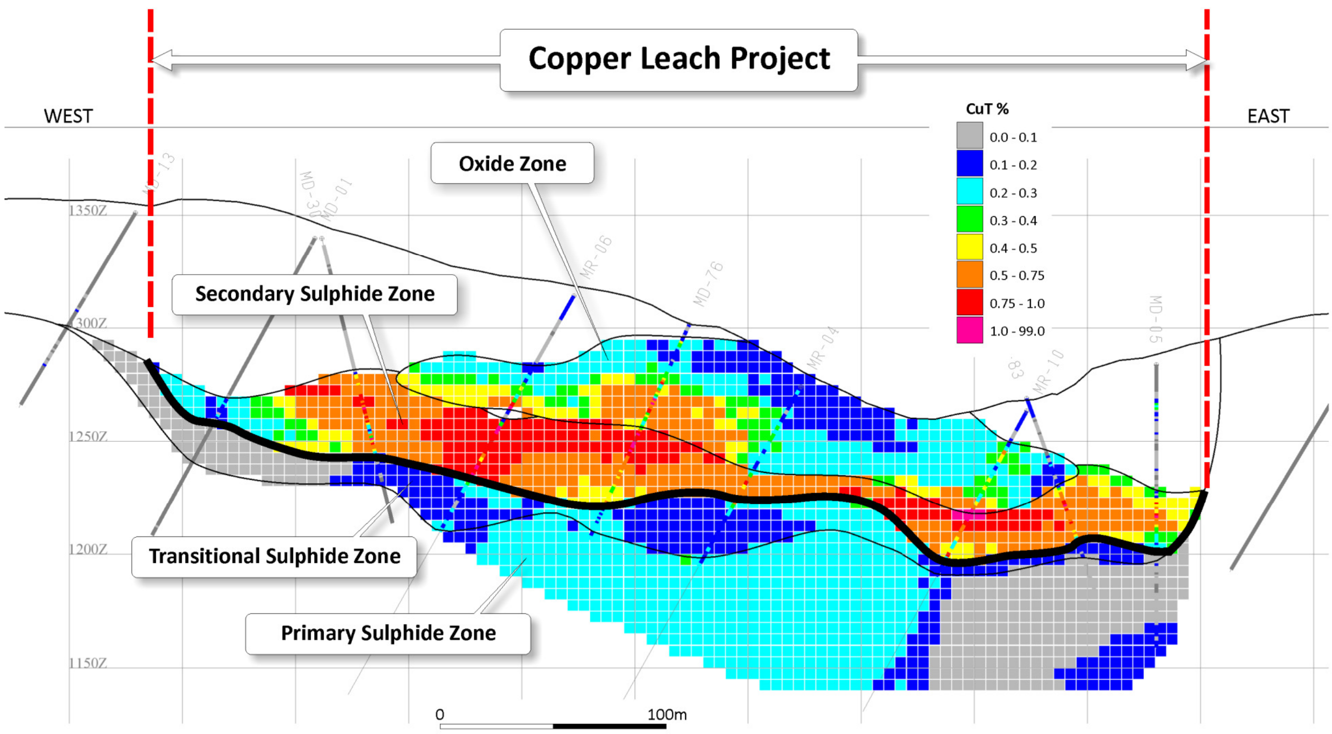
The Company owns 179 hectares of surface titles on which the proposed plant and infrastructure are to be constructed, albeit that Agrícola Bauzá Ltda also hold certain surface rights within the project, for which a 1st Extension Servidumbre (viz. Right to Access) has been applied. A final determination on the latter is expected in the second quarter of 2014.

Mineral Resource Estimate

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

Of this 15.5 million tonnes at a CuT grade of 0.51% in the Measured and Indicated Mineral Resource categories (contained metal of 79,111 tonnes of leachable copper) relates to the oxide and secondary sulphide zones and constitutes the basis of the Copper Leach Project (Figure 9)

Figure 9: Copper Leach Project - comprises an enriched copper oxide and supergene cap.



Metallurgical Testwork

The proposed Mollacas copper recovery process will consist of primary, secondary and possibly tertiary crushing (dependent on final recommendations regarding optimum crush size), agglomeration, heap leaching (LX), solvent extraction (SX) and electrowinning (EW) aimed at producing LME Grade "A" copper cathode as an end-product.

During the past year, a third phase (Phase 3) of metallurgical testwork was undertaken by SGS in Santiago (Chile) under the supervision of an independent expert (Figure 10). The program was designed to evaluate the Mollacas copper leach process at a Feasibility Study level, and to provide the information required for the completion of the design phase of the project, as well as the operating information for the submission of the requisite Environmental Impact Study ("EIS").

Figure 10: Checking the flow rates at the top of the 6 metre columns, SGS laboratory, Santiago, Chile.

The ore types tested consisted predominantly of oxide ore (mostly malachite with traces of chrysocolla and brochantite) and supergene ore (mainly chalcocite and covellite, with minor chalcopyrite and significant pyrite).

The testwork involved 16 columns representing five different geo-metallurgical units present, as well as combinations thereof, the results of which are summarised as follows:

Recovery Rates and Acid Consumption
A recovery rate of approximately 85% of the average "sequential" assayed copper grade for the deposit is attainable. However, the recovery rate for the supergene ore could be as high as 90%.

Acid consumption rates are expected to be in the range of 12 kg/t to 14 kg/t of ore leached. However, further testwork will be conducted concurrent with the completion of the EIS and the Feasibility Study in order to determine whether this can be reduced further by limiting the acid dosage during the agglomeration stage.

Leach Design Parameters
The primary leach design parameters resulting from the metallurgical testwork are:

- Crush size: P80 12mm to 16mm
- Agglomeration acid addition: 10 kg/t (may be reduced after further testing);
- Stacked ore depth: 6 metres
- Stacked dry-bulk density (maximum): 1.7 t/m3
- Two-stage leach
- 150-day Primary Leach Stage: 5 L/hm^2 @ 6 g/L H_2SO_4
- 150-day Secondary Leach Stage: 2.5 L/hm^2 @ 3 g/L H_2SO_4.

The staged leach and acid concentration values can be met with a series/parallel solvent extraction configuration, where the Primary Leach PLS feeds the two in-series solvent extraction stages, and the Secondary Leach PLS feeds the parallel extraction stage.

Future Work

Of importance to the timeous development of the project is the grant of a 'Right to Access' to the project (1st Extension "Servidumbre"), for which a final determination is expected during the second quarter of 2014.

VALLECILLO

Focus 2013

On completion of the revised Mineral Resource Estimate for the La Colorada deposit in October 2012, an internal scoping study was planned to be undertaken during 2013, as well as further exploration work over the broader project area to identify additional La Colorada type polymetallic deposits.

Following the decision to reduce expenditure in June 2013, all exploration work at Vallecillo was suspended, Accordingly the Company wrote down the carrying value of Vallecillo by $20,014,464 to its estimated value based on known resources.

Location

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

Exploration

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

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

Mineral Resource Estimate

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

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

Planned Work Program

Based on the results of a preliminary economic assessment of the La Colorada deposit, it is clear that additional mineral resources need to be identified to justify a stand-alone mining operation.

Accordingly, further exploration work has been planned for the larger project area based on the geological model developed for La Colorada, pending the availabiility of funding.

CAMARON

Location

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

Exploration

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

Following the completion of a reverse circulation ("RC") drilling program in the northern sector of the project ("Genesis Licences") in June 2012, the Company decided to relinquish its option to acquire the Genesis Licences. Although the drilling successfully tested the likely cause for the geochemical and alteration anomalies evident at surface, the mineralisation style identified was not deemed to be amenable to bulk mining.

In early 2014 a reconnaissance program was conducted over the remaining project area to evalaute the coincidental copper and molybdenum soil geochemical anomalies identified as part of an earlier exploration program. This served to confirm that the mineralisation present is distal to a deep seated porphyry system, and where present at surface, is of limited aerial extent. As such, the area will not be drill tested, as previously planned.

The Company suspended all activities on the project and as such wrote off the carrying value of Camaron recording a charge to income of A$69,871.

ISIDRO

Location

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

Exploration

Isidro was acquired on the basis that it had the potential to host a large copper-gold stacked manto system, which was supported in part by an initial surface geochemical sampling program conducted by Metminco, which identified well developed copper-gold anomalism.

However, following the completion of a more comprehensive geological mapping and geochemical sampling program in late 2012 and early 2013, the decision was made not to proceed with the planned drilling of the initial targets identified due to their limited size. This was further confirmed by a regional reconnaissance program conducted in early 2014.

The Company suspended all activities on the project and as such wrote off the carrying value of Isidro, including its interest in the joint venture, recording a charge to income of A$4,947,619.

LOICA

Location

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

Exploration

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

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

Accordingly the Company wrote down the carrying value of Loica by A$6,803,928 to the estimated value of A$2. Million.

OTHER AREAS

The reconnaissance exploration work planned for the Caldera tenements (42 square kilometres) in the Arica area of northern Chile, as well as the Jaspe tenements (14 square kilometres) in the Antofagasta area of northern Chile was curtailed and the decision was made to relinquish the respective tenements.

The Company suspended all activities on its other projects and as such wrote off the carrying value of these project, recording a charge to income of A$97,841.

APPENDIX 1

Mineral Resources

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

Los Calatos Project

Table 1: Mineral Resource Statement – Mineral Resources to a vertical depth of 700 metres below surface (above 2,300 masl).

Category	Tonnes (million)	Cu (%)	Mo (%)
Measured	222	0.37	0.031
Indicated	191	0.38	0.020
Measured & Indicated	**413**	**0.37**	**0.026**
Inferred	80	0.42	0.009

Note:

iv) Open Pit: Mineral Resource Estimate reported at a 0.15% CuEq cut-off grade.

v) Modified after SRK Consulting (Chile) S.A. February 2013 Mineral Resource Statement.

Table 2: Mineral Resource Statement – Mineral Resources sub-700 metres below surface (below 2,300 masl).

Category	Tonnes (million)	Cu (%)	Mo (%)
Measured	206	0.49	0.032
Indicated	437	0.52	0.020
Measured & Indicated	**643**	**0.51**	**0.024**
Inferred	283	0.52	0.018

Note:

i) Underground: Mineral Resource Estimate reported at a 0.35% CuEq cut-off grade.

ii) Modified after SRK Consulting (Chile) S.A. February 2013 Mineral Resource Statement.

Mollacas Project

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

Category	Tonnes (million)	CuT (%)	Au (g/t)
Measured	19.4	0.45	0.16
Indicated	9.4	0.34	0.16
Measured & Indicated	**28.8**	**0.41**	**0.16**
Inferred	5.5	0.26	0.15

Note:

i) Reported at a cut-off of 0.20% Cu. Rounding may result in minor discrepancies.

ii) Resource estimated by SRK Consulting (Chile) S.A.

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

Category	Tonnes (million)	CuT (%)	Cu_Sol(%)	Au (g/t)
Measured	11.2	0.55	0.44	0.12
Indicated	4.3	0.41	0.29	0.14
Measured & Indicated	**15.5**	**0.51**	**0.40**	**0.13**

Note:

iii) Reported at a cut-off of 0.20% Cu. Rounding may result in minor discrepancies.

iv) Resource estimated by SRK Consulting (Chile) S.A.

(a) Vallecillo Project (La Colorada deposit)

Table 5: Mineral Resource Statement, October 2012.

Category	Tonnes (million)	Au (g/t)	Ag (g/t)	Zn (%)	Cu (%)	Pb (%)
Measured	5.5	0.84	9.99	1.12	0.06	0.32
Indicated	2.6	0.80	10.23	0.94	0.07	0.35
Measured & Indicated	**8.1**	**0.82**	**10.06**	**1.06**	**0.06**	**0.33**
Inferred	0.86	0.50	8.62	0.48	0.12	0.17

Note:

i) Reported at a cut-off of 0.20g/t Au. Rounding may result in minor discrepancies.

ii) Resource estimated by SRK Consulting (Chile) S.A.

Competent Person's Statement

Metminco

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Colin Sinclair, BSc, MSc, who is a Member of the Australasian Institute of Mining and Metallurgy, and is currently employed by the Company in Chile.

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

SRK Consulting (Chile) S.A.

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

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

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

RungePincockMinarco

RungePincockMinarco ("RPM") is the world's largest publicly listed independent group of mining technical experts, with a history going back to 1968.

Listed on the Australian Securities Exchange on 27 May 2008 (ASX: RUL), RPM is a global leader in the provision of advisory consulting, technology and professional development solutions to the mining industry.

The RPM global team of more than 200 specialist advisors and mining consultants is regarded as one of the most experienced and trusted teams in the industry, with wide-ranging operational and technical expertise across commodities, continents and mining methods.

Further, the RPM global team's knowledge base has been gained through the conduct of work in over 118 countries, and their approach to the business of mining is strongly grounded in economic principles.

The company's cutting-edge mining software technology has been at the forefront for more than 30 years and continues to be sought after globally for mine planning including scheduling, simulation and financial analysis solutions. Their software continues to be used by miners, mining contractors, financial institutions and other service providers to the mining sector.

At present, RPM operate offices in 18 locations across 12 countries on five continents.

In accordance with Metminco's requirements, RPM conducted a high level review of the life of mine production schedule developed for Los Calatos by NCL and Metminco ("Mine Production Study"). This included a review, and refinement, of key inputs relating to the production schedule as well as associated costs (operating costs and capital expenditure) and a financial analysis, in order to confirm that the planned increase in production to 75ktpd for the open pit operation and 70ktpd for the underground operation is technically achievable, economically viable, and is legally compliant.

The review was conducted under the direction of Mr David Pires, Bsc,Msc,GCert. Mr Pires is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of RPM as Regional Consulting Manager – Latin America.

RPM certify that the results reported by Hampton correspond to those obtained by RPM in the conduct of their study on Los Calatos entitled "Los Calatos Mine Production Study" dated 05 August 2013.

DIRECTORS' REPORT

The reader is cautioned that the actual operating costs, production and economic returns may differ materially from those anticipated by the Mine Production Study, and depend on a variety of factors, some of which are outside the control of RPM.

Forward Looking Statement

All statements other than statements of historical fact included in this report including, without limitation, statements regarding future plans and objectives of Metminco are forward-looking statements. When used in this report, forward-looking statements can be identified by words such as ''anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this report, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Metminco that could cause Metminco's actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Metminco does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by applicable law and stock exchange listing requirements.

Corporate

The Consolidated Group after tax loss for the full year ended 31 December 2013, including an impairment of A$31,933,723, was A$36,072,302.

In June 2013 the Company restructured its operations, focusing on its two advanced projects, namely Los Calatos and Mollacas. Following an assessment of its other projects, the Company determined to postpone planned drilling programs at its Vallecillo and Loica projects and to discontinue work at its other projects.

Accordingly the Company recorded an impairment for Vallecillo (A$20,014,464) and Loica (A$6,803,928) and wrote off the carrying value of its other projects in full (A$5,115,331).

As part of the restructure, the Company undertook a review of its overheads which resulted in consolidation of its offices and reduced corporate activities, generating considerable cost savings, whilst maintaining a strong regional presence in South America.

The restructure of the Metminco Group and cost reduction strategies were completed during the September 2013 quarter. As forecast, the full benefit of these strategies was not fully realised until the December 2013 quarter due to costs associated with scaling back corporate activities including staff redundancy payments.

Cash Position and Funding

As at 31 December 2013, Metminco had cash reserves of A$7.8 million (US$6.9 million).

Expenditure for the year included oceanographic, geotechnical scoping/optimisation studies and geological work at the Los Calatos Project, and metallurgical testwork and EIS related work at the Mollacas Project.

During the year the Company received approximately US$3.5 million (equivalent to A$3.3 million at time of receipt) relating to the recovery of VAT paid on Los Calatos expenditure incurred over the period 01 January 2012 to 31 October 2012. Further, as the Company holds its cash reserves in the currency in which expenditure is expected to be incurred, which is primarily USD, the Company benefited from the fall in the AUD/USD exchange rate.

Based on minimum spend to maintain operations, the Company's current cash reserves of approximately A$7.8 million will be sufficient to enable the Company to fund its current activities well into 2015 without any capital raisings.

However, negotiations with a number of parties with respect to securing funding for the development of the Los Calatos and Mollacas projects are continuing.

Changes to the Board

Mr Antonio Ortuzar Vicũna, who had served as Chairman of Metminco since 16 March 2011, elected to step down as Chairman effective 30 June 2013, due to requirements relating to his partnership in the law firm Baker & McKenzie. The Board and Management extended their thanks to Mr Ortuzar for his considerable contribution to the Company whilst serving as Chairman.

Subsequently, Mr Timothy Read, a non-executive director of the Company, was elected Chairman effective 30 June 2013. Mr Read has substantial experience in both the mining and metals sector, and in investment banking.

Mr William Etheridge, who had served as a Director of Metminco since 17July 2009, elected to retire from the Board effective 08 October 2013. Dr Roger Higgins and Mr Stephen Tainton were appointed to the Board effective 08 October 2013.

Roger and Stephen bring to the Board of Metminco substantial and relevant experience in the resources sector. Roger has an excellent knowledge of the copper business, as well as significant operating experience in the South American environment.

Stephen has been extensively involved with gold exploration and deep level mining in South Africa and evaluation of numerous investment opportunities in the resource sector globally in a variety of geological environments. Refer Information on Directors for summaries of Roger's and Stephen's experience.

The Board of Metminco thanked Mr William Etheridge for his important contribution to the formation of Hampton Mining Limited and his valued input as director of Metminco. William has played an integral role in the founding and development of Metminco, for which his efforts are appreciated by all.

Expiry of Options

On 6 December 2013, 16,250,000 unlisted options exercisable at A$0.44 per fully paid ordinary share lapsed unexercised.

On 6 December 2013, 16,250,000 unlisted options exercisable at A$0.525 per fully paid ordinary share lapsed unexercised.

Significant Changes in State of Affairs

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

Dividends paid or recommended

No dividends were paid or declared during the year by the Company. The Directors do not recommend paying a final dividend for the year ended 31 December 2013.

Events subsequent to reporting date

No material events have occured subsequent to the end of the financial period.

Likely future developments

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

Environmental regulations

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

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

Information on Directors

Timothy Read	Non Executive Chairman (appointed Non-Executive Chairman effective 30 June 2013)
QUALIFICATIONS	BA (Economics), Fellow of the Chartered Institute for Securities and Investment
EXPERIENCE	Appointed on 1 April 2010, Mr Read has over forty years experience in the mining and metals sector, first as a mining analyst, then as an investment banker and, most recently, as a corporate executive and director. Between 1995 and 1999, he was Managing Director and Global Co-Head of Mining and Metals Investment Banking for Merrill Lynch Inc. and, accordingly has extensive experience in all aspects of corporate finance, particularly M&A and equity capital markets. Between 1999 and 2006, he was the chief executive of Adastra Minerals Inc (acquired by First Quantum Minerals in 2006) and since then has acted as a non-executive director for several natural resource companies including Cumerio SA (acquired by Norddeutsche Affinerie in 2008), Kopane Diamond Developments (until December 2009), Starfield Resources Inc (until July 2011) and Faroe Petroleum plc. Tim is also a Director of Capital Drilling Limited, a company listed on the London Stock Exchange.
INTEREST IN SHARES AND OPTIONS	1,400,000 ordinary fully paid shares in Metminco Limited and 2,000,000 options to acquire shares.
SPECIAL RESPONSIBILITIES	Chairman of the Remuneration and Nomination and member of the Audit and Risk committees.
William Howe	Managing Director
QUALIFICATIONS	B.Sc. FAusIMM

EXPERIENCE	Appointed as a Director on 17 July 2009 and Managing Director on 8 December 2010. Mr Howe, the founder of Hampton Mining Limited, has over 30 years experience in the mining industry and has worked in Southern and West Africa, Asia, Australia and the USA. He has been instrumental in the development of a number of new mining operations in Australia and Indonesia including the development and management of the first copper heap leach project in Australia, and an open pit coal mine in South East Kalimantan in Indonesia. He 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, Selwyn Mines Limited and Hampton Mining Limited.
INTEREST IN SHARES AND OPTIONS	48,735,095 ordinary shares in Metminco Limited.

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

Roger Higgins	Non Executive Director
QUALIFICATIONS	BE, MSc, and PhD
EXPERIENCE	Mr Higgins was appointed to the Board on 8 October 2013. He has over 40 years of mining industry experience, which has included environmental, strategy, project development and operational roles. He commenced working in the industry as an engineering hydrologist working on pit flooding and tailings disposal issues. Subsequent experience included responsibility for projects and operations in arid Australia and the deserts of northern Chile, as well as in eastern and western Canada. Mr Higgins' earlier career included various hydrology related positions in Papua New Guinea (Australian Government and Bougainville Copper), and 4-years at the University of New South Wales, where he completed a PhD in water resource economics. He

	subsequently spent 26-years with BHP as Manager Planning and Development BHP Copper, General Mine Manager Escondida, Managing Director Ok Tedi, Vice President Project Development Chile and Vice President and Chief Operating Officer Australia, responsible for the Olympic Dam and Cannington mines. Thereafter he spent 5-years with Teck Resources Limited as Senior Vice President Copper in Vancouver BC where he was responsible for Teck's copper business unit and its related operations in Canada, Chile and Peru.
INTEREST IN SHARES AND OPTIONS	600,000 ordinary shares in Metminco Limited.
SPECIAL RESPONSIBILITIES	Chairman of the Safety, Health and Sustainable Development Committee.
Stephen Tainton	Executive Director
QUALIFICATIONS	B.Sc. Geology (Hons)
EXPERIENCE	Mr Tainton is a geologist by profession with over 30 years' experience in the exploration and mining sector of Africa, with a particular focus on South Africa and gold. Whilst he has spent most of his career in South Africa, he has been involved with the evaluation of projects in some 27 different countries involving a variety of commodities. Having started his career with Johannesburg Consolidated Investments Limited, he has held various positions in management, from exploration to business development, which culminated in his holding the position of Executive Director of the JSE listed company Western Areas Limited, prior to the sale thereof to Gold Fields Limited. At Gold Fields Mr Tainton held the position of Senior Consultant Strategy responsible for Gold Fields' SA Region, and more specifically their deep level gold mines, South Deep, Kloof, Driefontein and Beatrix. Thereafter, he joined Partners in Performance, a Sydney based consultancy group, which focuses on Business Improvement.
INTEREST IN SHARES AND OPTIONS	300,000 ordinary fully paid shares in Metminco Limited and 2,000,000 options to acquire shares.
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 Compania Minera El Indio and Compania Minera San Jose, subsidiaries of St. Joe Minerals Corporation until 1991. In 1991, he established Vergara & Cia, Law Firm, providing legal services to different mining companies and international engineering firms focused in natural resources, energy, shipping and agriculture.Vergara has also acted for foreign governments through their embassies in Chile and as Director of listed companies and Chairman and Director of a number of unlisted companies.
INTEREST IN SHARES AND OPTIONS	50,140,000 ordinary shares in Metminco Limited.
SPECIAL RESPONSIBILITIES	Member of the Audit and Risk, Remuneration and Nomination and Safety, Health and Sustainable Development Committees.

Company Secretary

Philip Killen	Chief Financial Officer/Company Secretary
QUALIFICATIONS	B.Maths/B.Com, CPA

EXPERIENCE	Appointed as the Secretary on 31 October 2009. Mr Killen is a finance professional with over 18 years experience in the mining and exploration sector as principal of CPK Consulting and prior to that in various senior executive roles, including Financial Controller of Plutonic Resources Limited and Chief Financial Officer of Otter Gold Mines Limited. Previously he was with the Caltex Group for over 10 years in various senior finance, audit and technology roles located in Australia and overseas. His experience includes financial modeling to support bankable feasibility studies, development of funding strategies, treasury, statutory and ASX compliance reporting, and implementation of commercial systems.
INTEREST IN SHARES AND OPTIONS	4,344,836 ordinary shares in Metminco Limited and 1,000,000 options to acquire shares.

Meetings of the Board

The Board of Directors held 11 meetings during the year ended 31 December 2013. Attendances of Directors at these meetings are shown in the table below:

DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND BOARD MEETINGS
Timothy Read	11	11
Phillip Wing	11	11
William Howe	11	11
Francisco Vergara – Irarrazaval	11	11
Roger Higgins *(appointed 8 October 2013)*	2	2
Stephen Tainton *(appointed 8 October 2013)*	2	2
Antonio Ortuzar *(resigned 30 June 2013)*	7	7
William Etheridge *(resigned 8 October 2013)*	9	9

Meetings of Board Committees

The number of board committee meetings held and the number of meetings attended by each director (who are members of board committees) during the year ended 31 December 2013 were as follows:

	AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE		SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT COMMITTEE	
DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS	MEETINGS ATTENDED	ELIGIBLE TO ATTEND MEETINGS
Timothy Read	4	4	3	3	-	-
Francisco Vergara - Irarrazaval	4	4	3	3	2	2
Phillip Wing	4	4	-	-	-	-
Roger Higgins *(appointed 8 October 2013)*	-	-	-	-	1	1
William Etheridge *(resigned 8 October 2013)*	-	-	-	-	1	1

Indemnification of Directors and Officers

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

The Company has paid premiums to insure the Directors and Officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in their capacity as officers of the Company other than conduct involving a wilful breach of duty in relation to the Company. The premiums amounted to A$21,853 for the year ended 31 December 2013 (for the year ended 31 Dec 2012: A$21,768).

Indemnification of Auditors

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

Options

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

Unlisted Options

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
5 December 2011	5 December 2014	$0.215	2,500,000
5 December 2011	5 December 2014	$0.260	2,500,000
15 June 2012	15 June 2015	$0.175	2,000,000
15 June 2012	15 June 2015	$0.210	2,000,000
28 January 2013	28 January 2016	$0.075	250,000
28 January 2013	28 January 2016	$0.089	250,000
			9,500,000

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

Non – audit services

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

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

No fees were paid or are payable to Grant Thornton for non-audit services provided during the year ended 31 December 2013.

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditors' independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 31 December 2013 is set out on page 38, and forms part of this report.

Proceedings on behalf of the Company

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

REMUNERATION REPORT (Audited)

Remuneration Policy

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

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

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

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

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

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

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

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

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

Performance based Remuneration

The Company did not pay performance based remuneration to executive, non executive directors or any other key management personnel during 2013.

Employment Details of Members of Key Management Personnel and Other Executives

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

	POSITION HELD AS AT 31 DECEMBER 2013 AND ANY CHANGE DURING THE YEAR	CONTRACT DETAILS (DURATION & TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION RELATED TO PERFORMANCE		PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE		
			NON-SALARY CASH-BASED INCENTIVES	SHARES/ UNITS	OPTIONS/ RIGHTS	FIXED SALARY/ FEES	TOTAL
			%	%	%	%	%
Group Key Management Personnel							
Antonio Ortuzar	Chairman *(resigned 30 June 2013)*	No written contract	–	–	–	100	100
William Howe	Managing Director	Written Contract (6 months' notice)	–	–	–	100	100
Phillip Wing	Non Executive Director	No written contract	–	–	–	100	100
William Etheridge	Non Executive Director *(resigned 8 October 2013)*	No written contract	–	–	–	100	100
Tim Read	Chairman *(appointed 30 June 2013)*	No written contract	–	–	–	100	100
Francisco Vergara-Irarrazaval	Non Executive Director	No written contract	–	–	–	100	100
Philip Killen	CFO and Company Secretary	Written contract (6 months' notice)	–	–	–	100	100
Colin Sinclair	Consultant	Written contract (12 months & no termination notice)	–	–	–	100	100
Stephen Tainton	Executive Director *(appointed 8 October 2013)*	Written contract (6 months' notice)	–	–	–	100	100
Gavin Daneel	General Manager Exploration	Written contract (6 months' notice)	–	–	–	100	100
Roger Higgins	Non Executive Director *(appointed 8 October 2013)*	No written contract	–	–	–	100	100

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

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

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

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

Changes in Directors and Executives Subsequent to 31 December 2013

There were no changes in Directors or Executives subsequent to 31 December 2013.

Remuneration Details during the year ended 31 December 2013

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

Table of benefits and payments for key management personnel for the year Ended 31 December 2013:

		SHORT–TERM BENEFITS				POST–EMPLOYMENT BENEFITS		LONG–TERM BENEFITS		EQUITY–SETTLED SHARE–BASED PAYMENTS				
Group Key Management Personnel		SALARY, FEES AND LEAVE $	PROFIT SHARE AND BONUSES $	NON–MONE-TARY $	HOUSING ALLOWANCE $	PENSION AND SUPER–ANNU-ATION $	OTHER $	INCENTIVE PLANS $	LSL $	SHARES/ UNITS $	OPTIONS/ RIGHTS $	CASH–SETTLED SHARED–BASED PAYMENTS $	TERMIN–ATION BENEFITS $	TOTAL $
Antonio Ortuzar	Dec 2013	50,000	–	–	–	–	–	–	–	–	–	–	–	50,000
	Dec 2012	100,000	–	–	–	–	–	–	–	–	92,920	–	–	192,920
William Howe	Dec 2013	450,000	–	–	58,275	–	–	–	–	–	–	–	–	508,275
	Dec 2012	450,000	–	–	54,382	–	–	–	–	–	–	–	–	504,382
Phillip Wing	Dec 2013	83,439	–	–	–	–	–	–	–	–	–	–	–	83,439
	Dec 2012	191,479	–	–	–	–	–	–	–	–	–	–	–	191,479
William Etheridge	Dec 2013	84,063	–	–	–	–	–	–	–	–	–	–	–	84,063
	Dec 2012	101,095	–	–	–	–	–	–	–	–	–	–	–	101,095
Tim Read	Dec 2013	126,458	–	–	–	–	–	–	–	–	–	–	–	126,458
	Dec 2012	132,953	–	–	–	–	–	–	–	–	92,920	–	–	225,873
Francisco Vergara-Irarrazaval	Dec 2013	75,000	–	–	–	–	–	–	–	–	–	–	–	75,000
	Dec 2012	75,000	–	–	–	–	–	–	–	–	–	–	–	75,000
Philip Killen	Dec 2013	275,117	–	–	–	24,883	–	–	–	–	–	–	–	300,000
	Dec 2012	250,000	–	–	–	50,000	–	–	–	–	–	–	–	300,000
Colin Sinclair	Dec 2013	277,167	–	–	–	–	–	–	–	–	–	–	–	277,167
	Dec 2012	350,000	–	–	–	–	–	–	–	–	–	–	–	350,000
Stephen Tainton	Dec 2013	286,832	–	–	–	23,168	–	–	–	–	–	–	–	310,000
	Dec 2012	266,909	–	–	–	33,091	–	–	–	–	–	–	–	300,000
Gavin Daneel	Dec 2013	291,666	–	–	23,451	8,334	–	–	–	–	–	–	–	323,451
	Dec 2012	300,000	–	–	34,944	–	–	–	–	–	–	–	–	334,944
Roger Higgins	Dec 2013	17,339	–	–	–	–	–	–	–	–	–	–	–	17,339
	Dec 2012	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Key Management Personnel	**Dec 2013**	2,017,081	–	–	81,726	56,385	–	–	–	–	–	–	–	2,155,192
	Dec 2012	2,217,436	–	–	89,326	83,091	–	–	–	–	185,840	–	–	2,575,693

Securities Received that are not Performance Related

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

Cash Bonuses, Performance-related Bonuses and Share-based Payments

Executive directors and senior executives may be eligible to participate in an annual bonus based on performance of the Company and the executive's contribution thereto, as determined by the Remuneration Committee. The Company has not paid bonuses to executive directors and senior executives in 2013.

Options and Rights Issued, Granted & Exercised

The Company issued options to one employee under terms and conditions set out in the Employee Share Option Plan as follows:

- 250,000 options exercisable at A$0.075 per share no later than 28 January 2016 in accordance with the rules of the Company's Employee Option Plan. Grant date of 28 January 2013.
- 250,000 options exercisable at A$0.089 per share no later than 28 January 2016 in accordance with the rules of the Company's Employee Option Plan. Grant date of 28 January 2013.

The options have been valued using the Binomial method, a share price of $0.06 (based on the Company's share price as at 25January 2013), interest rate of 3%, 75% volatility, the life is 3 years which may not eventuate) and assuming the option are tradeable. The options are not transferrable, the expiry date is contingent on a number of terms and conditions set out in the Employee Share Option Plan and the holder will only realise a benefit through exercise of the options.

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

Long-Term Incentive Plan

The Company has engaged Ernst & Young to develop a new Long-Term Incentive Plan (LTIP) for the Company whereby participants are issued restricted share rights. The LTIP, which will replace the Employee Share Option Plan, aims to align the interests of the participating employees with the shareholders' interests and to attract, motivate and retain participating employees.

Use of remuneration consultants

No remuneration consultants were used during the year.

Voting and comments made at the company's 2012 Annual General Meeting (AGM)

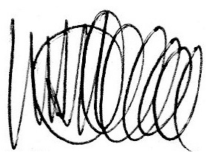
The company received 83% "For" votes on it's remuneration report for the 2012 financial year. No other specific feedback was received at the AGM on it's remuneration report.

End of audited 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



13 March 2014

SYDNEY

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Metminco Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metminco Limited for the year ended 31 December 2013, 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

C F Farley
Partner - Audit & Assurance

Sydney, 13 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTE	CONSOLIDATED GROUP	
		31 DECEMBER 2013 $	31 DECEMBER 2012 $
Revenue	2	89,019	336,988
Profit on disposal of assets		25,308	–
Fair value adjustment on equity swap derivative		–	(233,382)
Finance costs		–	(316,573)
Foreign exchange gain/(loss)		709,209	(654,452)
Administration expenses	3	(2,980,726)	(4,003,895)
Corporate expenses		(1,532,491)	(1,993,210)
Occupancy expense		(448,898)	(507,487)
Exploration and evaluation expenditure impaired	12,15	(31,933,723)	(4,540,887)
Loss before income tax		**(36,072,302)**	**(11,912,898)**
Income tax expense	4	–	–
Loss for the year		**(36,072,302)**	**(11,912,898)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign controlled entities (net of tax)		11,897,260	(986,163)
Total Comprehensive Loss for the year		**(24,175,042)**	**(12,899,061)**
Loss for the year attributable to members of the parent entity:		**(36,072,302)**	**(11,912,898)**
Total comprehensive loss attributable to members of the parent entity:			
From continuing operations:		**(24,175,042)**	**(12,899,061)**
Basic loss per share (cents)	7	(2.06)	(0.68)
Diluted loss per share	7	(2.06)	(0.68)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	NOTE	CONSOLIDATED GROUP 31 DECEMBER 2013 $	31 DECEMBER 2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	7,807,995	14,484,097
Trade and other receivables	9	579,185	3,756,276
Other assets	10	33,697	53,266
TOTAL CURRENT ASSETS		**8,420,877**	**18,293,639**
NON-CURRENT ASSETS			
Trade and other receivables	9	4,935,546	4,374,785
Investments accounted for using equity method	11	–	2,891,734
Property, plant and equipment	14	4,098,597	3,740,442
Exploration and evaluation expenditure	15	192,301,260	205,359,513
TOTAL NON-CURRENT ASSETS		**201,335,403**	**216,366,474**
TOTAL ASSETS		**209,756,280**	**234,660,113**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	578,243	1,254,750
Short term provisions	17	280,044	345,394
TOTAL CURRENT LIABILITIES		**858,287**	**1,600,144**
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		**–**	**–**
TOTAL LIABILITIES		**858,287**	**1,600,144**
NET ASSETS		**208,897,993**	**233,059,969**
EQUITY			
Issued capital	18	317,607,678	317,607,678
Reserves	27	(29,605,407)	(41,515,733)
Accumulated losses		(79,104,278)	(43,031,976)
TOTAL EQUITY		**208,897,993**	**233,059,969**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED GROUP	ISSUED CAPITAL $	ACCUMULATED LOSSES $	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACQUISITION RESERVE $	TOTAL $
Total equity as at 1 Jan 2012	**307,900,070**	**(31,119,078)**	**3,236,241**	**(2,444,989)**	**(41,506,662)**	**236,065,582**
Loss attributable to members of the parent entity	–	(11,912,898)	–	–	–	(11,912,898)
Other comprehensive income	–	–	–	(986,163)	–	(986,163)
Total comprehensive loss	–	(11,912,898)	–	(986,163)	–	(12,899,061)
Options issued to directors and employees	–	–	185,840	–	–	185,840
Shares issued during the year	10,962,791	–	–	–	–	10,962,791
Transaction costs	(1,255,183)	–	–	–	–	(1,255,183)
Balance as at 31 Dec 2012	**317,607,678**	**(43,031,976)**	**3,422,081**	**(3,431,152)**	**(41,506,662)**	**233,059,969**
Total equity as at 1 Jan 2013	**317,607,678**	**(43,031,976)**	**3,422,081**	**(3,431,152)**	**(41,506,662)**	**233,059,969**
Loss attributable to members of the parent entity	–	(36,072,302)	–	–	–	(36,072,302)
Other comprehensive income	–	–	–	11,897,260	–	11,897,260
Total comprehensive loss	–	(36,072,302)	–	11,897,260	–	(24,175,042)
Options issued to directors and employees	–	–	13,066	–	–	13,066
Balance as at 31 December 2013	**317,607,678**	**(79,104,278)**	**3,435,147**	**8,466,108**	**(41,506,662)**	**208,897,993**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTE	CONSOLIDATED GROUP 31 DECEMBER 2013 $	31 DECEMBER 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(4,416,981)	(6,552,906)
Interest received		89,019	400,043
Finance costs paid		–	(21,419)
Net cash used in operating activities	23(b)	**(4,327,962)**	**(6,174,282)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(46,863)	(370,790)
Purchase of land		–	(90,725)
Payments for exploration expenditure		(6,407,928)	(32,243,012)
Recovery of VAT in Peru		3,331,520	–
Sale of assets		65,920	–
Net cash used in investing activities		**(3,057,351)**	**(32,704,527)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		–	10,510,888
Payments in respect to capital raisings		–	(1,255,183)
Proceeds from equity swap		–	735,415
Net cash provided by financing activities		–	**9,991,120**
Net decrease in cash held		**(7,385,313)**	**(28,887,689)**
Cash and cash equivalents at the beginning of the year		14,484,097	44,030,949
Effect of exchange rates on cash holdings in foreign currencies		709,211	(659,163)
Cash and cash equivalents at the end of the year	23(a)	**7,807,995**	**14,484,097**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Metminco Limited and controlled entities ("Consolidated Group" or "Group") for the full year ended 31 December 2013.

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. Metminco Limited is a for profit entity for the purpose of preparing the financial statements. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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

The financial statements were authorised for issue by the directors on 13 March 2013.

a. Going concern basis of accounting

The Consolidated Group has made a loss for the year. Metminco is an exploration Company currently without an operating cash inflow and the net cash position of the Group will continue to decrease until such time as the Group has an operating cash inflow.

The directors are satisfied that the Company and Group have sufficient cash reserves to maintain its current portfolio of areas of interest and meet its debts as and when they fall due. Therefore these financial statements have been prepared on a going concern basis.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Metminco at the end of the reporting period. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

d. Income Tax

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Class of Fixed Asset	*Depreciation Rate*
Land	Nil
Plant and equipment	20% to 33%

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

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

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

f. Exploration and Development Expenditure

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

g. Leases

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

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

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

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

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

h. Financial Instruments

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

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

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

b. less principal repayments;

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

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

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

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

i. Financial assets at fair value through profit or loss
Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a

group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. *Loans and receivables*

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

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

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 significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

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

i. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

j. 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.

k. Interests in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Where the Group's activities are conducted through a joint venture, the Group recognises its interests in the joint venture using the equity method. Details of the consolidated group's interests are shown in Note 12.

Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the joint venture. Where there has been a change recognised directly in other comprehensive income or equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of profit or loss and other comprehensive income or the statement of changes in equity, as appropriate. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The share of the joint venture's net profit/(loss) is shown on the face of profit or loss. This is the profit/(loss) attributable to venturers in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the venturer. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

l. Foreign Currency Transactions and Balances

Functional and presentation currency
The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

Transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

m. 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.

n. 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.

o. Cash and Cash Equivalents

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

p. 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).

q. Equity settled compensation

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

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

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

r. 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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

s. 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.

t. 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 and capitalised expenditure is being carried forward by the Group, 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 $192,301,260 (see Note 15).

iii. *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 75% volatility (based on historical volatity), the share price on the applicable date (being either the date of issue or the balance date) and an option life based on the Company's best estimate of the expected exercise patterns which may not eventuate in the future.

u. Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

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

Recognition of deferred tax assets

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

v. Changes in accounting policies

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements
AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides

extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements
AASB 11 supersedes AASB 131 Interests in Joint Ventures (AAS 131) and AASB Interpretation 113 Jointly Controlled Entities- Non-Monetary-Contributions by Venturers. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The Group's only joint arrangement within the scope of AASB 11 is its 50% investment in SCM San Lorenzo, which was accounted for using the equity method under AASB 128. As such the application of AASB 11 did not have an effect on the classification of the Group's investment in SCM San Lorenzo during the period or comparative periods covered by these financial statements.

AASB 12 Disclosure of interests in Other Entities
AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. The Group does not have any structured entities within the scope of AASB 12 and therefore the adoption of this standard did not have an impact on the Group.

Consequential amendments to AASB 127 Separate Financial Statements and AASB 128

Investments in Associates and Joint Ventures
AASB 127 now only addresses separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 13 Fair Value Measure ment
AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year, see Note 26.

Amendments to AASB 119 Employee Benefits
The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The adoption of this standard did not have an impact on the Group.

w. Operating segment reporting

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards,

amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

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

AASB 9 Financial Instruments

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

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

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective from periods beginning after 1 July 2013)

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

On 28 June 2013, the Australian government passed Corporations and Related Legislation Amendment Regulation 2013 (No.1) which inserts these disclosures, with minor changes, into Corporations Regulations 2001. For financial years commencing on or after 1 July 2013, these disclosures are required to be included in remuneration reports of listed companies.

When these amendments are first adopted for the year ending 31 December 2014, they are unlikely to have any significant impact on the entity.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

When these amendments are first adopted for the year ending 31 December 2014, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB132.

AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014)

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

NOTES TO THE FINANCIAL STATEMENTS

	CONSOLIDATED	
	31 DECEMBER 2013 $	31 DECEMBER 2012 $

NOTE 2: REVENUE

Interest received – other persons	89,019	336,988

NOTE 3: LOSS FOR THE YEAR

Expenses from continuing operations:		
Other expenses	(169,814)	(310,740)
Employee and directors' benefits expense	(2,503,876)	(3,429,431)
Depreciation and amortisation expense	(307,036)	(263,724)

NOTE 4: INCOME TAX EXPENSE

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

Loss before tax	36,072,303	11,912,898
Total income tax benefit calculated at 30% for Australia and Peru and at 35% for Chile (2012: 30% for Australia and Peru and 35.5% for Chile)	(11,139,961)	(3,932,334)
Tax effect of:		
– Foreign exchange (gains)/losses	(199,445)	189,691
– Fair value adjustment on equity swap derivative	–	70,015
– Exploration impaired	8,172,388	-
– Allowable capital raising deductions	(545,396)	(545,396)
– Options issued	3,920	55,754
– Provisions	(23,420)	42,370
– Accruals	(102,062)	(183,041)
Tax rate change in Chile	56,589	–
	(3,777,387)	**(4,302,941)**
Deferred tax asset not brought to account	3,777,387	4,302,941
Income tax expense	–	–
Applicable weighted average effective tax rate	0%	0%
Deferred tax asset not taken to account		
Tax losses carried forward:		
- Revenue losses	10,757,189	7,106,683
- Temporary differences	(152,406)	(279,287)
	10,604,783	6,827,396

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2013.

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

	CONSOLIDATED	
	31 DECEMBER 2013 $	31 DECEMBER 2012 $
Short term employee benefits	2,098,807	2,306,762
Post-employment benefits	56,385	83,091
Termination benefits	–	–
Share based payments	–	185,840
Total	**2,155,192**	**2,575,693**

KMP Options and Rights Holdings

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

31-December 13	Balance at the beginning of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of the year	Vested during the period	Vested and exercisable
Antonio Ortuzar (*)	5,000,000	–	–	(3,000,000)	2,000,000	–	2,000,000
William Howe	–	–	–	–	–	–	–
Philip Wing	–	–	–	–	–	–	–
William Etheridge (**)	–	–	–	–	–	–	–
Francisco Vergara - Irarrazaval	–	–	–	–	–	–	–
Tim Read	8,000,000	–	–	(6,000,000)	2,000,000	–	2,000,000
Philip Killen	5,000,000	–	–	(4,000,000)	1,000,000	–	1,000,000
Stephen Tainton	2,000,000	–	–	–	2,000,000	–	2,000,000
Gavin Daneel	2,500,000	–	–	(1,500,000)	1,000,000	–	1,000,000
Colin Sinclair	6,000,000	–	–	(5,000,000)	1,000,000	–	1,000,000
Roger Higgins (***)	–	–	–	–	–	–	–
	28,500,000	–	–	**(19,500,000)**	**9,000,000**	–	**9,000,000**

* Antonio Ortuzar resigned as a Director and Chairman on 30 June 2013

** William Etheridge resigned as a Director on 8 October 2013

*** Roger Higgins was appointed as a Director on 8 October 2013

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (continued)

31-December 12	Balance at the beginning of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of the year	Vested during the period	Vested and exercisable
Antonio Ortuzar	3,000,000	–	–	–	3,000,000	–	3,000,000
Unlisted Option @$0.175 - 15 June 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Unlisted Option @$0.210- 15 June 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
William Howe	–	–	–	–	–	–	–
Phillip Wing	–	–	–	–	–	–	–
William Etheridge	–	–	–	–	–	–	–
Francisco Vergara - Irarrazaval	–	–	–	–	–	–	–
Tim Read	6,000,000	–	–	–	6,000,000	–	6,000,000
Unlisted Option @$0.175 - 15 June 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Unlisted Option @$0.210- 15 June 2015	–	1,000,000	–	–	1,000,000	1,000,000	1,000,000
Philip Killen	5,000,000	–	–	–	5,000,000	–	5,000,000
Stephen Tainton	2,000,000	–	–	–	2,000,000	–	2,000,000
Gavin Daneel	2,500,000	–	–	–	2,500,000	–	2,500,000
Colin Sinclair	6,000,000	–	–	–	6,000,000	–	6,000,000
	24,500,000	**4,000,000**	–	–	**28,500,000**	**4,000,000**	**28,500,000**

KMP Shareholdings

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

31 December 2013	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNERATION DURING THE PERIOD	ISSUED ON EXERCISE OF OPTIONS DURING THE PERIOD	OTHER CHANGES DURING THE PERIOD	BALANCE 31 DECEMBER 2013
Antonio Ortuzar (*)	6,400,000	–	–	–	6,400,000
William Howe	48,735,095	–	–	–	48,735,095
Phillip Wing	15,893,336	–	–	–	15,893,336
William Etheridge (**)	62,205,931	–	–	(2,400,000)	59,805,931
Tim Read	1,000,000	–	–	400,000	1,400,000
Francisco Vergara – Irarrazaval	50,140,000	–	–	–	50,140,000
Philip Killen	4,344,836	–	–	–	4,344,836
Stephen Tainton	200,000	–	–	100,000	300,000
Gavin Daneel	–	–	–	–	–
Colin Sinclair	5,906,094	–	–	370,000	6,276,094
Roger Higgins (***)	–	–	–	600,000	600,000
	194,825,292	–	–	**(930,000)**	**193,895,292**

* Antonio Ortuzar resigned as a Director and Chairman on 30 June 2013

** William Etheridge resigned as a Director on 8 October 2013

*** Roger Higgins was appointed as a Director on 8 October 2013

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (continued)

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

Other KMP Transactions

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

NOTE 6: AUDITORS' REMUNERATION

	CONSOLIDATED	
	31 DECEMBER 2013 $	**31 DECEMBER 2012 $**
Audit services provided by Grant Thornton:		
Parent	93,555	99,500
Subsidiaries		
Minera Hampton Chile Limitada and Minera Hampton Peru SAC	31,920	26,237
	125,475	**125,737**
Non audit tax advisory services - Australia	–	1,637
	125,475	**127,374**

NOTE 7: LOSS PER SHARE

	CONSOLIDATED	
	31 DECEMBER 2013 $	**31 DECEMBER 2012 $**
a. *Reconciliation of earnings to loss*		
Loss	(36,072,302)	(11,912,898)
Loss attributable to minority equity interest	–	–
Loss used in the calculation of basic and dilutive EPS	**(36,072,302)**	**(11,912,898)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: LOSS PER SHARE (continued)

		CONSOLIDATED	
		31 DECEMBER 2013 NO.	31 DECEMBER 2012 NO.
b.	*Weighted average number of ordinary shares outstanding during the full year used in calculating basic EPS*	1,749,543,023	1,748,499,517
	Weighted average number of dilutive options outstanding	–	–
c.	*Anti-dilutive options on issue not used in dilutive EPS calculation*	9,500,000	41,500,000

NOTE 8: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31 DECEMBER 2013 $	31 DECEMBER 2012 $
Cash at bank	7,807,995	14,484,097
Short-term bank deposits	–	–
	7,807,995	**14,484,097**

NOTE 9: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	31 DECEMBER 2013 $	31 DECEMBER 2012 $
CURRENT		
Other receivables	157,258	288,551
IGV receivables *1	421,927	3,467,725
Total current trade and other receivables	**579,185**	**3,756,276**
NON-CURRENT		
VAT receivables *2	4,935,546	4,374,785
Total non-current trade and other receivables	**4,935,546**	**4,374,785**

*1 VAT receivables – current is IGV (Peruvian equivalent of VAT) incurred by Hampton Peru relating to the Los Calatos Project for the current period. Hampton Peru has been approved by the Peruvian Mining Department to recover IGV paid on direct expenditure relating to the Los Calatos Project incurred until 31 December 2015. Hampton Peru has recovered in full all IGV paid with respect to the Los Calatos Project until 31 October 2012.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: OTHER ASSETS

	CONSOLIDATED	
	31 DECEMBER 2013 $	**31 DECEMBER 2012 $**
CURRENT		
Prepayments	33,697	53,266
Total current other assets	**33,697**	**53,266**

NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Equity accounted investments in joint venture entities		–	2,891,734
	Note 12	**–**	**2,891,734**

NOTE 12: INTEREST IN JOINT VENTURE

Interests are held in the following:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST		CARRYING AMOUNT OF INVESTMENT	
				31 December 2013	31 December 2012	31 December 2013	31 December 2012
Unlisted:							
SCM San Lorenzo	Exploration	Chile	Ordinary	50%	50%	–	2,891,734
						–	**2,891,734**

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

	CONSOLIDATED	
	31 DECEMBER 2013 $	**31 DECEMBER 2012 $**
a. Movements during the year in equity accounted investment in joint venture entities:		
Balance as at the beginning of the year	2,891,734	2,947,726
Impact of foreign exchange movement on balance at beginning of year	391,981	(55,992)
Exploration impaired *	(3,283,715)	–
Balance as at the end of the year	–	**2,891,734**

* During the year ended 31 December 2013 the Company completed an assessment of work undertaken to date at its 50% owned San Lorenzo exploration tenements (part of the Isidro Project) and determined the tenements to be a lower priority target for the Company. Accordingly the Company has suspended exploration work and has recorded a write down in the carrying value of its San Lorenzo interests as at 31 December 2013 by $3,283,715

b. Summarised presentation of aggregate assets, liabilities and performance of joint venture		
Current assets	–	–
Non-current assets	–	5,783,468
Total assets	–	**5,783,468**
Current liabilities	–	–
Total liabilities	–	–
Net assets	–	**5,783,468**
Loss after income tax	–	–

NOTE 13. CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 31 DECEMBER 2013 %	31 DECEMBER 2012 %
Controlled Entities consolidated			
Subsidiaries of Metminco Limited:			
Hampton Mining Limited	Australia	100	100
North Hill Holdings Group Inc	British Virgin Islands	100	100
Wholly owned subsidiaries of North Hill Holdings Group Inc:			
Cerro Norte Mining Inc	British Virgin Islands	100	100
North Hill Ovalle Inc	British Virgin Islands	100	100
North Hill Peru Inc	British Virgin Islands	100	100
North Hill Colombia Inc	British Virgin Islands	100	100
Minera Hampton Peru SAC	Peru	100	100
Minera Hampton Chile Limitada	Chile	100	100
Minera Hampton Colombia SAS	Colombia	100	100

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 31 DECEMBER 2013 $	31 DECEMBER 2012 $
Land		
At cost	3,184,369	2,724,414
Total land	**3,184,369**	**2,724,414**
Plant and equipment		
At cost	1,886,311	1,586,771
Accumulated depreciation	(972,083)	(570,743)
Total plant and equipment	**914,228**	**1,016,028**
Total property, plant and equipment	**4,098,597**	**3,740,442**

Reconciliations

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

Land		
Carrying amount at beginning of year	2,724,414	2,678,365
Additions through acquisition of entity	–	90,725
Impact of foreign exchange movement on balance at beginning of year	459,955	(44,676)
Carrying amount of plant and equipment at end of year	**3,184,369**	**2,724,414**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: PROPERTY, PLANT AND EQUIPMENT(continued)

	CONSOLIDATED	
Plant and equipment	**31 DECEMBER 2013 $**	**31 DECEMBER 2012 $**
Carrying amount at beginning of year	1,016,028	911,080
Additions	46,863	370,790
Impact of foreign exchange movement on balance at beginning of year	195,264	(2,118)
Sale of Assets	(36,891)	–
Depreciation	(307,036)	(263,724)
Carrying amount of plant and equipment at end of year	**914,228**	**1,016,028**
Carrying amount at end of year	**4,098,597**	**3,740,442**

No assets are held as security for any liabilities.

NOTE 15: EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	31 DECEMBER 2013 $	**31 DECEMBER 2012 $**
Costs carried forward in respect of areas of interest in:		
– exploration and evaluation phases at the end of the year	192,301,260	205,359,513
Reconciliations		
Carrying amount at the beginning of the year	205,359,513	183,840,162
Expenditure incurred during the year	5,908,205	26,829,287
Impact of foreign exchange movement during the year	9,683,550	(769,049)
Exploration impaired *1	(28,650,008)	(4,540,887)
Carrying amount at the end of the year	**192,301,260**	**205,359,513**

* 1 During the year ended 31 Dec 2013 the Company undertook a review of its operations and determined to restructure its operations focusing on the Company's advanced projects, namely the Los Calatos and Mollacas projects. Following an assessment of its other projects the Company determined to postpone planned drilling programs at its Vallecillo and Loica projects and to discontinue work at its other projects. Accordingly the Company has recorded a write down in the carrying value of its exploration projects as at 31 Dec 2013 by $28,650,008. The write down relates to the Vallecillo Project ($20,014,464), Loica Project ($6,803,928), Isidro Project ($1,663,904) and other projects ($167,712).

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

Capitalised costs amounting to $5,908,205 (for the period ended 31 December 2012: $26,829,287) have been included in cash flows from investing activities.

NOTE 16: TRADE AND OTHER PAYABLES

Trade payables	217,568	583,704
Other payables and accrued expenses	360,675	671,046
	578,243	**1,254,750**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: PROVISIONS

	CONSOLIDATED	
	31 DECEMBER 2013 $	31 DECEMBER 2012 $
	SHORT-TERM EMPLOYEE BENEFITS	
Consolidated Group		
Balance at the beginning of the reporting period	345,394	216,805
(Provisions utilised) / Additional Provisions	(65,350)	128,589
Balance at the end of the reporting period	**280,044**	**345,394**

NOTE 18: CONTRIBUTED EQUITY

	CONSOLIDATED	
	31 December 2013 $	**31 December 2012 $**
1,749,543,023 (31 December 2012: 1,749,543,023) fully paid ordinary shares	**317,607,678**	**317,607,678**
a. Movements in ordinary share capital (No. Shares)	**No. Shares**	**No. Shares**
Balance at beginning of the reporting period	**1,749,543,023**	**1,674,466,146**
Shares issued		
- 6-Jan-12	–	73,864,286
- 11-Jan-12	–	1,211,141
- 04-Dec-12	–	1,450
At the end of the reporting period	**1,749,543,023**	**1,749,543,023**

b. Movements in ordinary share capital ($)	**$**	**$**
Balance at beginning of the reporting period	**317,607,678**	**196,501,824**
Shares issued		
- 6-Jan-12	–	10,341,000
- 11-Jan-12	–	169,560
- 04-Dec-12	–	362
Costs of capital raising 2012	–	(803,314)
At the end of the reporting period	**317,607,678**	**317,607,678**

c. Capital Management

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

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

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains below 10%. The gearing ratios for the full year ended 31 December 2013 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: CONTRIBUTED EQUITY (continued)

	NOTE	CONSOLIDATED	
		31 December 2013 $	31 December 2012 $
Cash and cash equivalents	8	(7,807,995)	(14,484,097)
Net debt		(7,807,995)	(14,484,097)
Total equity		**208,897,993**	**233,059,969**
Gearing ratio		–	–

NOTE 19: OPTIONS

GRANT DATE	EXPIRY DATE	EXERCISE PRICE $	OUTSTANDING AT 31 DECEMBER 2012	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	OUTSTANDING AT 31 DECEMBER 2013
31 December 2013							
<u>Unlisted</u>							
6 December 2010	6 December 2013	$0.44	14,250,000	–	–	(14,250,000)	–
6 December 2010	6 December 2013	$0.525	14,250,000	–	–	(14,250,000)	–
6 December 2010	6 December 2013	$0.44	2,000,000	–	–	(2,000,000)	–
6 December 2010	6 December 2013	$0.525	2,000,000	–	–	(2,000,000)	–
5 December 2011	5 December 2014	$0.215	2,500,000	–	–	–	2,500,000
5 December 2011	5 December 2014	$0.260	2,500,000	–	–	–	2,500,000
15 June 2012	15 June 2015	$0.175	2,000,000	–	–	–	2,000,000
15 June 2012	15 June 2015	$0.210	2,000,000	–	–	–	2,000,000
28 January 2013 (*)	28 January 2016	$0.075	–	250,000	–	–	250,000
28 January 2013 (**)	28 January 2016	$0.089	–	250,000	–	–	250,000
			41,500,000	**500,000**	**–**	**(32,500,000)**	**9,500,000**

* On 28 January 2013 the Company issued 250,000 options which immediately vest to one employee in accordance with the Company's ESOP at an exercise price of $0.075 cents expiring 28 January 2016.

** On 28 January 2013 the Company issued 250,000 options which immediately vest to one employee in accordance with the Company's ESOP at an exercise price of $0.089 cents expiring 28 January 2016.

All outstanding options above were exercisable as at 31 December 2013.

NOTE 19: OPTIONS (continued)

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

The options granted during the year have been valued using the Binomial method, a share price of $0.06 (based on the Company's share price as at 25 January 2013), interest rate of 3%, 75% volatility, the life is 3 years which may not eventuate) and assuming the option are tradeable. The options are not transferrable, the expiry date is contingent on a number of terms and conditions set out in the Employee Share Option Plan and the holder will only realise a benefit through exercise of the options.

Included under employee and directors' benefit expense in Note 3 is $13,066 (Dec 2012: $185,840) relating to the fair value of options granted during the financial year. The exercise prices of the options are either $0.075 or $0.089.

NOTE 20: CAPITAL AND LEASING COMMITMENTS

	CONSOLIDATED	
	31 December 2013 $	**31 December 2012 $**
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	177,919	252,870
- between 12 months and 5 years	196,503	22,881
- greater than 5 years	–	–
	374,422	**275,751**

The Group has non-cancellable leases over seven premises in Australia, Chile and Peru with terms ranging from 1 to 27 months. Rent is payable monthly in advance.

b. Exploration Tenement Licence Commitments		
Mining and exploration licence fees for tenements held by the Group but not yet capitalised in the financial statements		
Payable (minimum licence payments)		
- not later than 12 months	**337,477**	**378,877**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The holder of surface land titles in respect of Hampton Chile's Mollacas mineral rights, Agrícola Bauzá Ltda has filed various actions against Hampton Chile with respect to access and environmental matters. All claims made by Agrícola Bauzá Ltda have been vigorously defended by Hampton Chile and the Chilean judiciary have ruled in favour of Hampton Chile in respect of all matters heard by the judiciary to date. These suface land titles are subject to a 'Right to Access' to the project for mining (1st Extension "Servidumbre"), for which a final determination is expected during the second quarter of 2014.

NOTE 22: REPORTING SEGMENTS

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

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

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

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

b. Inter-segment transactions

There are no inter segment transactions.

c. Segment assets

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

d. Segment liabilities

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

e. Non-Core Reconciling Items

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

- Derivatives
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Head office income / expenses and related assets / liabilities

i. Segment performance

	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		TOTAL	
	31 DEC 2013 $	31 DEC 2012 $	31 DEC 2013 $	31 DEC 2012 $	31 DEC 2013 $	31 DEC 2012 $
Other Income	34,686	12,699	54,333	324,289	89,019	336,988
Total segment revenue	34,686	12,699	54,333	324,289	89,019	336,988
Total group revenue	34,686	12,699	54,333	324,289	89,019	336,988
Segment (loss)/profit before tax	(34,205,862)	(6,239,874)	(1,866,440)	(5,673,024)	(36,072,302)	(11,912,898)
(Loss)/profit before tax from continuing operations	(34,205,862)	(6,239,874)	(1,866,440)	(5,673,024)	(36,072,302)	(11,912,898)
Depreciation and amortisation expense included in segment result	156,134	141,888	150,902	121,836	307,036	263,724
Impairment expense included in segment results	31,933,723	4,540,887	–	–	31,933,723	4,540,887

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: REPORTING SEGMENTS (continued)

ii. Segment assets

	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		TOTAL	
	31 Dec 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $
Segment assets	200,880,194	219,484,970	8,876,086	15,175,143	209,756,280	234,660,113
Segment asset increases for the period						
– capital expenditure	6,454,791	32,651,021	–	53,506	6,454,791	32,704,527
– acquisitions	–	–	–	–	–	–
	6,454,791	32,651,021	–	53,506	6,454,791	32,704,527
Included in segment assets are:						
– Equity accounted associates and joint ventures	–	2,891,734	–	–	–	2,891,734

iii. Segment liabilities

	MINERAL EXPLORATION		NON-CORE RECONCILING ITEMS		TOTAL	
	31 Dec 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $
Segment liabilities	323,173	1,160,123	535,114	440,021	858,287	1,600,144
Reconciliation of segment liabilities to group liabilities						
Total group liabilities	**323,173**	**1,160,123**	**535,114**	**440,021**	**858,287**	**1,600,144**

iv. Revenue by geographical region

Revenue is disclosed below, based on its location:

	31 DECEMBER 2013 $	31 DECEMBER 2012 $
Australia	54,333	324,289
South America	34,686	12,699
Total revenue / other income	**89,019**	**336,988**

v. Assets by geographical region

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

Australia	8,876,086	15,175,143
South America	200,880,194	219,484,970
Total assets	**209,756,280**	**234,660,113**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 23: NOTES TO THE STATEMENTS OF CASH FLOWS

	CONSOLIDATED	
	31 Dec 2013 $	31 Dec 2012 $
a. Reconciliation of Cash		
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	7,807,995	14,484,097
	7,807,995	**14,484,097**
b. Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities	(36,072,302)	(11,912,898)
Loss after income tax		
Add/(less) non-cash items:		
Depreciation and amortization	307,036	263,724
Exchange loss/ (gains)	(709,209)	654,452
Fair value of receivables loss/ (gain)	–	233,382
Impairment of exploration properties	31,933,723	4,540,887
Expense on grant of options	13,066	185,840
Finance costs	–	–
Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year:		
Decrease/(Increase) in receivables	149,601	(72,867)
Decrease/(Increase) in prepayments	19,570	(38,771)
Increase/ (Decrease) in payables	95,904	(156,620)
(Decrease)/ Increase in provisions	(65,350)	128,589
Net cash used in operating activities	**(4,327,962)**	**(6,174,282)**

c. Financing and Investing Activities

Share issue

During the full year ended 31 December 2013, no shares were issued.

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTE 25: RELATED PARTIES

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

Directors

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

Antonio Ortuzar (resigned as Chairman 30 June 2013), Phillip Wing, William Howe, William Etheridge (resigned as Non Executive Director 08 October 2013), Tim Read, Francisco Vergara-Irarrazaval, Stephen Tainton (appointed as Executive Director 08 October 2013) and Roger Higgins (appointed as Non-Executive Director 08 October 2013).

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

Transactions with related parties:

a. Directors

Antonio Ortuzar, who was Chairman of Metminco Limited until 30 June 2013, is an associate of Baker McKenzie Chile. During the period Mr Ortuzar was a director of the Company, Baker McKenzie Chile was paid US$76,738 (2012 US$242,679) for the provision of services to the Group on normal terms and conditions.

NOTE 25: RELATED PARTIES (continued)

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

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

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

b. Subsidiaries

Advances by Metminco are in AUD and are non interest bearing with no fixed repayment terms. Total advances to the subsidiary companies during the year ended 31 December 2013 was $4,540,776 (31 Dec 2012: $33,286,962).

NOTE 26: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables.

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:

	NOTE	CONSOLIDATED	
		31 December 2013 $	31 December 2012 $
Loans and receivables			
Cash and cash equivalents	8	7,807,995	14,484,097
Trade and other receivables	9	157,258	288,551
Total Financial Assets		**7,965,253**	**14,772,648**
Financial Liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	16	578,243	1,254,750
Total Financial Liabilities		**578,243**	**1,254,750**

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

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.The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to South America given the substantial operations in those regions.

Trade and other receivables are neither past due nor impaired and are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 9. No impairment has been applied to trade and other receivables.

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 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $	31 Dec 2013 $	31 Dec 2012 $
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables (excluding est. annual leave)	578,243	1,254,750	–	–	–	–	578,243	1,254,750
Total contractual outflows	**578,243**	**1,254,750**	–	–	**–**	**–**	**578,243**	**1,254,750**
Total expected outflows	**578,243**	**1,254,750**	–	–	**–**	**–**	**578,243**	**1,254,750**
Financial assets - cash flows realisable								
Cash and cash equivalents	7,807,995	14,484,097	–	–	–	–	7,807,995	14,484,097
Trade, term and loans receivables	157,258	288,551	–	–	**–**	**–**	157,258	288,551
Total anticipated inflows	**7,965,253**	**14,772,648**	–	–	**–**	**–**	**7,965,253**	**14,772,648**
Net (outflow)/inflow on financial instruments	**7,387,010**	**13,517,898**	–	–	**–**	**–**	**7,387,010**	**13,517,898**

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

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

	CONSOLIDATED	
	31 December 2013 $	31 December 2012 $
Cash assets held in Australian dollars and subject to floating interest rate	674,409	2,437,519
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	6,925,459	11,253,865
Australian currency equivalent of cash assets held in UK pounds and subject to floating interest rate	90,108	761,094
Australian currency equivalent of cash assets held in Peruvian soles and subject to floating interest rate	33,103	–
Australian currency equivalent of cash assets held in Chilean pesos and subject to floating interest rate	84,916	31,619
Total cash assets	**7,807,995**	**14,484,097**

	CONSOLIDATED			
	31 December 2013 $		31 December 2012 $	
	INTEREST RECEIVED	WEIGHTED AVERAGE	INTEREST RECEIVED	WEIGHTED AVERAGE
Australian dollars and subject to floating interest rate	38,903	0.35%	229,177	0.78%
Australian currency equivalent in US dollars and subject to floating interest rate	15,715	0.14%	97,927	0.33%
Australian currency equivalent in UK pounds and subject to floating interest rate	–	–	–	–
Australian currency equivalent in Peruvian soles and subject to floating interest rate	30,394	0.27%	–	–
Australian currency equivalent in Chilean pesos and subject to floating interest rate	4,007	0.04%	9,884	0.03%
Total interest received	**89,019**	**0.89%**	**336,988**	**1.14%**

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 2013, 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:

	CONSOLIDATED	
	31 December 2013 $	31 December 2012 $
Change in profit		
Increase in interest rate by 2%	156,160	289,682
Decrease in interest rate by 2%	(156,160)	(289,682)
Change in equity		
Increase in interest rate by 2%	156,160	289,682
Decrease in interest rate by 2%	(156,160)	(289,682)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

Foreign Currency Risk Sensitivity Analysis

	CONSOLIDATED	
	31 December 2013 $	**31 December 2012 $**
Change in profit		
Improvement in AUD to USD by 5%	(346,273)	(561,820)
Decline in AUD to USD by 5%	346,273	561,820
Change in equity		
Improvement in AUD to USD by 5%	(346,273)	(561,820)
Decline in AUD to USD by 5%	346,273	561,820
Change in profit		
Improvement in AUD to GBP by 5%	(4,505)	(38,055)
Decline in AUD to GBP by 5%	4,505	38,055
Change in equity		
Improvement in AUD to GBP by 5%	(4,505)	(38,055)
Decline in AUD to GBP by 5%	4,505	38,055

	CONSOLIDATED	
	31 December 2013 $	**31 December 2012 $**
Change in profit		
Decline in AUD to PEN by 5%	(1,655)	(874)
Decline in AUD to PEN by 5%	1,655	874
Change in equity		
Improvement in AUD to PEN by 5%	(1,655)	(874)
Decline in AUD to PEN by 5%	1,655	874
Change in profit		
Decline in AUD to CLP by 5%	(4,246)	(1,581)
Decline in AUD to CLP by 5%	4,246	1,581
Change in equity		
Improvement in AUD to CLP by 5%	(4,246)	(1,581)
Decline in AUD to CLP by 5%	4,246	1,581

Net Fair Values

Fair value estimation

Financial assets and financial liabilities are presented at fair value or at amortised cost in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

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

		31 December 2013 $		**31 December 2012 $**	
	Foot note	**Net Carrying Value**	**Net Fair Value**	**Net Carrying Value**	**Net Fair Value**
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	7,807,995	7,807,995	14,484,097	14,484,097
Trade and other receivables	(i)	157,258	157,258	288,551	288,551
Total financial assets		**7,965,253**	**7,965,253**	**14,772,648**	**14,772,648**
Financial liabilities					
Financial liabilities at amortised cost	(i)	578,243	578,243	1,254,750	1,254,750
Total financial liabilities		**578,243**	**578,243**	**1,254,750**	**1,254,750**

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.

NOTE 27: RESERVES

a. Foreign Currency Translation Reserve

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

b. Option Reserve

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

c. Acquistion Reserve

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28: PARENT ENTITY INFORMATION

	31 December 2013 $	31 December 2012 $
STATEMENT OF FINANCIAL POSITION		
Current assets	7,743,796	14,428,253
Total assets	295,656,067	288,526,943
Current liabilities	535,114	440,021
Total liabilities	535,114	440,021
Issued capital	317,607,677	317,607,677
Retained earnings	(112,144,831)	(32,942,836)
Reserves	3,435,147	3,422,081
	208,897,993	**288,086,922**
STATEMENT OF COMPREHENSIVE INCOME		
Loss for the year	(79,201,995)	(5,673,025)
Total comprehensive loss	**(79,201,995)**	**(5,673,025)**

The parent entity has lease commitments of A$244,542. The parent entity has not entered into a deed of cross guarantee nor are there any contigent liabilities at the year end.

NOTE 29: COMPANY DETAILS

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

Level 6

122 Walker St

North Sydney NSW 2060

Australia.

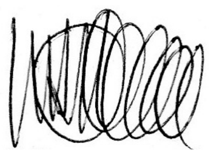
The Group's principal activities are exploration and development of mineral prospects primarily located in Chile and Peru, South America.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 39 to 72, are in accordance with the *Corporations Act 2001* and:
    a. comply with Australian Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 31 December 2013 and of the performance for the full year ended on that date of the Consolidated group; and
    c. comply with International Financial Reporting Standards as discussed in Note 1.
2. the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 31 December 2013
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.
4. the remuneration disclosures included in pages 34 to 37 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2013, comply with Section 300A of the Corporations Act 2001.

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



William J. Howe

Managing Director

Dated this 13th day of March 2014

Grant Thornton

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Independent Auditor's Report
To the Members of Metminco Limited

Report on the financial report

We have audited the accompanying financial report of Metminco Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Auditor's opinion
In our opinion:

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

  i giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report
We have audited the remuneration report included on pages 34 to 37 of the directors' report for the year ended 31 December 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Metminco Limited for the year ended 31 December 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 13 March 2014