# ASX ANNOUNCEMENT

2 April 2010

## METMINCO ADMISSION TO TRADING ON THE AIM MARKET

Metminco Limited (Metminco) is pleased to announce admission to the AIM Market of the London Stock Exchange.

Trading of Metminco's fully paid ordinary shares commenced 1 April 2010 (London time).

Attached are the AIM press release and AIM Admission document released to both the ASX and AIM Markets on 1 April 2010 (London time).

On behalf of the Board,

Philip W Killen
Company Secretary

**Metminco Limited**
**(ASX Code: MNC)**

**Level 2 224 Queens St**
**Melbourne,**
**Victoria 3000**

**Tel No: 61 2 9965 3743**
**Fax No: 61 2 9439 2157**

1 April 2010

**METMINCO LIMITED**

**PLACING, ADMISSION TO AIM AND FIRST DAY OF DEALINGS**

**- TOTAL FUNDRAISING OF £12 (A$ 20) MILLION**

## SUMMARY

- **Metminco successfully lists on the AIM Market of the London Stock Exchange**
- **The Company completes £12 (A$20) million capital raising**
- **Metminco has secured a controlling interest in Hampton.**
- **Hampton's project portfolio includes:**
  - **the promising Los Calatos copper project in Peru**
  - **the pre-feasibility Mollacas copper leach and the Vallecillo gold-zinc projects in Chile**
- **Metminco plans to accelerate exploration and development of Hampton's assets**

## METMINCO ADMISSION TO TRADING ON THE AIM MARKET

Metminco Limited (Metminco or the Company), an ASX listed mining exploration company, today published its AIM Admission Document and commenced trading on AIM having entered into arrangements to raise £12 (A$20) million, before listing expenses, by way of a Placing of 103,795,569 Placing Shares at a price of 9p (A$0.15) per fully paid ordinary share (Share) and through the issue of US$4 ($A4.5) million Convertible Loans.

Metminco has a 37.8% holding in Hampton Mining Limited (Hampton), which will increase to between 55% and 69% on completion of the option with Junior Investment Company (JIC Option) no later than early May 2010.

Hampton's projects, which range from mine pre-feasibility, through advanced exploration to grassroots exploration, are mainly focused on copper, but with significant exposure to gold, molybdenum and zinc, are located in north central Chile and southern Peru.

Hampton's premier project is the Los Calatos copper and molybdenum porphyry deposit located in southern Peru, near and in a similar geological setting to three large existing copper-molybdenum porphyry mines. Hence the project is close to established service infrastructure in an existing important mining region.

At Los Calatos, Hampton has estimated an initial JORC compliant resource of 262 million tonnes at a 0.2% copper cut-off grade, made up of Indicated Mineral Resources of 69.2 million tonnes at 0.44% Cu and 510ppm Mo and Inferred Mineral Resources of 192.4 million tonnes at 0.42% Cu and 382ppm Mo. Hampton is currently undertaking an eleven hole (10,000 metres) drilling program at Los Calatos.

Hampton's other advanced projects are the Mollacas copper leach project, now undertaking final leach test work leading to a feasibility study (being the precursor to the commencement of mining) and the Vallecillo gold-zinc project, both located in north central Chile.

On 17 March 2010 Metminco exercised an option with Junior Investment Company (JIC) to acquire JIC's shareholding in Hampton. On completion, no later than early May 2010, Metminco's interest in Hampton will increase from 37.8% to a minimum 55% by the issue of 72,887,884 Shares and a cash payment of US$6.6 million (if all other Hampton shareholders exercise their pre-emptive rights in full) up to a maximum of 69% by the issue of 132,787,500 Shares and a cash payment of US$ 12 million (if no other Hampton shareholders exercise their pre-emptive rights).

On gaining a controlling interest in Hampton, the sale and purchase agreement between Metminco and Highland Holdings Resources Inc (HHR) to acquire North Hill Holdings Group Inc (North Hill) for 150 million Shares and US$2 million (US$0.5 million payable on completion and US$1.5 million payable on 1 August 2010) will become unconditional (Metminco - HRR Agreement). North Hill is the indirect owner of the Alpha, Gamma and Nelson tenements which form part of the Los Calatos Project and which have been the focus of Hampton's drilling activities to date. Hampton has an option with North Hill to acquire the Alpha, Gamma and Nelson tenements which remains in place and is unaffected by the sale and purchase agreement between Metminco and HHR.

The purpose of the dual listing on AIM and associated Placing is to provide the Company with the finance it needs to complete the JIC Option and the purchase of North Hill. Completion of the JIC Option and Metminco - HHR Agreement will give the Company a controlling interest over key assets and provide a more coherent group structure.

Metminco's portfolio of gold and uranium projects in Australia will undergo progressive review in 2010, with a view to optimising their divestment through farm-out, joint venture or outright sale.

Company Chairman, John Fillmore, commented

"We are pleased that the AIM listing and associated fundraising has allowed the Company to achieve its strategic objectives of simplifying its corporate structure and associated decision making processes. The Company is now in a position to progress the development of its assets with a view to maximising value for all its shareholders. The AIM listing and associated access to the European Capital Markets are expected to be beneficial to this process."

**Placing Statistics**

| | AIM | ASX |
|---|---|---|
| Placing Price | 9p | A$0.15 |
| Gross proceeds raised by the Placing and Convertible Loan Notes | £12.0m | A$20.0m |
| Estimated net proceeds of the Placing and the Convertible Loan Notes receivable by the Company | £11.75m | A$19.58m |
| Number of new Shares being issued pursuant to the Placing | 103,795,569 | 103,795,569 |
| Number of new Shares being issued in lieu of fees and transaction costs | 7,998,273 | 7,998,273 |
| Number of Shares on issue following the Placing and Admission | 492,741,775 | 492,741,775 |
| Placing Shares as a percentage of the Shares in issue following the Placing and Admission | 21.1% | 21.1% |
| Market capitalisation following at the Placing Price at Admission | £44 m | $A74 m |
| Market Capitalisation following Admission at the Placing Price and following issue of Shares to the HHR and the maximum Shares to JIC | £70 m | $A116 m |

- Daniel Stewart and Company plc is the nominated adviser and broker to the company.
- A full copy of the prospectus is available on www.metminco.com.au

**Allotment of Shares and new Capital Structure**

On being granted Admission to the AIM market the Company has on issue 492,741,775 Shares and 27,230,017 options exercisable at A$0.25 per Share on or before 4 December 2012. Metminco has issued 103,795,569 Shares in respect of the £9.3 million (A$15.5 million) capital raising and a further 7,998,273 Shares at an issue price of 9p ($A0.15) per Share in lieu of fees and transaction costs associated with the AIM Listing.

The Placing Shares include 25 million Shares issued to Lanstead Capital L.P. (Lanstead), an institutional investor, to raise £2.25 million (A$3.75 million). In addition, the Company will enter into an equity swap agreement with Lanstead so the Company will retain much of the economic interest in the Shares issued to Lanstead. The equity swap agreement will allow the Company to secure much of the potential upside arising from near term news flow. The equity swap agreement provides that the Company's economic interest will be determined and payable in 24 monthly tranches as measured against a price of 12p (A$0.20) per Share. These funds will be used by the Company to fund its corporate overheads over the next 2 years.

**Lock-In (Escrow) Agreements**

The Directors in aggregate hold an interest in approximately 26.7% of the Shares on issue at Admission. All of the Directors have undertaken to the Company and to Daniel Stewart not to sell, charge or grant any interests over any Shares held by them (subject to certain exemptions) during the twelve months following date of Admission.

**Convertible Note Loan Facilities**

The Company entered into convertible agreements with three parties to raise a total of US$4 (A$4.5) million. The loans will be drawn down following Admission and will be repayable within two years. The loans bear interest at 16% per annum, which will be capitalised quarterly at A$0.12 per Share. The principal may be capitalised at the lender's option at any time after six months following drawdown at A$0.12 per Share. The Company may repay the loan at any time at the Company's election. If the Company elects to repay the loan early then the Company must pay a repayment fee of one years interest and the note holder will have the right to elect to convert the loan into capital. The lender may convert earlier on a change of control of the Company, upon the disposal of a material asset or a capital raising by the Company other than on Admission of US$2 million or more. The Company will pay a fee to the lender of 4% of funds borrowed on drawdown.

**Director Appointments**

Metminco is pleased to announce the appointment of Mr Tim Read and Mr Francisco Vergara Irarrazaval to the Board of Metminco to fill casual vacancies.

Mr Tim Read, who is based in the United Kingdom was formerly an investment banker and corporate executive and has over forty years experience in the mining and metals sector.

Mr Francisco Vergara Irarrazaval, who is senior partner of a law firm in Santiago, Chile, has extensive experience in the resources sector in Chile and in other Latin American countries.

**For further information please contact:**


**Metminco Limited** Tel: +61 (0)407 524 235
John Fillmore

**Daniel Stewart and Company plc** Tel: 020 7776 6550
Andrew Edwards / Oliver Rigby

**Buchanan Communications** Tel: 020 7466 5000
Tim Thompson / James Strong / Katharine Sutton

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult your accountant, legal or professional adviser, financial adviser or an independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

This document is an admission document prepared in accordance with the rules of AIM, a market operated by the London Stock Exchange, and does not comprise a prospectus for the purposes of the Prospectus Rules and has not been approved by or filed with the Financial Services Authority. **Application has been made for all of the issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Ordinary Shares will commence on AIM on 1 April 2010.**

The Company and its Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and its Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.**

**Prospective investors should read the entire document and, in particular, the section headed "Risk Factors" when considering an investment in the Company.**

# Metminco Limited

*(Incorporated in Australia under Australian Company Number 119 759 349)*

www.metminco.com.au

## Total Fundraising of £12 million comprising a Placing of 103,795,569 Ordinary Shares at 9p per share and issue of US$4 million convertible loans and Admission to AIM

## Daniel Stewart & Company Plc

**Nominated Adviser and Broker**

The Placing is conditional, *inter alia*, on Admission taking place on or before 1 April 2010 (or such later date as Daniel Stewart and the Company may agree, being not later than 30 April 2010).

The Ordinary Shares being placed will, following allotment, rank *pari passu*, in all respects with the issued ordinary share capital of the Company on Admission including the right to receive all dividends and other distributions declared on the Ordinary Shares after Admission.

The distribution of this document outside the UK may be restricted by law and therefore persons outside the UK into whose possession this document comes should inform themselves about and observe any restrictions as to the Ordinary Shares or the distribution of this document. The Ordinary Shares the subject of the Placing have not been, nor will they be, registered in the United States under the United States Securities Act of 1933, as amended, or under any applicable securities laws of Canada, the Republic of Ireland, the Republic of South Africa or Japan and they may not be offered or sold directly or indirectly within the United States, Canada, the Republic of Ireland, the Republic of South Africa or Japan or to, or for the account or benefit of, US persons or any national, citizen or resident of the United States, Canada, the Republic of Ireland, the Republic of South Africa or Japan. This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

Any placement of Ordinary Shares in Australia will only be made in compliance with Section 708 of the Australian Corporations Act.

Daniel Stewart, which is regulated by the Financial Services Authority, is acting as the Company's nominated adviser in connection with the Placing and proposed admission of the issued and to be issued Ordinary Shares of the Company to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. Daniel Stewart is not acting for anyone else and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this document or the Admission of the issued and to be issued Ordinary Shares of the Company to trading on AIM. No representation or warranty, express or implied, is made by Daniel Stewart as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Daniel Stewart will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document in respect of the Placing of Ordinary Shares in the Company.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Daniel Stewart, 36 Old Jewry, London EC2R 8DD and the registered office of the Company from the date of this document for a period of up to one month following Admission.

# CONTENTS

# EXPECTED TIMETABLE FOR ADMISSION

| | |
|---|---|
| Publication of this document | 26 March 2010 |
| Admission and dealings in the Ordinary Shares expected to commence on AIM | 1 April 2010 |
| Expected date for CREST accounts to be credited with Depositary Interests | 1 April 2010 |
| Expected date of admission to AIM of the JIC Ordinary Shares | By end April 2010 |
| Expected date of admission to AIM of the HHR Ordinary Shares | By end April 2010 |

# PLACING STATISTICS

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|---|---|
| Placing Price | 9p |
| Gross proceeds raised by the Placing and Convertible Loan Notes | £12,000,000 |
| Estimated net proceeds of the Placing and the Convertible Loan Notes receivable by the Company | £11,750,000 |
| Number of new Ordinary Shares being issued pursuant to the Placing | 103,795,569 |
| Number of Ordinary Shares in issue following the Placing and Admission | 492,741,775 |
| Placing Shares as a percentage of the Ordinary Shares in issue following the Placing and Admission | 21.1% |
| Market capitalisation following Admission at the Placing Price | £44 million |
| Market Capitalisation following Admission at the Placing Price and following issue of the HHC Ordinary Shares and the maximum JIC Ordinary Shares | £70 million |

## DIRECTORS, SECRETARY AND ADVISERS

| | |
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| **Existing Directors** | John Anthony Fillmore (*Chairman*)<br>William Stirling Etheridge (*Director*)<br>Dr Phillip John Wing (*Non Executive Director*)<br>William James Howe (*Non Executive Director*) |
| **Proposed Directors** | Timothy Philip Read (*Non Executive Director*)<br>Francisco Vergara-Irarrazaval (*Non Executive Director*) |
| **Company Secretary** | Philip Walter Killen |
| **Registered Office** | Level 2, 224 Queen Street<br>Melbourne<br>Victoria 3000<br>Australia |
| **Principal Place of Business** | 119 Willoughby Road<br>Crows Nest<br>New South Wales 2065<br>Australia |
| **Nominated Adviser & Broker to the Company** | **Daniel Stewart & Company plc**<br>Becket House<br>36 Old Jewry<br>London<br>EC2R 8DD |
| **Competent Person** | **SRK Consulting (Chile) SA**<br>Avendia Apoquindo 4001<br>Officina 504 Los Condes<br>Santiago, Chile |
| **Lawyers to the Company, Australia** | **Gadens Lawyers**<br>Skygarden Building<br>77 Castlereagh Street<br>Sydney<br>New South Wales 2000<br>Australia |
| **Lawyers to the Company, UK** | **Fladgate LLP**<br>25 North Row<br>London<br>W1K 6DJ |
| **Lawyers to the Company, BVI** | **Ogier LLP**<br>41 Lothbury<br>London EC2R 7HF |
| **Lawyers to Daniel Stewart** | **Olswang LLP**<br>90 High Holborn<br>London<br>WC1V 6XX |

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| **Reporting Accountants** | **Grant Thornton Corporate Finance Pty Limited**<br>Level 17<br>383 Kent Street<br>Sydney<br>New South Wales 2000<br>Australia |
| **Financial PR** | **Buchanan Communications**<br>45 Moorfields<br>Moorgate<br>London<br>EC2Y 9AE |
| **Registrars to Company, Australia** | **Security Transfer Registrars Pty Ltd**<br>770 Canning Highway<br>Applecross 6153<br>Western Australia |
| **Depositary, UK** | **Computershare Investor Services PLC**<br>The Pavilions<br>Bridgwater Road<br>Bristol<br>BS99 6ZZ |
| **The Company website following Admission** | **www.metminco.com.au** |
| **ISIN** | AU000000MNC7 |
| **SEDOL** | B61HMS3 |

# DEFINITIONS

*The following definitions apply throughout this document, unless the context otherwise requires:*

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| "ABN" | Australian Business Number |
| "ACN" | Australian Company Number |
| "Act" | Companies Act 2006 of the UK |
| "Admission" | admission of the entire issued and to be issued ordinary share capital of the Company (including the new Ordinary Shares to be issued under the Placing together with the Fee Shares), to trading on AIM becoming effective pursuant to paragraph 6 of the AIM Rules |
| "AIM" | the AIM market operated by the London Stock Exchange |
| "AIM Guidance Note" | the AIM Guidance for Mining, Oil & Gas Companies published by the London Stock Exchange in June 2009 |
| "AIM Rules" | the rules and guidance notes for AIM listed companies and their nominated advisers published by the London Stock Exchange from time to time governing admission to and the operation of AIM |
| "Announced" | public announcement by the Company to the ASX |
| "Associate" | has the meaning set out in the Australian Corporations Act |
| "ASIC" | Australian Securities and Investment Commission |
| "ASX" | the Australian Securities Exchange |
| "ASX Corporate Governance Guidelines" | the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (First Edition Corporate Governance Guidelines) and Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines) |
| "ASX Listing Rules" | the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX |
| "Australian Corporations Act" | the Corporations Act 2001 of the Commonwealth of Australia |
| "Australian Registrar" | Security Transfer Registrars Pty Ltd, a company incorporated in Australia with ACN 008 894 488 |
| "Back in Right" | the right of Placer to acquire 51% of the shares in the capital of Minera Cerro Norte pursuant to the Placer Dome Option Agreement. Further details of this are set out in paragraph 9.2 of Part V of this document |
| "Benchmark Price" | 12p per Ordinary Share |
| "Board" or "Directors" | the Existing Directors and the Proposed Directors of the Company whose names are set out on page 4 of this document |
| "Camaron Project" | exploration of the Camaron tenements, further details of which are set out on page 20 of Part I of this document |

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| "Cerro Norte" | Cerro Norte Mining Inc., a company incorporated in the British Virgin Islands with BVI company number 1418130, being a wholly owned subsidiary of North Hill |
| "certificated" or "in certificated form" | an Ordinary Share which is in certificated form (that is not in CREST) |
| "CHESS" | the Clearing House Electronic Sub register System, the system used to settle securities traded on the ASX |
| "Code" | the UK City Code on Takeovers and Mergers |
| "Company" or "Metminco" | Metminco Limited, a company incorporated in Australia with ACN 119 759 349 |
| "Completion" | completion of the Placing Agreement in accordance with its terms |
| "Constitution" | the constitution of the Company at the date of this document |
| "Convertible Loans" | taken together the Sidlog Convertible Loan, the Lemai Convertible Loan Note and the Cusco Convertible Loan |
| "CREST" | the electronic, paperless transfer and settlement mechanism to facilitate the transfer of title to shares in uncertificated form, operated by Euroclear UK and Ireland Limited (company number 0287838) |
| "CREST Regulations" or "Uncertificated Regulations" | the Uncertificated Securities Regulations 2001, as amended |
| "Cusco Convertible Loan" | the US$0.5 million convertible loan with Cusco Holdings Pty Ltd, further details of which are set out in paragraph 8.5 of Part V of this document |
| "Custodian" | the Depositary or a subsidiary or third party appointed by the Depositary to provide custody services |
| "Daniel Stewart " | Daniel Stewart & Company Plc, the Company's nominated adviser and broker for the purposes of the AIM Rules, a member of the London Stock Exchange and regulated in the UK by the Financial Services Authority |
| "Deed Poll" | the deed poll executed by the Depositary on 16 March 2010 in favour of the holders of the Depositary Interests from time to time, further details of which are set out in paragraph 11 of Part V of this document |
| "Depositary" | Computershare Investor Services PLC, a wholly owned subsidiary of Computershare Limited, an ASX listed company |
| "Depositary Interests" | the depositary interests representing Ordinary Shares which may be traded through CREST in dematerialised form |
| "Equity Swap Agreement" | an agreement to be entered into with Lanstead by the Company in relation to the placing of 18,750,000 of the Placing Shares with Lanstead |
| "EU" | the European Union |
| "Existing Directors" | John Fillmore, Phillip Wing, William Howe and William Etheridge |

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| "FATA" | the Australian *Foreign Acquisitions and Takeovers Act 1975* (Cth) |
| "Fee Shares" | 7,998,273 Ordinary Shares to be issued in lieu of transaction fees |
| "FIRB" | the Australian Foreign Investment Review Board |
| "FSMA" | the Financial Services and Markets Act 2000 |
| "Grant Thornton" | Grant Thornton Australia Limited and associated entities |
| "Group" | the Company and its subsidiaries from time to time |
| "Hampton" | Hampton Mining Limited, a Company incorporated in New South Wales, Australia with ACN 103 712 385 |
| "Hampton Chile" | Minera Hampton Chile Limitada, a company incorporated in Chile, and a wholly owned subsidiary of Hampton |
| "Hampton Constitution" | the company constitution of Hampton |
| "Hampton Group" | Hampton and its wholly owned subsidiaries Hampton Chile and Hampton Peru |
| "Hampton Option Agreement" | the unilateral purchase promise and option agreement dated 5 September 2007 between Hampton and North Hill |
| "Hampton Owned Los Calatos Tenements" | the tenements at the Los Calatos Project covering 149 square kilometres owned by Hampton Peru at the date of this document |
| "Hampton Peru" | Hampton Mining Peru SAC, a company incorporated in Peru, with Peruvian company number 118897-8, a wholly owned subsidiary of Hampton |
| "HHR" | Highland Holdings Resources Inc., a company incorporated in the British Virgin Islands with BVI company number 1554414 |
| "HHR Ordinary Shares" | the 150,000,000 Ordinary Shares to be issued to HHR pursuant to the North Hill Purchase Agreement |
| "HMRC" | HM Revenue & Customs |
| "Indicated Mineral Resource" | as defined in the JORC Code, is that part of a mineral resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred Mineral Resource estimate |
| "Inferred Mineral Resource" | as defined in the JORC Code, is that part of a mineral resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability |
| "Isidro Project" | exploration of the Isidro tenements, further details of which are set out on page 20 of Part I of this document |

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| "ISIN" | International Securities Identification Number |
| "JIC" | Junior Investment Company, a company incorporated in the Cayman Islands with company number 201213 |
| "JIC Consideration" | a minimum issue of 71,197,638 Ordinary Shares and a cash payment of US$6.4 million (if other Hampton shareholders exercise their pre-emptive rights in full) or up to a maximum issue of 132,787,500 Ordinary Shares and a cash payment of US$12 million (if no other Hampton shareholders exercise their pre-emptive rights in full) |
| "JIC Option" | the option evidenced by the JIC Option Agreement |
| "JIC Option Agreement" | the agreement between JIC and the Company granting the Company the option to acquire JIC's shares in Hampton, further details of which are set out in paragraph 8.3 of Part V of this document |
| "JIC Ordinary Shares" | a minimum of 71,197,638 and a maximum of 132,787,500 Ordinary Shares being issued to JIC pursuant to the JIC Option Agreement |
| "JORC" | the Australasian Code for Reporting of exploration results, Mineral resources and ore reserves, as published by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia |
| "Lanstead" | Lanstead Capital L.P. |
| "Lemai Convertible Loan Note" | the US$0.5 million convertible loan note with Lemai Holdings Limited, further details of which are set out in paragraph 8.5 of Part V of this document |
| "Listed Option" | an option, listed on the ASX, to acquire one Ordinary Share at an exercise price of A$0.25 exercisable on or before 4 December 2012 |
| "Lock-in Agreements" | the lock-in agreements dated 16 March 2010 between the Directors (other than Tim Read), the Company and Daniel Stewart, further details of which are set out in paragraph 10.2 of Part V of this document |
| "Loica Project" | exploration of the Loica tenements, further details of which are set out on page 19 of Part I of this document |
| "London Stock Exchange" | London Stock Exchange plc |
| "Los Calatos Project" | exploration of the Hampton Owned Los Calatos Tenements and the North Hill Los Calatos Tenements, further details of which are set out on page 16 of Part I of this document |
| "Minera Cerro Norte" | Minera Cerro Norte S.A. a company incorporated in Peru with Peruvian company number 11932247, being a wholly owned subsidiary of HHR |
| "Minera CN S.A.C." | a company incorporated in Peru with Peruvian company number 12339153 |
| "Mining Rights" | mining rights in the North Hill Los Calatos Tenements |
| "Mollacas Project" | exploration of the Mollacas tenements further details of which are set out on Page 18 of Part I |

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| "MN Ingenieros" | MN Ingerieros Limitada, a company registered in Chile |
| "North Hill" | North Hill Holdings Group Inc., a company registered in the British Virgin Islands with BVI company number 1418008 |
| "North Hill Los Calatos Tenements" | tenements Alfa 1-900, Gamma 1-1000 and Nelson 1-900 located in Southern Peru |
| "North Hill Purchase Agreement" | the sale and purchase agreement between the Company and HHR to acquire the North Hill Los Calatos Tenements, details of which are set out in paragraph 8.4 of Part V of this document |
| "NSR" | net smelter return royalty |
| "Official List" | the official list of the UK Listing Authority |
| "Ordinary Share" | a fully paid share in the capital of the Company |
| "Overseas Shareholders" | shareholders with registered addresses in, or who are citizens, residents or nationals of jurisdictions outside the UK |
| "Panel" | the UK Panel on Takeovers and Mergers |
| "Placer" | Placer Dome Del Peru S.A.C., a company incorporated in Peru, being a wholly owned subsidiary of Barrick Gold Corporation |
| "Placer Dome Option Agreement" | an agreement dated 28 November 2006 between Placer and Minera Cerro Norte, further details of which are set out in paragraph 9.2 of Part V of this document |
| "Placing" | the proposed conditional placing of the Placing Shares at the Placing Price by Daniel Stewart as agent on behalf of the Company, pursuant to the terms of the Placing Agreement |
| "Placing Agreement" | the conditional agreement between Daniel Stewart, the Directors and the Company relating to the Placing, details of which are set out in paragraph 10.1 of Part V of this document |
| "Placing Price" | 9 pence, being the price at which each Placing Share is to be issued under the Placing |
| "Placing Shares" | the 103,795,569 new Ordinary Shares which are the subject of the Placing |
| "Proposed Directors" | Tim Read and Francisco Vergara-Irarrazaval |
| "Registrars" | Security Transfer Registrars Pty Ltd, a company incorporated in Australia under ACN 008 894 488 |
| "San Lorenzo Properties" | exploration of the San Lorenzo tenements further details of which are set out on page 9.5 of Part I of this document |
| "SCM Ovalle" | Sociedad Contractual Minera Ovalle, a company incorporated in Chile and owned 50:50 by MN Ingenieros and Hampton Chile |
| "SCM San Lorenzo" | Sociedad Contractual Minera San Lorenzo, a company incorporated in Chile and owned 50:50 by five private Chilean investors and Hampton Chile |
| "SDRT" | stamp duty reserve tax |

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| "Share Dealing Code" | the share dealing code adopted by the Company to ensure compliance with rule 21 of the AIM Rules |
| "Shareholders" | the holders of the Ordinary Shares following Admission |
| "Sidlog Convertible Loan" | the US$3.0 million convertible loan with Sidlog Limited, further details of which are set out in paragraph 8.5 of Part V of this document |
| "SLM Genesis" | SLM Genesis, the name given to a group of entities, all being mining companies domiciled at Club Hipico 936, Santiago, Chile |
| "SRK Consulting" | SRK Consulting is an independent, international consulting practice and the competent person for the purposes of the AIM Guidance Note. SRK Consulting (Chile) SA is part of SRK Consulting |
| "Takoradi" | Takoradi Limited. a company incorporated in Victoria, Australia with ACN 006 708 676 |
| "Treasurer" | the Treasurer of the Australian Federal Government |
| "UK" or "United Kingdom" | the United Kingdom of Great Britain and Northern Ireland |
| "UK Listing Authority" or "UKLA" | the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA |
| "uncertificated" or "in uncertificated form" | an Ordinary Share recorded in the Company's Register as being held in the form of a depositary interest in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST |
| "Vallecillo Project" | exploration of the Vallecillo tenements, further details of which are set out on page 18 of Part I of this document |
| "£" | UK pounds sterling |
| "A$" | Australian dollars |
| "US$" | United States dollars |

In this document, all references to times and dates in so far as they refer to Admission are reference to those times and dates observed in London, England.

A glossary of technical terms and abbreviations is set out in the report of SRK Consulting in Part III of this document.

# PART I

# INFORMATION ON THE GROUP

## 1. INTRODUCTION

Metminco is an ASX listed mining exploration company with a 37.8% holding in Hampton. Hampton has projects mainly focused on copper, with significant exposure to gold, molybdenum, zinc, silver and lead, situated in Chile and Peru. The projects range from mine pre-feasibility, through advanced exploration to grassroots exploration.

Hampton's premier project is the Los Calatos copper and molybdenum porphyry deposit located in southern Peru, near and in similar geological setting to three large existing copper-molybdenum porphyry mines. Hence the project is close to established service infrastructure in an existing important mining region.

At Los Calatos, Hampton has estimated an initial JORC compliant resource of 262 million tonnes at a 0.2% copper cut-off grade, made up of Indicated Mineral Resources of 69.2 million tonnes at 0.44% Cu and 510ppm Mo and Inferred Mineral Resources of 192.4 million tonnes at 0.42% Cu and 382ppm Mo, has already been announced. Hampton is currently undertaking a 11 hole 10,000 metres drilling program at Los Calatos.

Hampton's other advanced projects are the Mollacas copper leach project, now undertaking final leach testwork leading to a feasibility study (being the precursor to the commencement of mining) and the Vallecillo gold-zinc project, both located in Region IV, north central Chile.

On 17 March 2010 Metminco exercised an option to increase its interest in Hampton from 37.8% to between 55% and 69%. The consideration payable by Metminco to JIC on settlement is between US$6.4 million in cash and the issue of 71,197,638 Ordinary Shares and US$12 million in cash and the issue of 132,787,500 Ordinary Shares, depending upon the extent to which other Hampton shareholders exercise their pre-emptive rights.

Once Metminco has control of Hampton it will also be in a position to complete the North Hill Purchase Agreement and acquire the North Hill Los Calatos Tenements, which are considered by the Directors to be the most prospective at the Los Calatos Project.

The purpose of the dual listing on AIM and associated Placing is to provide the Company with the finance it needs to complete the JIC Option and North Hill Purchase Agreement. Completion of the JIC Option and North Hill Purchase Agreement will give the Company control over key assets and provide a more coherent group structure. The fund raising will also allow the existing drilling campaign at Los Calatos to progress.

Metminco has a portfolio of gold and uranium projects in Australia, however in December 2008 the Company changed its focus to South America. As a result, its Australian exploration projects will undergo progressive review in 2010, with a view to optimising their divestment through farm-out, joint venture or outright sale.

## 2. HISTORY OF THE GROUP

Metminco (formerly Metminco Pty Ltd) was incorporated on 18 May 2006 under the Australian Corporations Act as a private company. On 26 June 2007 the Company converted to a public company, changed its name to Metminco Limited and commenced trading as a diversified mineral explorer focused on the East Kimberley area of Western Australia. On 2 October 2007, the Company completed an initial public offering and its Ordinary Shares were listed on the ASX.

In December 2008, the Company Announced details of a scrip for scrip offer to acquire all the issued share capital of Hampton. On 8 July 2009, Metminco Limited closed the offer after attaining a 36.5% interest in Hampton. Metminco subscribed for its full entitlement under a rights issue offer to all Hampton shareholders which closed 10 March 2010 increasing its interest in Hampton from 36.5% to approximately 37.8%.

In late September 2009, Metminco Announced the signing of an option agreement with JIC, the second largest shareholder in Hampton. The JIC Option Agreement gives Metminco the right to acquire all of JIC's shares in Hampton. Exercise of the JIC Option will allow the Company to control and manage the Hampton projects and development activities going forward.

On 17 March 2010, the Company exercised the JIC Option by issuing a notice of exercise to JIC in accordance with the terms of the JIC Option Agreement. Completion of the JIC Option is subject to the receipt of notice from other Hampton shareholders indicating whether they intend to exercise their pre-emptive rights in respect of JIC's shareholding in Hampton. Details of the process for the exercise of the JIC Option and details of the pre-emptive rights process set out in the Hampton Constitution are contained in paragraph 8.3 of Part V of this document.

Depending on the extent to which Hampton shareholders exercise their pre-emptive rights, Metminco's holding in Hampton will increase to between:

(a) 55%, by the issue of 71,197,638 Ordinary Shares (representing 10.0% of the Company's issued share capital as enlarged by the Placing Shares and JIC Ordinary Shares) and a cash payment of US$6.4 million (if all other Hampton shareholders exercise their pre-emptive rights in full); and

(b) 69%, by the issue of 132,787,500 Ordinary Shares (representing 17.1% of the Company's issued share capital as enlarged by the Placing Shares and JIC Ordinary Shares) and a cash payment of US$12 million (if no other Hampton shareholders exercise their pre-emptive rights in full).

The completion and admission of the JIC Ordinary Shares to trading on ASX and AIM is expected to take place before the end of April 2010. On 12 March 2010 the Company received shareholder approval to issue the JIC Ordinary Shares.

On 7 December 2009 the Company Announced that it had entered into a sale and purchase agreement with HHR ("North Hill Purchase Agreement"). Under the terms of the North Hill Purchase Agreement the Company can acquire 100% of the issued capital of North Hill for a payment of US$0.5 million and issue of 150,000,000 fully paid Ordinary Shares (representing 19.3% of the Company's issued share capital as enlarged by the Placing Shares and the maximum JIC Ordinary Shares) in Metminco on settlement. Additionally, the Company is required to make a payment to HHR of US$1.5million on or before 1 August 2010. HHR will retain a 2% NSR under the terms of the North Hill Purchase Agreement.

North Hill indirectly owns certain tenements at the Los Calatos Project in Peru. The majority of exploration work conducted by Hampton to date at Los Calatos has been on the three main tenements indirectly owned by North Hill: Alfa 1-900, Gamma 1-1000 and Nelson 1-900 (together the "North Hill Los Calatos Tenements"). The North Hill Los Calatos Tenements are thought by the Directors to be the most prospective at the Los Calatos Project.

The completion of the North Hill Purchase Agreement is subject to:

- Metminco acquiring a controlling interest in Hampton; and
- Metminco shareholder approval to issue the HHR Ordinary Shares.

In respect of these conditions, the Company has now exercised its option to acquire JIC's holding in Hampton which will give the Company a controlling interest in Hampton. Additionally on 12 March 2010 the Company received shareholder approval to issue the HHR Ordinary Shares. Accordingly, it is likely that the Company will seek admission of the HHR Ordinary Shares on the same day as admission of the JIC Ordinary Shares to trading on ASX and AIM, being on or around 30 April 2010.

The Company has entered into arrangements to raise up to £12 million, before listing expenses by way of a Placing of 103,795,569 Placing Shares at a price of 9p per share and through the issue of US$4 million Convertible Loan. In view of the structure of the Placing as described in paragraph 8 of Part I of this document, the actual proceeds of the Placing may in practice be more or less than this amount. The proceeds of the Placing will be used to fund the exercise of the JIC Option and to pay the consideration due to HHR.

The proceeds will also be used to provide additional working capital for the Company to continue Hampton's existing drilling programme at Los Calatos.

***History of Hampton***

Hampton was incorporated in New South Wales, Australia on 13 February 2003 as Hampton Mining Pty Ltd, an Australian proprietary company limited by shares. Hampton changed company type from a proprietary company limited by shares to a public company limited by shares and its name to Hampton Mining Limited on 17 November 2007.

Hampton currently has one class of shares, which are fully paid ordinary shares. As at the date of this document, Hampton has 207,993,718 fully paid ordinary shares in issue.

The Hampton Group consists of Hampton and its wholly owned subsidiaries Hampton Chile and Hampton Peru. The Hampton Group currently has interests in six projects, five in Chile (Mollacas, Vallecillo, Loica, Camaron and Isidro, through Hampton Chile) and one in Peru (Los Calatos, through Hampton Peru).

Under an agreement with MN Ingenieros (a private Chilean company) Hampton acquired a 50% interest in the Loica, Mollacas and Vallecillo Projects. In September 2007, SCM Ovalle was incorporated as a 50:50 joint venture company between Hampton Chile and MN Ingenieros to hold these projects.

Hampton's interest in the Los Calatos Project comprises an option to purchase the North Hill Los Calatos Tenements (on which all drilling has occurred to date) ("Hampton Option Agreement") and Hampton Owned Los Calatos Tenements, adjacent to the North Hill Owned Tenements (taken up by Hampton following the results of the initial drilling program on the North Hill Los Calatos Tenements). If Hampton does not exercise its option to acquire the North Hill Los Calatos Tenements then Hampton would in effect forgo its interest in these tenements.

Hampton's interest in the North Hill Los Calatos Tenements (through the Hampton Option Agreement) is subject to the right of Placer to acquire 51% of Minera CN SAC from Minera Cerro Norte pursuant to the Placer Dome Option Agreement. Under the Placer Dome Option Agreement exercised by Minera Cerro Norte on 27 March 2009, in the event a mine deposit is discovered on the North Hill Los Calatos Tenements containing 2,000,000 or more ounces of gold and/or 1,000,000 tons or more of fine copper in probable or proven reserves as determined by a scoping study, Placer has a right to purchase 51% of Minera CN SAC for 200% of the total expenditure incurred until the date it is determined that the condition has been satisfied. Upon notification Placer has 90 days to exercise its option, failing which its right will be extinguished.

Metminco has safeguarded its interest in the Los Calatos Project by entering into the North Hill Purchase Agreement whereby Metminco has a right to purchase North Hill which ultimately owns the North Hill Los Calatos Tenements without affecting Hampton's rights under the Hampton Option Agreement.

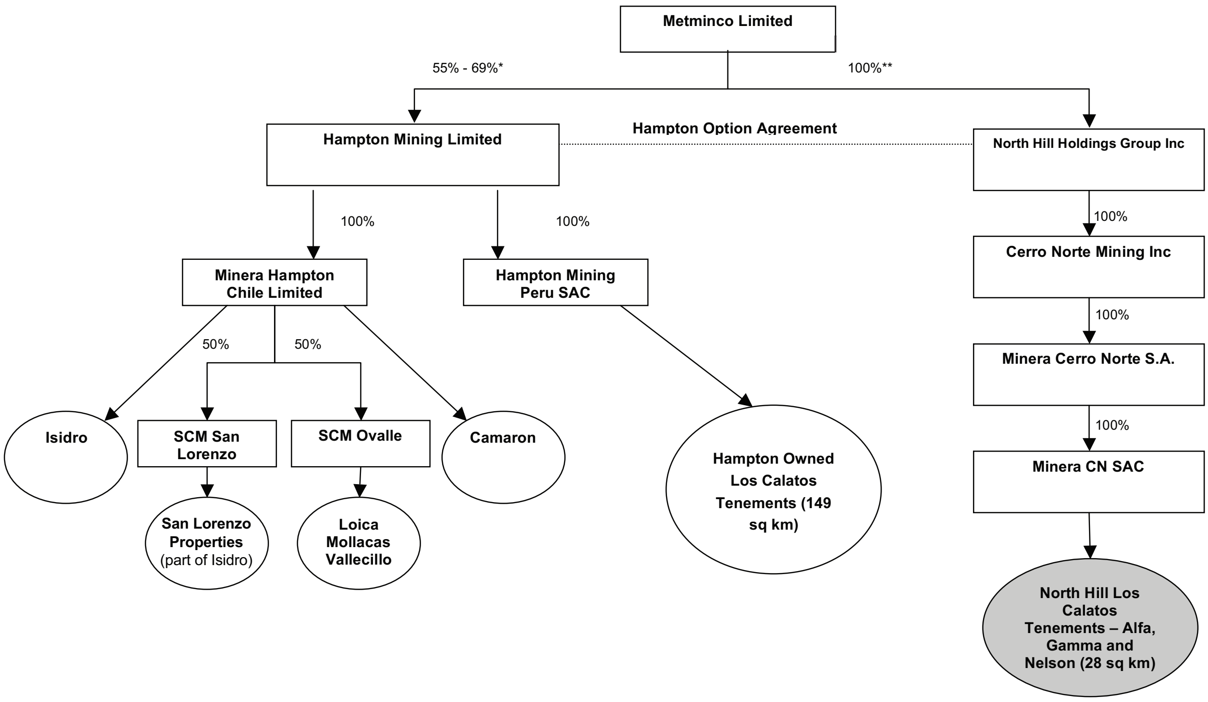
Hampton's interest in the Camaron Project consists of tenements taken up by Hampton Chile since 2007 and tenements subject to an option to purchase agreement entered into in August 2007 with SLM Genesis, which is summarised in paragraph 9.4 of Part V of this document.

Hampton's interest in the Isidro Project consists of tenements taken up and held 100% by Hampton Chile and the San Lorenzo Properties, in which Hampton Chile currently has a 50% interest through its 50% shareholding in SCM San Lorenzo. Hampton Chile has a right, subject to meeting certain conditions, to increase its interest to 100%.

Hampton's exploration and overhead costs to date have been approximately US$32 million. US$12 million of the funding was sourced in 2006 and 2007 from management and a number of other investors, with JIC investing the balance of US$20 million in April 2008. In January 2010, Hampton announced a A$1.4 million rights issue which was undersubscribed by $A0.8 million primarily due to other shareholders not taking up their entitlements. In accordance with the Hampton Constitution, the Hampton board has made second round offers to Hampton shareholders who accepted in full their first round offer which closed on 10 March 2010.

## 3. GROUP STRUCTURE

Set out below is the corporate structure of the Group and its assets, assuming completion of the North Hill Purchase Agreement and the JIC Option Agreement. Completion of these agreements is expected to take place on or around 30 April 2010:




* dependent on other Hampton shareholders exercising their pre-emption rights in respect of the JIC Option.

** dependent on completion of the North Hill Purchase Agreement.

## 4. THE GROUP'S ASSETS

A summary of Hampton's projects in South America is given below; they range from mine pre-feasibility, through advanced exploration and grassroots projects. The three most advanced projects are the Mollacas copper leach deposit in north central Chile (Pre-feasibility study), the Los Calatos copper- molybdenum porphyry deposit in southern Peru (Advanced exploration) and the Vallecillo gold-zinc porphyry-related project, also in north central Chile (Advanced exploration).

## SOUTH AMERICAN PROJECTS


## PERUVIAN PROJECT

### Los Calatos – Advanced exploration

The Los Calatos Project is located in southern Peru, in the Moquegua district and close to the city of Arequipa. It occurs in dry desert topography near the coast, at an elevation of approximately 2,900 metres.

The Los Calatos Project occurs near established infrastructure in an existing important mining region. Southern Copper Corporation owns and operates two large open pit copper mines to the south east (Cuajone and Toquepala) and large copper smelting and refining operations at the port of Ilo, approximately 160 kilometres to the southwest. Freeport McMoran owns (53.6%) and operates the large Cerro Verde copper mine to the northwest.

Los Calatos Project is well positioned for potential development, being located near considerable service infrastructure and close to a skilled workforce resident in the mining town of Moquegua.

Hampton holds tenements covering 177 square kilometres surrounding the Los Calatos Project of which approximately 105 square kilometres is held through a wholly owned subsidiary, Hampton Peru, 44 square kilometres is under application by Hampton Peru, and 28 square kilometres is held through North Hill which will become a wholly owned subsidiary of Metminco following completion of the North Hill Purchase Agreement.

***Mineral Resources***

The Los Calatos Project has existing JORC compliant mineral resources. At a cut-off grade of 0.2% Cu, total resources are estimated by Hampton at 261.6 million tonnes, comprising:

- Indicated Mineral Resources 69.2 million tonnes at 0.44% Cu & 0.051% Mo
- Inferred Mineral Resources 192.4 million tonnes at 0.42% Cu & 0.038% Mo

This resource estimation was based on 12,639 metres of drilling (including 6,385 metres drilled by Hampton in late 2008), out of total combined drilling on the Los Calatos Project to date of approximately 20,000 metres including the current unfinished phase 2 program.

Approval was granted in September 2009 by the Peruvian Government for a substantial additional diamond drilling program. The drilling will consist of a combined program of 20,000 metres in 26 diamond holes, in two phases of 10,000 metres each. Drilling commenced in early November 2009 employing two diamond drill rigs. By early 2010 six holes had been completed (holes CD 14, 15, 16, 17B, 18 and 19 totalling approximately 7,300 metres), and holes CD 20 and 21 were in progress.

Diamond drill holes CD 14, 15 and 16 encountered significant copper and molybdenum mineralisation, broadly consistent with the geological model. Assay results for 17B, 18 and 19 are awaited.

Significant intersections from CD 14, 15 and 16 are as follows;

CD 14: between 679m to 1,200m. 397m @ 0.40% Cu and 277ppm Mo
(cumulative intercept, including, 1,170m to 1,200m, 30m @ 0.66% Cu and 420ppm Mo).

CD 15: from 796m to 1,200m. 404m @ 0.32% Cu and 260ppm Mo
(including, 1,107m to 1,200m, 93m @ 0.69% Cu and 710ppm Mo).

CD 16: between 140m and 873m. 366m @ 0.43% Cu and 770ppm Mo
(cumulative intercept, including 422m to 621m, 199m @ 0.59% Cu and 1280ppm Mo).

In addition, Hampton continues to undertake a comprehensive surface geological mapping and sampling program at the Los Calatos Project, focused on the northwest-southeast trending zone of alteration that includes the mineralized zone being drilled. A number of new targets have been identified that warrant follow up exploration.

Concurrent with the resumed diamond drilling, a program of initial metallurgical test work has been undertaken on Los Calatos copper-molybdenum mineralisation samples extracted from diamond drill core from earlier drilling programs. Eleven composite samples were tested.

Averaged results for the tests include:

| | |
|---|---|
| Concentrate grades: | Cu 24.0% and Mo 2.5% |
| Metal recoveries into concentrates: | Cu 87.5% and Mo 79.1% |

The concentrate grades for copper are lower than expected in a commercial operation, owing to the presence of pyrite. However, the Directors believe the grade can be readily increased by modifications to the flotation conditions.

By comparison, the historical average concentrate grade for the nearby Cuajone mine has been around 26% Cu, and for the Toquepala mine just over 27% Cu. Historic copper recoveries at these mines have generally been in the 85-90% range.

The molybdenum recoveries achieved are high compared to the rest of the industry.

**The concessions for the Peruvian Projects**

Details of the concessions granted in Peru are set out in the report of SRK Consulting in Part III of this document.

In Peru, all mining activities, with the exception of reconnaissance, prospecting and commercialization, are carried out under the concessions system. A concession provides its holder with the exclusive right to undertake a specific mining activity, within a determined area. There are four types of concessions: (i) mining concessions (either metallic or non-metallic), (ii) processing concessions, (iii) general works concessions, and (iv) mineral transportation concessions.

Mining Concessions are granted for an unlimited period, subject to (i) the payment of an annual fee of US$ 3.00 per hectare claimed; and (ii) the achievement, by the end of the first semester of the eleventh year after the granting of the concession title, of a target annual production equivalent to one tax unit (approximately US$ 1,250.00) per hectare in case of metallic mining concessions.

If the annual production target is not obtained by the end of the first semester of the eleventh year, an annual penalty of 10% of the production target per hectare claimed shall apply until the year in which such production target is reached. If the production target is not obtained at the end of the fifteenth year, the mining concession is forfeited. In exceptional circumstances, this term can be extended for five additional years.

**CHILEAN PROJECTS (Region IV, North Central Chile)**

**Mollacas – Pre-feasibility study**

The Mollacas Project (with tenements covering 32.55 square kilometres) is located approximately 65 kilometres east of the town of Ovalle, or approximately 450 kilometres north of Santiago, Chile. Hampton holds a 50% interest in the project, with the balance beneficially held by Chilean corporation MN Ingenerios.

The Mollacas Project is located along a north south trending volcanic sequence, which has been subsequently intruded by sub volcanic porphyritic rocks. The deposit occurs within an alteration zone approximately 1000 x 700 metres in size. The copper mineralisation is present in both the upper oxide and underlying supergene zone.

Initial drilling of 10 reverse circulation and 46 diamond core drill holes generated JORC compliant Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Mineral Resources of 9.8 million tonnes at 0.52% copper, for total copper resources of 17.0 million tonnes.

In November 2008, Hampton completed a 3,970 metre infill drilling program to upgrade the resource classification from Inferred Mineral Resources to Indicated Mineral Resources, and to provide material for further detailed leach testing.

A scoping study undertaken by SRK Consulting, Chile, in July 2008 estimated that current resources at Mollacas could be mined over a 7 year mine life producing approximately 13,500 tonnes pa of copper cathode at a unit operating cost of approximately US$0.91 per lb. At a copper price of US$2.50/lb and a Discount Rate of 10%, the Net Present Value of the project is US$93 million with an Internal Rate of Return of 70%.

Hampton has been actively looking at opportunities to extend the life of the Mollacas Project through the acquisition of satellite resources located in close proximity to Mollacas.

Metallurgical test work has commenced on oxide and supergene ores from the Mollacas Project to provide information for leaching and solvent extraction/electrowinning design as part of a final feasibility study. The test work is expected to be completed by mid 2010.

**Vallecillo – Advanced exploration**

The Vallecillo Project (with tenements covering 54 square kilometres) is located approximately 50 kilometres northeast of Ovalle and some 25 kilometres north of the Mollacas deposit. Vallecillo is a porphyry related mineralised breccia system, comprising 4 discrete hydrothermal alteration zones, known as Chiflon, Potrero Colorado, Las Pircas and La Colorada. As with Mollacas, Hampton holds a 50% interest in the project, with the balance beneficially held by MN Ingenerios.

Hampton drilled 12 reverse circulation holes on the La Colorada deposit during 2006, totalling 2,170 metres. This generated an initial JORC compliant Inferred Mineral Resource of 8.5 million tonnes @ 1.42% zinc, 0.76 g/t gold, 8.1 g/t silver and 0.25% lead at a 0.5% Zn cut-off grade.

Following a second round of drilling in 2008 of 17 diamond holes totalling 5,782 metres, a revised Resource Estimation for the La Colorada Au-Zn-Ag-Pb deposit at La Colorada was completed by SRK Consulting, Chile. Contained metal has increased by approximately 40% on the previous estimate (2006). At a cut-off grade of 0.3g/t Au, total resources are estimated as 10.1 million tonnes and can be broken down into:

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

In 2009 Hampton commissioned metallurgical test work on samples of mineralisation from La Colorada, extracted from diamond drill core, using gravity concentration and flotation, to assess optimal economic recovery of gold and zinc.

These tests showed excellent recovery of gold through gravity concentration and also that remaining gold reporting into a zinc concentrate is suitable for recovery by leaching. These preliminary results from the Vallecillo testing are very encouraging, suggesting total recovery of gold will be approximately 90% into dore bullion on site, and recovery of zinc will be approximately 90% into a zinc concentrate averaging at least 50% zinc. It is encouraging that a commercial grade zinc concentrate is likely to be achieved from a modest zinc head grade.

Hampton has also commenced detailed mapping and surface sampling of the extensive licences held at Vallecillo with a view to generating further base metal and gold targets on the Vallecillo Project.

**Loica – Advanced exploration**

The Loica Project is located approximately 100 kilometres south east of Ovalle. It comprises a large ellipse shaped area of alteration approximately 4 x 1.5 kilometres in size, oriented north south in a spur valley. The Loica tenements (covering 35 square kilometres) cover the southern part of the alteration zone. Like both Mollacas and Vallecillo, the Loica Project is jointly held by Hampton and MN Ingenerios.

Previous exploration includes significant drilling and anomalous surface sampling results. Drilling completed by Hampton at the Loica Project during 2006 intersected significant widths of lower grade copper and molybdenum mineralisation as tabulated below.

*Diamond drilling results – South Loica*

| *Hole No* | *Azimuth* | *Dip* | *From* | *To* | *Total depth* | *Intercept* |
|---|---|---|---|---|---|---|
| LD 01 | 90° | -60° | 0 | 471 | 660 | 471 metres @ 0.19% Cu & 234 ppm Mo |
| LD 02 | 120° | -60° | 0 | 592 | 682 | 592 metres @ 0.12% Cu & 154 ppm Mo |
| LD 03 | 225° | -60° | 0 | 659 | 659 | 659 metres @ 0.12% Cu & 193 ppm Mo |

Note all holes drilled from a common collar location at approximately 341720 mE & 6562110 mN UTM Zone 19.

Loica is still in an early exploration phase, being only partly drilled, however, initial work shows typical characteristics of a large copper molybdenum porphyry system. Future exploration will comprise mapping and geochemical sampling of the breccia zones as a prelude to possible drill testing.

**Camaron – Early exploration**

Camaron is a large predominantly gold mineralised system that may be related to a porphyry hydrothermal system. The Camaron Project is located to the north of the Vallecillo Project, some 20 kilometres south of the town of Vicuna. Hampton Chile has an extensive tenement holding of some 133.7 square kilometres. Hampton Chile holds part of these tenements in its own right (covering 103.7 square kilometres) and has an option to purchase 100% of the Genesis tenements (covering 30 square kilometres).

The Camaron Project contains many surface gossans and large areas of hydrothermal alteration. No known exploration work has been done on the property, except for a few small prospecting pits. However, the regional Vicuna Fault transects through the area, and this feature is a known controlling feature on mineralisation further to the south.

Broad spaced geochemical sampling along 400 metre spaced lines has returned anomalous copper, gold and molybdenum values. Visible copper oxide mineralisation has been observed on the traverses and in the prospecting pits.

The Camaron Project is prospective for hosting copper-gold-molybdenum mineralisation. The presence of large alteration zones and intrusives along a major regional fault trend, suggests good potential for porphyry style or related mineralisation.

Future exploration includes RC drilling of a number of significant low-sulphidation Au anomalies identified by surface geochemical sampling.

**Isidro – Early exploration**

Isidro is a predominantly copper gold manto (blanket) style early exploration project, located 85 kilometres east of La Serena. Hampton owns 100% of the Isidro tenements (covering 269 square kilometres) and a 50% interest in the San Lorenzo tenements (covering 20 square kilometres).

Like Camaron, the north trending Vicuna Fault bisects the Isidro and San Lorenzo Properties area. The Vicuna Fault is the major regional control on mineralisation. The area is characterised by small copper-gold-silver bearing hydrothermal hematitic breccias as well as larger manto style deposits.

Hampton has completed a wide spaced surface sampling program over the San Lorenzo tenements. Future exploration will comprise prospect scale mapping, as well as broader reconnaissance mapping, assisted by satellite imagery and broad scale geochemical sampling.

**The concessions for the Chilean Projects**

Details of the concessions granted in Chile are set out in the report of SRK Consulting in Part III of this document.

An exploration concession is granted by the Chilean Ministry of Mines for an initial period of two years with a right to apply for a further two year period prior to expiry of the initial concession. Where an extension is granted, the concession holder must relinquish half of the original designated area. Exploration concessions require an annual payment and enable exploration over the concession area and provide an exclusive right to file for an exploitation concession in respect of that concession area. Exploration concessions do not require work to be undertaken on the concession area in order to maintain interest in that concession.

An exploitation concession is of unlimited duration, requires annual payment but does not require work to be undertaken on the concession in order to maintain interest in that concession. The concession grants mining rights which prevail over third party claims and entitles the owner to exploit the minerals in that concession area.

**AUSTRALIAN PROJECTS**

Reflecting Metminco's focus on its South American assets, all the Company's Australian exploration projects are now deemed non-material and will undergo progressive review for divestment or relinquishment.

Two projects have been relinquished and Metminco has entered into discussions with a number of parties in respect to Joint Ventures or sale of some of the other projects.

## 5. PROFILE OF THE GLOBAL COPPER MINING INDUSTRY

The South American projects of interest to Metminco are primarily copper projects. This section provides an overview of the global copper mining industry.

### Background

Copper is a conductor of electricity and is a finite resource which can be recycled and reused. It is the third ranking metal in terms of volume used worldwide. Open-pit mining is the predominant mining method in the world. After the ore has been mined, it goes through ball mills to crush an optimum rock fragment size before going through concentration circuits to recover and concentrate the copper and molybdenum, together with any other by products (e.g. gold, silver). The obtained copper concentrates are treated by smelting to produce anodes, and refining to produce copper cathodes. Alternatively, in the hydrometallurgical route, copper is extracted from mainly low grade oxide ores through leaching (solvent extraction) and electrowinning (SX-EW process). Scrap is another important source of raw material. Copper scrap derives from either metals discarded in semis fabrication or finished product manufacturing processes ("new scrap") or obsolete end-of-life products ("old scrap"). (*Source: ICSG*)

There are several uses of copper including:

- to produce cable, wire and electrical products for both the electrical and building industries;
- to produce pipes for plumbing, heating and ventilation as well as building wire and sheet metal facings in the construction industry;
- used in the manufacture of industrial equipment such as heat exchangers, pressure vessels and vats;
- used in the marine environment due to its corrosion resistant properties. Vessels, tanks, propellers, oil platforms and coastal power stations uses copper for its corrosion resistance properties;
- used in major forms of transportation which depend on copper to perform critical functions; and
- used in communications and electronic products.

Overall the main uses of copper are as follows:

- Electrical Applications: 65%
- Construction – 25%
- Transport – 7%
- Other – eg coins, sculptures, musical instruments and cookware – 3%

(*Source Copper Development Association, see http://www.copperinfo.co.uk/markets/*)

**Consumption and production**

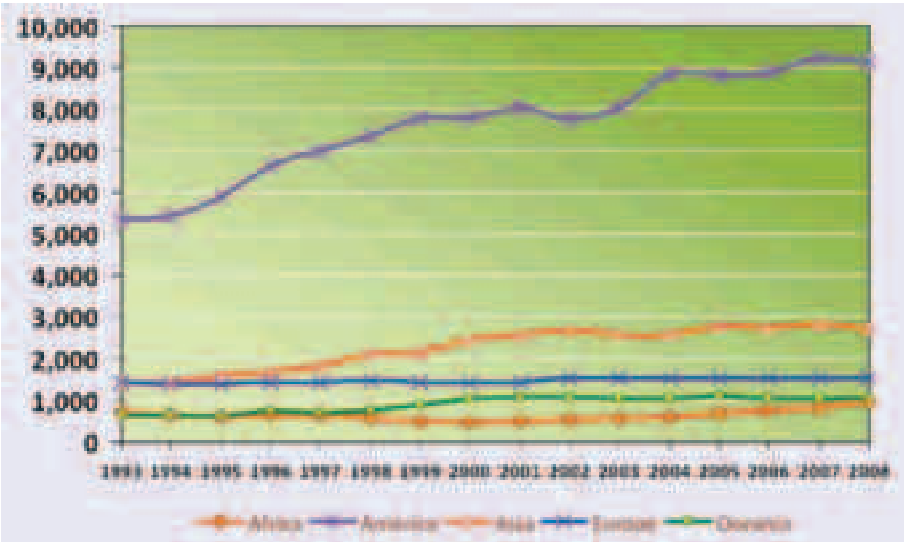
Set out below is the global copper production volumes in 2007 and 2008.

| *Global copper mine production by region* | *2007 tonnes ('000)* | *2008 tonnes ('000)* |
|---|---|---|
| Region | | |
| Americas (South and North America) | 10,172 | 10,064 |
| Asia | 3,597 | 3,554 |
| Australasia | 1,147 | 1,152 |
| Africa | 836 | 967 |
| Europe | 821 | 786 |
| Other | 666 | 660 |
| | 17,239 | 17,183 |

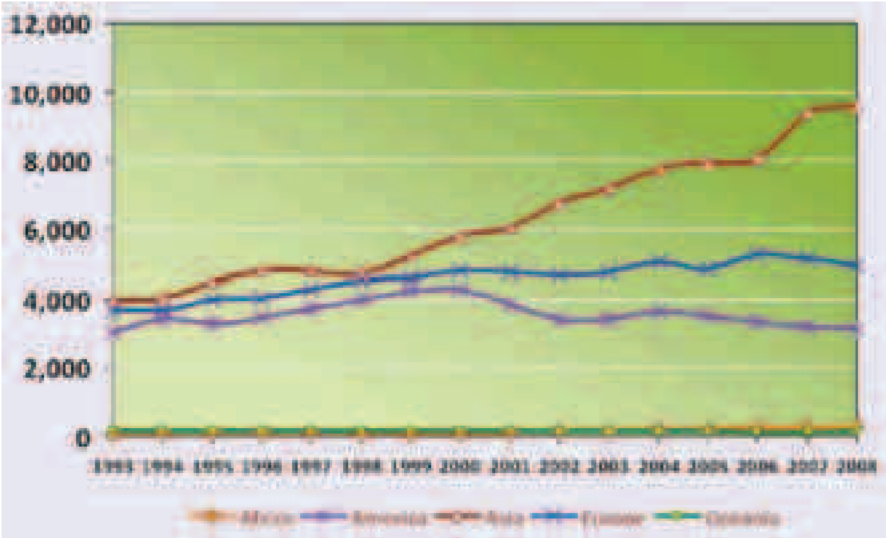
*Source: Copper Development Association Annual Data 2009*

The largest producer of copper in 2008 was Chile, producing 5,876 thousand tonnes per annum, followed by the US and Peru which produced 1,444 and 1,398 thousand tonnes per annum respectively. South America is the largest producer of copper in the world, accounting for approximately 46.5% of the global copper production.

The graph below shows historical copper mine production by global region in thousand metric tonnes. (*Source: "The World Copper Factbook, 2009", International Copper Study Group (ICSG)*)




Whilst the graph above highlights that America has been the major producer of copper for the last 15 years, there has been a dramatic shift in users of copper as can be seen in the graph below which shows refined copper usage by global region, in thousand metric tonnes. (*Source: "The World Copper Factbook, 2009", International Copper Study Group (ICSG)*)




**Major global participants**

The key participants in global copper production include:

- Freeport-McMorgan Copper & Gold ("FCX") – is a leading international mining company with headquarters in Phoenix, Arizona. FCX operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. The company's portfolio of assets includes the Grasberg mining complex which is the world's largest copper and gold mine in terms of recoverable reserves.

- Codelco – is a mining, industrial and commercial company based in Chile. Codelco is owned by the Chilean state and is one of the world's largest producers of copper.

- BHP Billiton ("BHP") – is one of the world's top producers of copper, silver, lead and uranium, and a leading producer of zinc. BHP produces copper in Australia, Chile, Peru, and the US.

- Xstrata is the fourth largest global copper producer, with mining and processing facilities located in Australia, Chile, Peru, Argentina and Canada. Xstrata Copper's world-leading portfolio of growth projects includes Las Bambas in Peru, Tampakan in the Philippines, El Morro in Chile, El PachÚn in Argentina and Frieda River in Papua New Guinea.

- Rio Tinto's Copper group comprises Kennecott Utah Copper in the US and interests in the copper mines of Escondida in Chile, Grasberg in Indonesia, Northparkes in Australia and Palabora in South Africa.

- Grupo Mexico ("Grupo") – is the largest mining corporation in Mexico. Its mining division is consolidated through the Americas Mining Corporation, a sub-holding company that groups the mining operations in Mexico, Peru and the US. Grupo also conducts exploration activities in Mexico, Peru and Chile.

The following table illustrates corporate concentration in world copper mining in 2007:

| *Rank* | *Company* | *Country* | *Controlled output (kt)* | *Share of global (%)* | *Cumulative share (%)* |
|---|---|---|---|---|---|
| 1 | Freeport | USA | 1,680 | 11 | 11 |
| 2 | Codelco | Chile | 1,670 | 11 | 22 |
| 3 | BHP Billiton | Australia | 1,160 | 7 | 29 |
| 4 | Xstrata | Switzerland | 940 | 6 | 35 |
| 5 | Rio Tinto | UK | 800 | 5 | 40 |
| 6 | Grupo Mexico | Mexico | 780 | 5 | 45 |
| 7 | Anglo American | UK | 670 | 4 | 50 |
| 8 | KGHM | Poland | 460 | 3 | 53 |
| 9 | Norilsk Nickel | Russia | 430 | 3 | 56 |
| 10 | Antofagasta | UK | 430 | 3 | 58 |

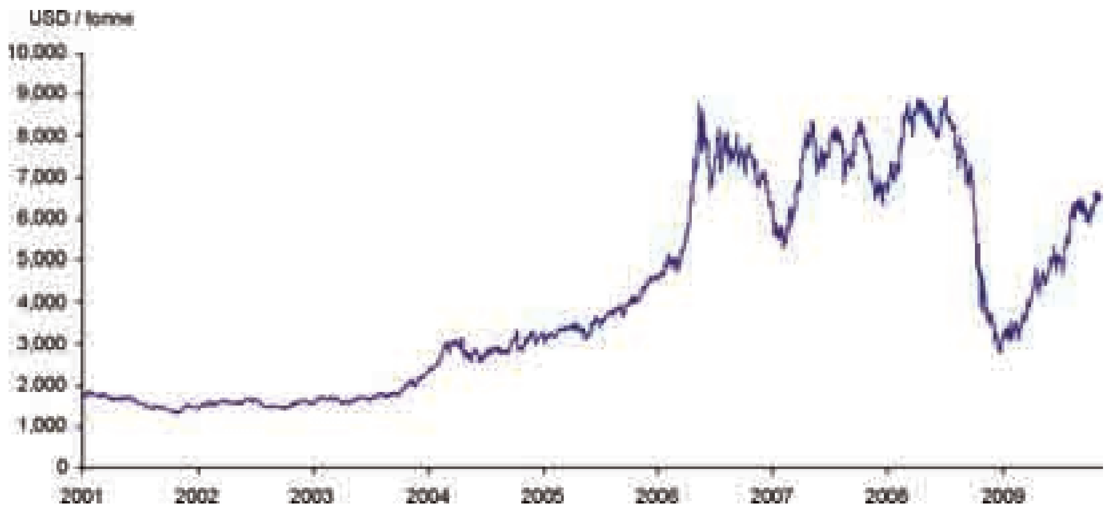
Note: "Controlled output" is defined as either a majority ownership of a production unit, or a minority ownership with no other dominant owner.

*Source: Radetzki,M., "Seven thousand years in the service of humanity – history of copper, the red metal". Resources Policy (2009),doi:10.1016/j.resourpol.2009.03.003. Referencing data by the Raw Materials Group, 2008.*

**Historical copper prices**

Copper prices are quoted on the London Metals Exchange ("LME"). The price of copper is dependent on supply and demand forces as well as the grade of the metal.

Set out below are the historical copper prices as quoted on the LME.




*Source: London Metal Exchange*

Substantial movements in the historical copper price, as identified in the above graph include:

- the significant price increase between the end of 2005 and the end of 2008 was a result of increased demand for copper from Asia. This was specifically driven by China which primarily uses copper for wiring in electrical devices and for construction purposes. The increase in copper prices was also a result of supply concerns due to strike actions occurring in Mexico and Chile and the lack of investment in new mining projects;
- the significant reduction in price between the end of 2006 and the beginning of 2007 was attributable to rising inventories and slowing demand, especially in the US; and

- the significant reduction in price towards the end of 2008 was attributable to the global financial crisis which led to a decline in commodity prices and reduced demand for copper.

**Outlook for the industry**

Copper production in 2010 is forecast to remain relatively stable, growing by 0.7% whilst demand is forecast to decline by 0.2%. Demand from the US, Europe and Japan is forecast to decline on average by 17%. This reduction is expected to be partially offset by a 26% growth in demand from China. Global usage excluding China is expected to decline by 12%. In 2011 the market is expected to be stable as an increase in economic activity is expected to lead to stronger demand and the growth in refined production is expected to stabilise.

## 6. REASONS FOR ADMISSION, THE PLACING, ISSUE OF CONVERTIBLE LOAN NOTES AND USE OF FUNDS

The net proceeds of the Placing in conjunction with the issue of the Convertible Loans receivable by the Company will be approximately £11.75 million (approximately US$18 million). This amount will be applied over the next 24 months principally as follows:

| *Use* | *US$ m* |
|---|---|
| JIC Option Agreement (maximum) | 12.0 |
| North Hill Purchase Agreement | 2.0 |
| Hampton exploration costs | 1.5 |
| Central corporate costs and general working capital | 2.5 |
| **Total** | 18.0 |

The Directors believe that investing into additional exploration and development is in the best interests of shareholders in order to potentially increase shareholder value.

The Directors believe that admission to trading on AIM will provide the Group with better access to the European capital markets.

## 7. EXISTING DIRECTORS, PROPOSED DIRECTORS AND EMPLOYEES OF THE GROUP

Set out below is biographical information regarding the Existing and Proposed Directors. In addition to those listed below JIC will be entitled to nominate for appointment between one and two representatives to the Board depending on its shareholding in the Company. Appointment of Directors to the Board is subject to Shareholder approval or ratification.

**Existing Directors**

***John Fillmore, aged 56, Chairman***

John was appointed to the Board as Chairman in May, 2007. John has practised as a Lawyer continuously since his admission in 1977. In 1985 he established his own firm, J.A. Fillmore & Co. That firm continues under his control today as a boutique legal firm providing advice and services to a range of business enterprises both within and outside Australia. John is chairman or director of a number of unlisted companies in agriculture, financial services, investment, property and several private investment companies. John's involvement in the boards has become a substantial component of his professional life in recent years. John holds Bachelor of Commerce and Bachelor of Laws degrees from the University of Melbourne and is a fellow of the Tax Institute of Australia.

***William (Bill) Etheridge, aged 62, Director***

Bill was appointed on 17 July 2009. Bill has over 30 years experience in the mining and mining finance industry, based mainly in Sydney and London. He worked as a mining engineer with Hamersley Iron, and as an economist for mining companies in London (Consolidated Gold Fields) and Sydney (Renison Goldfields Consolidated). He has also worked within mining companies (including Hargraves Resources and Selwyn Mines Limited) focusing on mining project scoping, analysis and appraisal, valuation of internal and external opportunities, cut-off grade analysis, project administration, preparation of company reports, and investor relations. He has also worked in stockbroking (including Merrill Lynch, ABS White and HSBC James Capel) as a resources analyst, covering a range of mining companies, and including experience in research and equity raising. He has consulted on mining investment opportunities in coal, copper, gold, nickel, zinc and vanadium, and has undertaken detailed analysis of a number of mineral commodities, both metals and energy.

***Dr Phillip Wing, aged 52, Non Executive Director***

Phillip was appointed to the Board on 17 July 2009. Phillip is the Executive Chairman of a number of special purpose private equity firms. He is currently chairman or non executive director of six investee companies ranging from mining to medical devices. Until January 2006, Phillip was a partner of Technology Venture Partners (TVP), a specialist Institutional Information Technology and Telecommunications venture capital firm, for 7 years 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, specialising 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).

***William Howe, aged 56, Non Executive Director***

William was appointed to the Board on 17 July 2009. Mr Howe, Hampton Mining founder, has over 30 years experience in the mining industry and has worked in southern and west Africa, Australia, South East Asia and North and South America. He has been instrumental in the development of a number of new mining operations in Australia and South East Asia including the development and management of the first copper heap leach operation in Australia. He specialises in optimising existing operations and the development of new operations in both underground and open pit environments and has extensive experience in mine development, mine management and corporate management. Mr Howe was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL and Selwyn Mines Limited.

**Proposed Directors**

***Timothy (Tim) Read, aged 63, Non Executive Director***

Tim has over forty years experience of the mining and metals sector, first as a mining analyst, then as an investment banker and, most recently, as a corporate executive and director. Between 1995 and 1999, he was Managing Director and Global Co Head of Mining and Metals Investment Banking for Merrill Lynch Inc and, accordingly has extensive experience of all aspects of corporate finance, particularly M&A and equity capital markets. Between 1999 and 2006, he was the chief executive of Adastra Minerals Inc (acquired by First Quantum Minerals in 2006) and since then has acted as a non-executive director for several natural resource companies including Cumerio SA (acquired by Norddeutsche Affinerie in 2008), Kopane Diamond Developments (until December 2009), Starfield Resources Inc and Faroe Petroleum plc. †Mr Read has a BA (Economics) from the University of Strathclyde in Glasgow, Scotland and is a Fellow of the Chartered Institute for Securities and Investment.

***Francisco Vergara-Irarrazaval, aged 61, Non Executive Director***

Francisco has over 30 years experience in the mining industry in Chile and other Latin American countries where he was Vice President of CompaÒ"a Minera El Indio and CompaÒ"a Minera San JosÈ, subsidiaries of St. Joe Minerals Corporation until 1991. In 1991, he established Vergara & Cia, Law Firm, providing legal services to different mining companies and international engineering firms focused in natural resources, energy, shipping, especially, in the salmon industry in Chile, agriculture, and foreign governments through their embassies in Chile and has acted as Director of listed companies and Chairman and Director of a number of unlisted companies. Francisco holds his Law Degree from the Catholic University of Chile, is a 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.

**Senior Management**

***Colin Sinclair, aged 69, General Manager Exploration (Hampton)***

Colin has over 40 years experience in exploration and mine geology in Africa, Middle East, South America and Australia, including 5 years as a Managing Geologist based in Chile during the 1990's. He has held senior geological and managerial positions, including General Manager South America for North Ltd, Project Manager North Parkes Project for North Ltd and Chief Geologist Ashanti Goldfields, Ghana. Mr Sinclair is widely experienced in base and precious metal geology, particularly in copper and gold. His experience covers major deposits, various treatment processes and ranges from initial exploration through feasibility studies to operating mines.

***Philip Killen, aged 54, Chief Financial Officer/Company Secretary***

Philip is a finance professional with 17 years experience in the mining and exploration sector. Prior senior executive roles in the resources sector include 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, commercial, audit and technology roles located in Australia and overseas. His experience includes financial modelling to support bankable feasibility studies, development of funding strategies, treasury, corporate governance and compliance, and implementation of commercial systems.

## 8. THE PLACING

On Admission, the Company will have 492,741,775 Ordinary Shares in issue and a market capitalisation of approximately £44 million at the Placing Price. The Placing comprises the issue of 103,795,569 new Ordinary Shares by the Company to raise £9.3 million, before expenses.

Pursuant to the Placing Agreement, Daniel Stewart has conditionally agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price on behalf of the Company with institutional and other investors. The Placing has not been underwritten by Daniel Stewart. The Placing is conditional upon, *inter alia*, Completion and Admission becoming effective by not later than 8.00 a.m. on 1 April 2010 (or such date as Daniel Stewart may agree being not later than 30 April 2010).

The Ordinary Shares being offered pursuant to the Placing will represent 21.2% of the Ordinary Shares in issue on Admission. The Ordinary Shares being offered pursuant to the Placing are or will be in registered form and, on Admission, will rank *pari passu* in all respects including, without limitation, in relation to any dividends and other distributions declared, paid or made following Admission with the other Ordinary Shares. Further details of the Placing Agreement are set out in paragraph 10.1 of Part V of this document.

As part of the Placing, 25,000,000 of the Placing Shares at 9p per share will be issued to Lanstead Capital L.P., an institutional investor, for an aggregate subscription price of £2,250,000. In addition, the Company has entered into an Equity Swap Agreement with Lanstead so the Company will retain much of the economic interest in the shares issued to Lanstead. The Equity Swap Agreement will allow the Company to secure much of the potential upside arising from near term news flow.

The Equity Swap Agreement provides that the Company's economic interest will be determined and payable in 24 monthly tranches as measured against a Benchmark Price of 12p per share. If the measured share price exceeds the Benchmark Price, for that month the Company will receive more than 100% of the monthly payment due. There is no upper limit placed on the proceeds receivable by the Company as part of the monthly tranche payments. Should the share price be below the Benchmark Price, the Company will receive less than 100% of the monthly payment due, and there is no lower limit placed on the proceeds receivable.

In no case would a decline in the Company's share price result in any increase in the number of Ordinary Shares received by Lanstead or any other advantage accruing to Lanstead. Further details of the Equity Swap Agreement are set out in paragraph 10.3 of Part V of this document.

**9. ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for the existing Ordinary Shares, the Fee Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on 1 April 2010.

No temporary documents of title will be issued. All documents sent by or to a placee, or at his direction, will be sent through the post at the placee's risk. Pending the despatch of definitive share statements, instruments of transfer will be certified against the register of members of the Company.

**10. LOCK-IN ARRANGEMENTS**

The Directors will, following Admission, in aggregate, have an interest in approximately 26.7% of the Ordinary Shares in issue on Admission. All of the Directors (other than Tim Read) have undertaken to the Company and to Daniel Stewart not to sell, charge or grant any interests over any Ordinary Shares held by them (subject to certain exemptions) during the twelve months following Admission.

Further details of the lock-in arrangements are set out in paragraph 10.2 of Part V of this document.

**11. SHARE OPTION SCHEME**

The Directors recognise the need to attract, incentivise and retain employees and the importance of ensuring that all employees are well motivated and able to identify closely with the profitability of the Group. To this end, the Company will in due course establish a share option scheme pursuant to which the Company can grant options over up to 10% of its Ordinary Shares in issue from time to time to directors and employees of the Group.

**12. CORPORATE GOVERNANCE**

The Board, is responsible for establishing the strategic direction of the Company, monitoring the Group's trading performance and appraising and executing development and acquisition opportunities. The Company holds regular Board meetings, at which financial and other reports, including working capital reports and acquisition opportunities, are considered and, where appropriate, voted on.

Details of the Boards' beneficial interests in Ordinary Shares and options, both immediately prior to and following Admission, are set out in paragraph 7.1 of Part V of this document. The Directors understand their obligation to comply with Rule 21 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by any employees of the Company to whom Rule 21 applies. The Company has, in addition, adopted the Share Dealing Code.

The Directors recognise the importance of sound corporate governance. The Company intends to comply with the ASX Corporate Governance Guidelines so far as is practicable and appropriate for a public company of its size and nature.

The Board has established an audit and risk committee with formally delegated duties and responsibilities. The audit committee comprises John Fillmore, as the Chairman and Tim Read.

The terms of reference for the audit and risk committee provide that it will receive and review reports from the Company's management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems in use throughout the Group. A summary of the terms of reference for the audit and risk committee is set out in paragraph 14.1 of Part V of this document.

The Directors do not consider that, given the size of the Board, it is appropriate at this stage to have a separate remuneration or nomination committee. Accordingly, the full board, which is primarily comprised of non-executive directors, will be appointed to, and perform the functions of, the remuneration and nomination committees.

## 13. CREST

To be traded on AIM, securities must be able to be transferred and settled through the "CREST" system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including depositary interests, to be held in electronic form rather than in paper form. For foreign securities to be transferred and settled through CREST they need to be in the form of depositary interests.

The Company, through the Depositary, intends to establish a facility whereby (pursuant to a depositary deed poll to be executed by the Depositary) Depositary Interests, representing Ordinary Shares, will be issued by the Depositary, to persons who wish to hold the Ordinary Shares in electronic form within the CREST system. It is intended that the Company will apply for the Depositary Interests, representing Ordinary Shares, to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Depositary Interests representing the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. Holders wishing to maintain their investment outside of the CREST system will be entered on the Australian share register and receive a statement as evidence of ownership.

The Ordinary Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian Register through CHESS.

Shareholders wishing to initiate a transfer of shares between markets should in the first instance contact their stockbroker who will advise on the procedures to be followed.

It is emphasised that, although the Ordinary Shares will trade on AIM, the Company will not be subject to takeover regulation in the UK. Being an Australian incorporated company, Metminco is subject to the takeover and other provisions of the Australian Corporations Act.

## 14. DIVIDEND POLICY

The Directors anticipate that the Company will be focussed on exploration activities and will not earn any operating revenue during the 12 month period following Admission. Accordingly, the Company does not expect to declare any dividends during that period. Thereafter, it is the Directors' intention to pay dividends when profit, available cash flow and capital requirements allow and in accordance with the Company's strategy for growth. However, the Directors can give no assurance as to the payment of future dividends.

## 15. TAXATION

The attention of investors is drawn to the information regarding taxation which is set out in paragraph 12 of Part V of this document. These details are, however, intended only as a general guide to the current taxation law position in the UK and Australia. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK and Australia are strongly advised to consult their professional advisers.

## FURTHER INFORMATION

**Prospective investors should carefully consider the information in Parts II to V of this document, which provide additional information regarding the Company and, in particular, Part II, which sets out certain risk factors relating to an investment in the Ordinary Shares.**

# PART II

# RISK FACTORS

**Prospective investors should be aware that an investment in the Company involves a high degree of risk and may result in the loss of all or part of the investment. Investors are accordingly advised to consult an investment adviser authorised under FSMA who specialises in the acquisition of shares and other securities before making their decision to invest in the Company. In addition to the other information contained in this document, the following risk factors affecting the Company should be considered carefully in evaluating whether to make an investment in the Company.**

This Part II contains what the Directors believe to be the principal risk factors associated with an investment in the Company. In addition to the other information contained in this document, these risk factors should be considered carefully in evaluating whether to make an investment in the Company. If any of the following risks, which are not exhaustive, were to materialise, the Group's business, financial condition, results, or future operations could be materially adversely affected. In any such case, the market price of the Shares could decline and a Shareholder may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Group. Prospective investors should carefully consider the other information in this document. Prospective investors should note that the risks described below are not the only risks faced by the Group and are not set out in any order of priority.

## SPECIFIC RISKS RELATING TO THE GROUP

The Directors are responsible for ensuring that appropriate policies and procedures are in place to identify and monitor risks faced by the Group and to ensure that wherever possible such risks are managed with a level determined by the Directors as prudent.

A summary of some of the risk factors which have been taken into account include, but are not limited to, the following.

### Generally

Metminco has a limited operating history. Metminco does not have cash flow producing assets and the ultimate success of the Group will depend on its ability to develop and generate cash flow from its projects in the future and to successfully discover new deposits on its exploration assets. There is a possibility that not all, or indeed any, of the projects in Group's current portfolio will develop as anticipated or that the Group will become profitable.

### Litigation

On 9 February 2010 Takoradi Limited announced to the ASX, amongst other things, that certain agreements or arrangements were entered into by the Company which may be to the detriment of Takoradi, a shareholder in Hampton. On 16 February 2010 Hampton was given notice by one of its directors (whom is an appointee of Takoradi) that he intended to apply under the Australian Corporations Act for leave to bring an action in the name of Hampton against William Howe and Phillip Wing (as directors of Hampton) for, among other things, breach of duty towards Hampton, and against Metminco for, among other things, unauthorised use of confidential information relating to Hampton. The allegations are unsubstantiated, lack specification and precision; Metminco, William Howe and Phillip Wing refute all the allegations and have been advised that the claimants would have significant difficulties in discharging the burden of proof should leave be given for the claims to proceed. Any claim will be vigorously defended. Further details are set out in paragraph 17.2 of Part V of this document.

Legal proceedings may arise from time to time in the course of the Group's business. Furthermore, litigation may be brought against third parties which could have an adverse affect on the Group. Details of actual and potential litigation against the Group is set out in paragraph 17 of Part V of this document.

**Exploration Activity**

All of Hampton's projects are in the exploration phase. This is an inherently high risk stage and there is no guarantee of exploration success. Numerous potential drilling locations have been identified, but the Group cannot be sure that it will drill them. No assurance is given that future exploration efforts will result in the discovery of further mineral reserves or mineral resources or result in the discovery of any ore bodies suitable for economic extraction. Unsuccessful exploration activities could have a material adverse effect on the results of operations and the Group's financial condition.

Success in exploration is dependent upon a number of factors including, but not limited to, prospective projects, systematic target generation and follow-up, use of the latest technology, strong management oversight and project level execution and availability of exploration capital. Exploration involves numerous specific risks:

- Failure to delineate commercial mining resources;
- Delays in the availability of drilling rigs and the delivery of equipment;
- Hiring rates for drill equipment;
- Failure and/or breakdown of equipment;
- Industrial accidents;
- Unexpected drilling conditions;
- Availability of specialised personnel; and
- Adverse weather conditions

Exploration and appraisal is a process subject to unforeseen contingencies. The exploration program must be flexible enough to respond to results obtained. The actual scope and cost of the exploration program may differ substantially from the proposals set out in this document. Financial failure or default by any future alliance or joint venture partner of the Group may require the Group to face unplanned expenditure or risk forfeiting interests in relevant areas.

**Geological Risks**

The delineation of geological conditions and the definition of mineral resources and ore reserves is a complex process requiring input from many areas of specialisation and a high degree of interpretation of results obtained from exploration programs. Even if the Group employs best industry practice to develop reliable estimates, there remains a risk that when mining commences geological conditions could vary with those projected. In this case, there is a risk that geological conditions could adversely affect ongoing operations and in extreme circumstances, result in the abandonment of a project.

**Mineral Reserves and Resources are Estimates Only**

There is no certainty that the mineral resources, or any mineral reserve, will be realised. Until a deposit is actually mined and processed, the quantity of mineral resources and reserves, and grades, must be considered as estimates only. In addition, the value of mineral resources and any mineral reserve will depend upon, among other things, metal prices and currency exchange rates. Any material change in quantity of mineral resources, or any mineral reserve, or grade, may affect the economic viability of any future mines. Any material reductions in the estimates or mineral resources, or mineral reserves, or the Group's ability to extract any ore, could have a material adverse affect on Metminco's future results of operation and financial condition.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the Group's resources could affect the Group's development and mining plans.

**Operating Risk**

The operations of the Group may be disrupted by a number of events that are beyond the control of Metminco. These include but are not limited to:

- The availability of transportation capacity;
- Geological, geotechnical and seismic factors
- Industrial and mechanical accidents;
- Equipment and environmental hazards;
- Power supply failure; and
- Unscheduled shut downs or other processing problems.

As a consequence, it cannot be guaranteed that any of the exploration projects carried out will bring about any new commercial mining operations being brought into operation.

As is common with all mining operations, there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These can be difficult to predict and are often affected by factors outside Metminco's control. If any such risks actually occur, the Group's business, financial condition and/or results of operations could be materially and adversely affected. In such a case, a shareholder may lose all or part of their investment.

**Development of Production Operations**

Specific risks include:

- Delays in access to land;
- Title to land;
- Permitting;
- Government regulation;
- Access to power; and
- Access to water

**Production**

If production eventuates, specific risks include:

- Adverse geological, seismic and geotechnical conditions;
- Failure and/or breakdown of equipment;
- Labour disputes;
- Industrial accidents; and
- Other environmental hazards and risks.

**Risk of Payment Obligations**

Under the exploration licenses and certain other contractual agreements to which the Group will be a party or may in the future become a party to, the Group may become subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of interests held by such companies. The Group may not have, or be able to obtain, financing for all such obligations as they arise.

**Reliance on Strategic Relationships**

In three of its projects, Hampton depends on a relationship with its partner MN Ingenieros. No assurance can be given that this relationship will not deteriorate with resulting financial consequences to the Group.

**Environmental Regulations**

The Group's operations are subject to environmental regulation in all of the jurisdictions in which it operates. Such legislation covers a wide array of matters, including waste disposal, protection of the environment, worker safety, mine development, land and water use and the protection of endangered and protected species among others. Existing and possible future environmental legislation, regulations and actions could cause the Group to incur additional expenses, capital expenditures, restrictions and delays in the activities of the Group, the extent of which cannot be predicted.

Although precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have a material adverse impact on the business, operations and financial performance of Metminco. Damages occurring as a result of such risks may give rise to claims against a member of the Group which may not be covered, in whole or part, by any insurance taken out. In addition, the occurrence of any of these incidents could result in the Group's current or future operational target dates being delayed or interrupted and result in increased capital expenditure.

**Health and Safety**

The Group's activities will continue to be subject to health and safety standards and regulations. Failure to comply with such requirements may result in fines and or penalties being assessed against the Group.

**Additional Requirements for Capital**

Further funds will be required once the Group completes its current proposed exploration and development activities. Unless and until the Group develops or acquires income producing assets, it will be dependent upon its cash resources, any funds derived from the exercise of options and its ability to obtain future equity or debt funding to support exploration, evaluation and development of the properties in which it has an interest.

The Group's ability to raise further equity or debt, or to divest part of its interest in a project, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the projects, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, substantial additional financing will be required by the Group to permit and establish mining operations and production facilities. No assurances can be given that the Group will be able to raise the additional finances that may be required for such future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures and operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There are no assurances that additional financing will be available on terms acceptable to the Group, or at all. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its tenements, incur financial penalties and reduce or terminate its operations.

**Insurance Coverage**

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Group's insurance coverage will be limited to public liability cover in Australia and public liability and work related coverage in Chile and Peru.

**Key Management and Staff**

The success of the Group is largely dependent on the abilities of its Directors and its senior management. The loss of the services of these persons may have a materially adverse effect on the Group's business and its prospects. There is no assurance that the Group can retain the services of these persons. Failure to do so could have a materially adverse effect on the Group and its prospects.

**Reliance on Key Personnel**

In its business going forward the Group will be reliant on key personnel and consultants. Loss of key personnel or consultants could adversely affect the Group's performance.

**Local Community**

The Group's policy will be to actively consider, sponsor (through community projects) and work with the local communities.

Positive relationships with local populations cannot be guaranteed. Such relationships are important and can affect the ability of the Group to secure, amongst other things, surface rights, access, infrastructural support and the necessary labour required to operate a mine.

**Legal Climate Considerations**

The Chilean and Peruvian jurisdictions, where the Company is currently operating, differ from the legal system found in Australia and the UK. This could lead to exposure to any of the following risks:

- lack of guidance or interpretation of the applicable rules and regulations; and
- delays in redress or greater discretion on the part of the governmental authorities.

There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be certain.

## GENERAL RISKS RELATING TO THE GROUP

**General Risks**

The activities of the Group will be subject to usual commercial risks and such factors as industry competition and economic conditions generally may affect the Group's ability to explore and develop income generating projects.

**Competition**

The Group will compete with numerous other mining companies (many of which have greater financial resources, operational experience and technical capabilities than the Group) in connection with the acquisition of mineral properties as well as for the recruitment and retention of qualified employees.

**Growth Management**

An inability to manage growth effectively could have a material adverse effect on the Group's business, results of operations and financial condition.

**Economic Risks**

Emerging markets such as Chile and Peru are potentially subject to more volatility and greater risks than more mature markets.

**Changes in Economic Conditions**

Factors such as inflation, currency fluctuation, interest rates, changes in legislation, political decisions, cost escalation and industrial disruption have an impact on operating costs and on metal prices.

**Currency Risk**

Expenditures of the Group will be incurred in a range of currencies, including Australian Dollars, US Dollars, Chilean Pesos and Peruvian Sols. Changes in currency rates may have a negative impact on the financial statements of the Group.

**Commodity Prices**

Historically, commodity prices have fluctuated widely, affected by numerous external factors. Changes in commodity prices, especially for copper, and also gold and molybdenum, may have an impact on the Group's capability to raise additional funds, in the future.

If and when any of the Group's projects go into production, changes in relevant commodity prices may affect the profitability or viability of these mineral projects.

**Changes in Government Policy**

The Group will be subject to the rules and regulations of the countries it does business in, currently Australia, Chile and Peru. Its exploration activities, development projects and any future mining operations are subject to laws and regulations governing the acquisition and retention of title to mineral rights, mine development, health and worker safety, employment standards, fiscal matters, waste disposal, protection of the environment, and protection of endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could have a material and adverse impact on the exploration activities of the Group and on planned development projects or future mining operations. Moreover, where required, obtaining necessary permits to conduct exploration or mining operations can be a complex and time consuming process and Metminco cannot provide assurance that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all.

**Geopolitical Climate**

The political climate in Chile and Peru is currently stable and generally held to offer a favourable outlook for foreign investments. There is no guarantee that it will remain so in the future. Changes in government, regulatory and legislative regimes, potentially leading to expropriation of mining rights cannot be ruled out.

**Taxation**

It should be noted that the information contained in paragraph 12 of Part V of this document relating to taxation may be subject to legislative change.

**Forward looking statements**

This document contains certain forward looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this document, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this document use words like "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and similar terms. The Company's actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Company which are described in this Part II and elsewhere in this document. Investors are urged to read this entire document carefully before making an investment decision. The forward looking statements in this document are based on the beliefs and assumptions of the Directors and information only as of the date of this document, and the forward looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward looking statements. Except as required by law, the Directors undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future earnings, or otherwise.

**RISKS RELATING TO THE ORDINARY SHARES AND THEIR TRADING MARKET**

**AIM**

Application will be made for the existing Ordinary Shares and the Placing Shares to be admitted to AIM. AIM has been in existence since June 1995 and is primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the United Kingdom Listing Authority. There can be no assurances as to the future success of AIM.

**Share dilution**

Future equity offerings by the Company may dilute the percentage ownership of the Company by existing Shareholders. In certain circumstances, securities issued by the Company in the future may have rights, preferences or privileges attached to them that are senior to or otherwise adversely affect those attached to the shares.

**Volatility in share price and liquidity**

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors, some of which are general or market specific, others of which are sector specific and others of which are specific to the Company. It may be the case that the market price of the Ordinary Shares does not fully reflect the underlying value of the Company.

Admission to AIM does not guarantee that there will be a liquid market for Ordinary Shares. In addition, the market for shares in smaller public companies is less liquid than for larger public companies. Therefore an investment in Ordinary Shares may be difficult to realise and the share price may be subject to greater fluctuations than might otherwise be the case.

**Market value of the shares**

The market value of, and the income derived from, the Ordinary Shares can fluctuate and can do down as well as up. Investors may not get back the full value of their investment. The market value of the Ordinary Shares also takes into account the relevant dividend yield and prevailing interest rates. The market value may vary considerably from the underlying net asset value of the Group.

**The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company. Accordingly and as noted above, additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business.**

**PART III**

**COMPETENT PERSON'S REPORT**

# Competent Person's Report for Metminco Limited

**Prepared for**

## Metminco Limited,

## AND

## Daniel Stewart & CO PLC

**Report Prepared by**

SRK Consulting

Engineers and Scientists

**February, 2010**

# Competent Person's Report for Metminco Limited

## Metminco Limited,

## AND

## Daniel Stewart & CO PLC

## Project Number 03-2126-11

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## February, 2010

Endorsed by:

George Even
Geologist - Corporate Consultant
Head of Geological Services
MAusIMM, AIG

# Executive Summary

SRK Consulting (Chile) S.A. ("SRK") was contracted by Metminco Limited ("Metminco" or "the Company") and Daniel Stewart & Co PLC ("Daniel Stewart") during February 2010 to prepare a Competent Person's Report on Metminco in connection with Metminco seeking a listing on the AIM Market of the London Stock Exchange ("AIM Market").

This executive summary must be read in conjunction with the whole of the report.

Metminco's only material mineral exploration assets are held through Hampton Mining Limited ("Hampton"), a public unlisted company in which Metminco holds 75.9 million shares or a 36.5% interest and also an irrevocable right to acquire a controlling interest.

Metminco also holds or has rights through joint venture agreements to mineral exploration licenses in Australia but SRK notes these assets are deemed non-material by Metminco and all are in the process of being relinquished or divested.

Hampton holds, or has rights through two option to purchase agreements, to a number of exploration concessions, and exploration concession applications, covering 5 projects located along the western flank of the Main Andes Cordillera in north central Chile (Isidro, Camaron, Vallecillo, Mollacas and Loica); and holds or has rights through one option to purchase agreement to mining concessions and mining concession applications at the Los Calatos Project, located along the western flank of the Main Andes Cordillera in southern Peru.

Hampton's portfolio of projects is focused on porphyry and porphyry-related base and precious metals in a region renowned for its numerous world class Andean Porphyry style deposits. The Company has a balanced portfolio of projects which range in status from pre-feasibility stage, through advanced exploration to early exploration stage.

- Pre-feasibility study stage
    - Mollacas oxides and supergene sulphides, with possible hypogene mineralisation at depth (Chile / Cu-Au);

- Advanced exploration stage
    - Los Calatos hypogene and potentially supergene mineralisation (Peru / Cu-Mo), and
    - Vallecillo hypogene mineralisation (Chile/ Au-Zn),
    - Loica hypogene mineralisation (Chile / Cu-Mo); and

- Early exploration stage
    - Camaron hypogene and supergene mineralisation potential (Chile / Cu-Au-Mo), and
    - Isidro hypogene and supergene mineralisation potential (Chile / Cu-Au).

Refer Tables (i) and (ii) for a summary of assets, and of resources, respectively.

This portfolio, focused on a particular mineralisation style and having substantial depth of opportunity, affords Hampton with the flexibility to consider the relatively near-term development of its Mollacas Project and rapidly expanding its knowledge and resource base at the Los Calatos Project, while also advancing the understanding of its other earlier stage projects.

This report does not undertake a valuation based on Net Present Value of reserves since development of the assets is not sufficiently advanced. However it notes a Scoping Study by SRK

Consulting (Chile) for Mollacas which includes a Net Present Value estimation, based on, among other assumptions, applying mining parameters to mineral resources.

## Table (i) Metminco Limited, Summary of assets

All Metminco's material assets are owned via a 36.5% interest in Hampton Mining Limited. Refer note 6. "Ownership"

| **Asset – Country / *Status* / Holding company** | **Interest % (Hampton) (6)** | **Interest % (Metminco) (6)** | **Licence expiry date** | **Licence area, km2** | **Comments - tenement ownership** | **Comments - work program & status** |
|---|---|---|---|---|---|---|
| **CHILE** | | | | | | |
| ***Prefeasibility study*** | | | | | | |
| **Mollacas** | | | | | | |
| Sociedad Contractual Minera Ovalle SCM (SCM Ovalle) | 50 | 18.25 | No expiry, subject to payment of annual licence fees (1) | 32.55 | Tenements held 50/50 between Hampton and MN. | Drilling in 2006 established JORC mineral resources. Initial leach test work undertaken. Subsequent Scoping Study in 2008 by SRK on possible copper leach SXEW operation. Further drilling late 2008, detailed leach testwork during 2010 |
| ***Advanced exploration*** | | | | | | |
| **Loica** | | | | | | |
| Sociedad Contractual Minera Ovalle SCM (SCM Ovalle) | 50 | 18.25 | No expiry, subject to payment of annual licence fees (2) | 40 | Tenements held 50/50 between Hampton and MN. | Drilling in 2006. |
| **Vallecillo** | | | | | | |
| Sociedad Contractual Minera Ovalle SCM (SCM Ovalle) | 50 | 18.25 | No expiry, subject to payment of annual licence fees (3) | 54 | Tenements held 50/50 between Hampton and MN. | Drilling in 2006 and 2008, established JORC mineral resources at La Colorada deposit. Additional geological mapping and sampling of tenements, 2009 and 2010. Metallurgical (flotation) test work in 2009. |

### *Early exploration*

| Camaron | | | | | | |
|---|---|---|---|---|---|---|
| Minera Hampton Chile Limitada (100% owned by Hampton) | 100 | 36.5 | No expiry, subject to payment of annual licence fees (4) | 103.7 | **Hampton tenements** | Geological mapping and sampling during 2008 and 2009, identifying drill targets. Planned drilling of gold anomalies. |
| | 50 | 18.25 | | 30 | **Genesis tenements** (option agreement, Hampton, can acquire 100%, expires August 2010) | |
| Total | | | | 133.7 | | |
| **Isidro** | | | | | | |
| Minera Hampton Chile Limitada (100% owned by Hampton) | 100 | 36.5 | No expiry, subject to payment of annual licence fees (5) | 269 | **Hampton tenements** | Geological mapping and sampling during 2008 and 2009 |
| | 50 | 18.25 | | 20.5 | **San Lorenzo tenements**. Hampton 50/50 with Golden Amazonas. Hampton can earn 100% | |
| Total | | | | 289.5 | | |

## PERU

### *Advanced exploration*

| Los Calatos | | | | | | |
|---|---|---|---|---|---|---|
| Minera SCM CN (owned 100% by North Hill). **Note**: Metminco has an agreement to purchase 100% of the owner of North Hill | 100 | 36.5 | Tenements: Alfa, Gamma, Nelson | 28 | **North Hill tenements**. Hampton has option agreement for right to acquire 100% of North Hill, holder of these tenements. Option expires August 2010 | Drilling late 2008 (phase 1) and resuming late 2009 (phase 2). Drilling in 2008, plus historic drilling generated JORC mineral resources. Metallurgical (flotation) test work in 2009. Geological mapping and sampling during 2008 and 2009, ongoing into 2010. |
| Hampton Mining Peru SAC (100% owned by Hampton) | 100 | 36.5 | Tenements: Nicky 1 to 12 (105 km2), plus applications (44km2), Nicky 14 to 18 | 149 | **Hampton tenements** | |
| Total | | | | 177 | | |

# AUSTRALIA

All Metminco's Australian exploration assets are in the process of being divested, either by sale or by relinquishment.

## Abbreviations

Hampton Mining Limited ("Hampton"), Metminco Limited ("Metminco"), Minera Hampton Chile Limitada ("Hampton Chile"), MN Ingenieros ("MN"), North Hill Holdings ("North Hill")

## Notes:

### 1. Mollacas tenements

**SCM Ovalle**

| |
|---|
| Exploitation Concessions: Centinela 1-10, Manto Primero 1-10, Manto 7 Segundo 1 al 20, Manto 7 Tercero 1-10, Manto 7 Cuarto 1 al 40, Manto 7 Quinto 1 al 10, Manto 7 Sexto 1 al 20 and Manto 7 Séptimo 1 al 20.<br>Exploitation Concession Applications submitted 18 April 2008: Valdivia 13 1-60, Valdivia 14-A 1-25, Valdivia 14-B 1-50, Valdivia 15 1-100, Valdivia 16 1-60, Valdivia 17 1-60 and Valdivia 18 1-60.<br>Exploitation Concession Applications submitted 2 May 2008: Valdivia 8 1-40 and Valdivia 9 1-40.<br>Exploitation Concession Applications submitted 26 May 2009: Valdivia 10-B 1-40, Valdivia 11-B 1-60, Valdivia 12-B 1-60 and Valdivia 18 1-60. |

### 2. Loica tenements

**SCM Ovalle (34.41 km2)**

| |
|---|
| Exploitation Concessions: Torca 25 1-85 to Torca 41 1-30 |

**Hampton Chile (40.0 km2, covering the SCM Ovalle tenements)**

| |
|---|
| Exploration Concessions: Torcaza 4, 5, 6, 7, 8, 12, 13, 14, 15, 16, 22, 23, 24 and 25. |

### 3. Vallecillo tenements

**SCM Ovalle (54.0 km2)**

| |
|---|
| Exploitation Concessions: Andrea Uno 1/200, Andrea Dos 1/300, Andrea Tres 1/300, Andrea Cuatro 1/300, Andrea Cinco 1/300, Andrea Seis 1/300, Andrea Siete 1/300, Andrea Ocho 1/200, Andrea Nueve 1/200, Andrea Diez 1/300, Andrea Once 1/300, Andrea Doce 1/300, Andrea Trece 1/300, Andrea Catorce 1/300, Andrea Quince 1/300, Andrea Dieciseis 1/300, Andrea Diecisiete 1/300, Andrea Dieciocho 1/300,Andrea Diecinueve 1/300, Colorado 28-30, Colorado 47 and Chiflon 1-40. |

### 4. Camaron tenements

**Camaron Genesis (30.0 km2)**

| |
|---|
| Exploitation Concessions Applications Genesis I 1-20 to Genesis XXX 1-20 |

**Camaron Hampton (103.7km2)**

| |
|---|
| Exploration Concession Applications: Camaron 2, 1/100, Camaron 3, 1/60, Camaron 9, 1/300, Camaron 15 1/200, Camaron 16, 1/200, Camaron 17, 1/200, Camaron 18, 1/200, Camaron 19, 1/60, Camaron 20, 1/60, Camaron 21, 1/60, Camaron 22, 1/60, Camaron 24, 1/130, Camaron 28, 1/60, Camaron 29, 1/160, Camaron 37, 1/130, Camaron 43, 1/150, Camaron 44, 1/200, Camaron 50, 1/60, Camaron 51, 1/60, Camaron 52, 1/60, Camaron 53, 1/60, Langosta 1, 1/100, Langosta 2, 1/300, Langosta 3, 1/60, Langosta 4, 1/60, Langosta 5, 1/60, Langosta 6, 1/40 and Langosta 7, 1/40<br>Exploration Concessions: Camaron 1, Camaron 55<br>Exploration Concessions: Camaron 56, Camaron 57, Camaron 58, Camaron 59, Camaron 60, Camaron 61, Camaron 62, Camaron 63, Camaron 64, Camaron 65, Camaron 66, Camaron 67 and Camaron 68<br>Exploration Concessions Application: Camaron 69 |

## 5. Isidro tenements

**Isidro San Lorenzo (20.5 km2)**

Exploitation Concessions: Caleton 1-50, San Lorenzo Primero 1-30, San Lorenzo Segundo 1-60, San Lorenzo Tercero 1-60, San Lorenzo Cuarto 1-60, San Lorenzo Quinto 1-60 and San Lorenzo Septimo 1-60

**Isidro Hampton (269 km2)**

Exploration Concessions: Isidro 1 1-40 to Isidro 16 1-200.

Exploration Concessions: Isidro 17, 24, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 and 79

Exploration Concessions: Isidro 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 and 51

Exploration Concessions: Isidro 39

Exploration Concessions: Isidro 105, 106, 108, 109, 110, 111, 112, 115, 116 and 117

## 6. Ownership

Metminco currently owns 36.5% of Hampton. In September 2009 Metminco, signed an option agreement to purchase Junior Investment Company's ("JIC") 31.9% interest in Hampton. If Metminco shareholders approve the exercise of the JIC Option, Metminco‟s interest in Hampton will increase from 36.5% to between 53.6% and 68.4%, depending on whether other Hampton shareholders exercise their pre-emptive rights.

# Table (ii) Metminco Limited, Summary of mineral resources

Hampton is the Operator for all projects

| Project | Gross | | | | | Net attributable (4) | Contained metal | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Million tonnes | % Cu | ppm Mo (5) | g/t Au | % Zn | Million tonnes | '000 tonnes Cu | '000 tonnes Mo | '000 oz Au | '000 tonnes Zn |
| **Mollacas** (1) | | | | | | | | | | |
| Indicated Resources | 7.2 | 0.6 | na | na | na | 2.63 | 15 | na | na | na |
| Inferred Resources | 9.8 | 0.5 | na | na | na | 3.59 | 19 | na | na | na |
| **Vallecillo** (2) | | | | | | | | | | |
| Indicated Resources | 7.9 | 0.1 | na | 1.1 | 1.3 | 2.88 | na | na | 106 | 38 |
| Inferred Resources | 2.2 | 0 | na | 0.8 | 0.6 | 0.81 | na | na | 20 | 5 |
| **Los Calatos** (3) | | | | | | | | | | |
| Indicated Resources | 69 | 0.4 | 510 | na | na | 25.2 | 111 | 13 | na | na |
| Inferred Resources | 192 | 0.4 | 380 | na | na | 70.2 | 295 | 27 | na | na |

**Abbreviations**

Cu = copper, Au = gold, Mo = Molybdenum, Zn = zinc

**Notes**

1. SRK Consulting (Chile) SA, November 2007. Cut off grade of 0.2% Cu (refer Table 3)
2. SRK Consulting (Chile) SA, July 2009. Cut off grade of 0.3 g/t Au (refer Tables 9 & 10)
3. Hampton, June 2009. Cut off grade of 0.2% Cu (refer Table 6)
4. Assume Metminco Limited owns 36.5% of Hampton Mining Limited
5. Ppm = parts per million. 1% = 10,000ppm

# Table of Contents



# Annex

# Tables



# Figures

# Warranty and Limitations

This report has been specifically commissioned for inclusion in the AIM Admission Document for Metminco.

This report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("The Valmin Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM"), the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission ("ASIC") and Australian Stock Exchange ("ASX"), which pertain to Independent Expert Reports, and with the "AIM Note for Mining, Oil and Gas Companies", June 2009, which describes the requirements for the preparation of Competent Person's Reports to be included in the AIM Admission Document for a company seeking a listing on the AIM Market.

Where Mineral Resources have been referred to in this Report, the classifications are consistent with the Australian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code"), prepared by the Joint Ore Reserves Committee ("JORC") of the AusIMM, the Australian Institute of Geoscientists ("AIG") and the Minerals Council of Australia ("MCA"), effective 2004 ("JORC Code 2004").

SRK Consulting (Chile) S.A. (SRK) gives its consent for the inclusion of the whole of this report in the AIM Admission Document and accepts responsibility for this report, save as provided herein.

The observations, comments and conclusions presented in this report represent SRK's opinion as of February 2010 and are based on discussions with Metminco's directors as well as SRK's review of the information presented by Metminco and available in the public domain. SRK has made site visits to all of Hampton's properties in Chile and Peru. In addition, SRK has independently audited the exploration processes and procedures being implemented by Hampton on these properties. Furthermore, the majority of the source documents used by the author for the compilation of this report have been submitted to the ASX.

This review is based on information provided by the title and/or option holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area.

The opinions that SRK have expressed in this Report are based and qualified by the following matters:

(1) the various qualification we have noted in this Report;
(2) SRK have acted and been involved only in its capacity as a technical advisor as described in this Report;
(3) SRK assumes and makes no representation as to the accuracy and completeness of the technical data received from Hampton upon which this report is based;
(4) SRK has not sought the consent from any companies or authors referenced in this report (other than the reports mentioned herein written by SRK) and has relied upon the directors of Hampton and Metminco to ensure that the information they have provided to SRK has been true and accurate in all respects of all material matters, including matters of fact and opinion and of assumptions in relation to the Expert

Report of which they have or ought to have knowledge or could ascertain by making reasonable enquiries, and may be used in the Expert Report without prejudice;

(5) SRK express no opinion and makes no representations as to any financial, statistical, accounting and taxation information referred to in the AIM Admission Document;

(6) SRK has assumed and has no reason to doubt that all persons interviewed as part of the preparation of the Report were competent to answer questions, have answered each of those questions as accurately, completely and honestly and that there were no other Company officers who should have been interviewed in relation to those questions;

(7) SRK specifically disclaim any special knowledge, skills or expertise in any other capacity than that of independent technical advisor, including any of a business, financial, statistical, accounting, taxation nature or otherwise;

(8) SRK has not undertaken any prior or other roles in connection with the proposed transactions, nor has it been appointed during the past two years by any stakeholder or other relevant party or parties involved in the Proposed Transactions which may be perceived as able to affect SRK's independence;

(9) SRK cannot accept any liability, either direct or consequential for the validity of information that has been accepted in good faith; and

(10) SRK has assumed and has no reason to doubt that all public statements and releases to the Australian Stock Exchange and all reports and upon which it has relied are true and accurate.

Neither the whole nor part of this report nor any reference thereto may be included in any other document or provided to third parties without the prior written consent of SRK.

# 1 Introduction

## 1.1 Background

SRK Consulting (Chile) S.A. (“SRK”) was contracted by Metminco and Daniel Stewart during February 2010 to conduct an independent technical assessment on the mineral exploration assets of Metminco Limited (“Metminco”), including Hampton Mining Limited (“Hampton”), a public unlisted company in which Metminco holds 75.9 million shares or a 36.5% interest and, since September 2009, an irrevocable right to acquire a controlling interest. The report is to serve as a Competent Person’s Report in connection with Metminco seeking to list on the AIM Market.

Hampton holds, or has rights through one option to purchase agreement, to exploration concessions and exploration concession applications covering 5 projects located along the western flank of the Main Andes Cordillera in central Chile; and holds, or has rights through one option to purchase agreement, to mining concessions and mining concession applications located at one project along the western flank of the Main Andes Cordillera in southern Peru.

Metminco also holds or has rights through joint venture agreements to some mineral exploration licenses in Australia. However Metminco deems these licenses to be non-material and they are in the process of being divested or relinquished. This report will not assess these licenses.

SRK’s report is based upon a review of information and reports provided by Metminco and discussions with the Company’s Directors as well as previous technical reports done by SRK on these properties.

## 1.2 Qualifications of Consultant

This technical report was compiled by Mr. George Even who is a Member of the AusIMM and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

Mr. Even is Head of Geological Services at SRK Santiago and is a Corporate Geological Consultant with 38 years of experience in the mineral exploration/mining industry, ranging from work on grassroots exploration programs to open pit stability design. His project experience includes technical and due diligence reviews, preparing documents for banks and stock listings; geological reconnaissance and detailed mapping; geotechnical investigations for both underground and open pit applications; development of structural and geotechnical models and resource estimations. Mr. Even has worked on projects for Minera Los Pelambres, Codelco Andina and Codelco Norte involving Chuquicamata, Radomiro Tomic and other projects and is currently working on the El Teniente Open Pit Project. Other relevant project experience in Latin America includes the Feasibility Geotechnical Study for the Escondida Norte Copper Project, the Pascua, El Abra and Spence Projects (Chile); the Bajo de la Alumbrera and Veladero Projects (Argentina); Toquepala and Constancia Projects in Peru and also a number of due diligence reviews and technical audits for gold, silver, copper, zinc, iron, uranium and nickel projects in Chile, Peru, Bolivia, Argentina, Brazil, Central America and Mexico. He also worked in exploration and mining in the U.S. for 10 years prior to moving to Chile in 1982.

## 1.3 Metminco Assets

Metminco has acquired a 36.5% interest in Hampton via a scrip for scrip offer and recently (25 September 2009) announced the signing of an option agreement between Junior Investment Company ("JIC") and Metminco, expiring 17 March 2010, and giving Metminco the right to acquire JIC's 31.9% interest in Hampton. Upon exercise of this option Metminco would hold between 53.6% and 68.4% of Hampton, depending on the extent which other Hampton shareholders exercise their pre-emptive rights. Metminco would then have control of Hampton and hence management of Hampton's projects (see sections 1.4 and 3 below).

Metminco listed on the ASX in 2007 based on a portfolio of gold and uranium exploration projects located within geological terrains known to be prospective for these commodities in Australia's western and central states: in Western Australian, South Australia and the Northern Territory. The company's projects were all of an early exploration stage.

However, Metminco's acquisition of an interest in Hampton reflected a fundamental strategic change of operational direction by the Company on the basis that Hampton's portfolio of South American mineral exploration assets was more advanced in terms of exploration activity and results, and offered greater scope for growing overall value for Metminco shareholders.

All the Company's Australian exploration projects are now deemed non-material and will undergo progressive review for disposal, whether by relinquishment or by divestment through farm-out, joint venture or sale.

## 1.4 Hampton Assets

Hampton has a portfolio of projects focused on porphyry and porphyry-related base and precious metals in a region renowned for its numerous world class deposits of the same style, located in central Chile and southern Peru. Hampton has a balanced portfolio of projects which range in status from pre-feasibility stage, through advanced exploration to early exploration stage.

- Pre-feasibility study stage – **Mollacas** oxides and secondary sulphides (Chile / Cu-Au);
- Advanced exploration stage – **Los Calatos** (Peru / Cu-Mo), **Vallecillo** (Chile / Zn-Au), and **Loica** (Chile / Cu-Mo);
- Early exploration stage – **Camaron** (Chile / Cu-Au-Mo), **Isidro** (Chile / Cu-Au).

This broad portfolio offers Hampton the flexibility to consider the relatively near-term development of its Mollacas Project while also advancing the understanding of the earlier stage projects (especially Los Calatos) and, contingent on results from exploration activity, systematically evaluating each project for their potential to be developed in the future, thereby underpinning the potential for overall exploration and development success.


**Figure 1.1** Diagram showing proximity of Hampton's projects to other deposits in Chile and southern Peru.

# 2 Geological Setting

## 2.1 South American Projects

### 2.1.1 Regional Geological Setting

Hampton's projects are all located along the western flank of the Andes Cordillera with the Chilean projects falling within a meridional metallogenic belt comprising Upper Cretaceous – Lower Tertiary intermediate composition volcanic rocks with intercalations of marine sedimentary rocks which have been intruded during the Eocene by intermediate porphyritic intrusives. In many places these intrusives are spatially closely associated with a major eastward-dipping north-south reverse fault. This fault is host to numerous hydrothermal alteration zones that host a number of mineralised areas and old copper and polymetallic mines. Refer Figures 1.1 and 2.1.

The regional structural zone, host of Hampton's northern projects (Cameron and Isidro) is known as the Vicuña Fault System which changes to the Tulahuen Fault and associated parallel structures in Hampton's more central Vallecillo project area. Further south, in the Mollacas project area the fault system is known as the Guanto Fault.

The Los Calatos project is located in southern Peru and falls within a northwest-southeast trending metallogenic belt comprising Paleocene – Eocene aged intermediate volcanic and associated intrusive rocks that have been deformed by the northwesterly/southeasterly trending Incapuquio Fault System. Precambrian and Mesozoic basement rocks located to the southwest of this fault system are largely covered by Eocene-Oligocene molasse deposits (Moquegua Formation) derived from coeval uplift of the Cordillera Occidental to the northeast of the Incapuquio Fault System. The Moquegua Formation is overlain by a thin but very persistent welded ignimbrite of Early Miocene age (Huaylillas Ignimbrite). The axial zone of the Eocene-Oligocene uplift occurred along the eastward margin of the regional Late Cretaceous magmatic arc that is expressed throughout northern Chile (Augusta Victoria Formation; Cerro Empexa Formation) and southern Peru (Toquepala volcanics). Late Mesozoic and Cenezoic plutons associated with this arc include the well-known Paleocene-Eocene and Eocene-Oligocene belts of porphyries, some of which host the massive porphyry copper deposits of northern Chile and southern Peru.

Locally, the Incapuquio Fault System appears to have been the focus of numerous calc-alkaline porphyritic intrusives and associated breccia complexes which in places have caused sufficient hydrothermal activity and associated mineralisation to host major porphyry copper deposits such as Cuajone, Quellaveco and Toquepala, located to the southeast of Los Calatos.

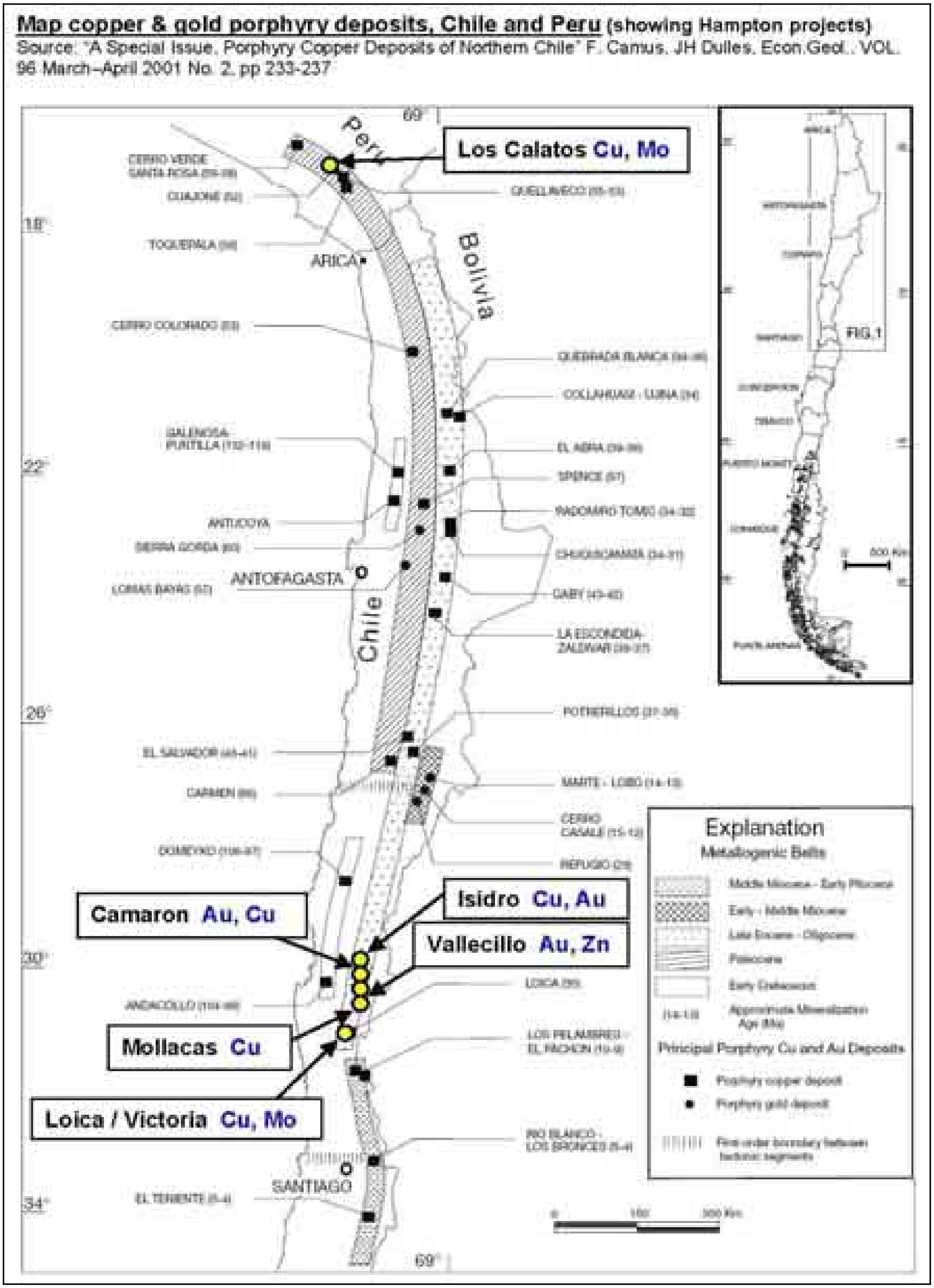


**Figure 2.1** Map showing Hampton's projects in relation to the metallogenic belts located along the western flanks of the Andean Cordillera in Chile and Peru (from Camus et. al., 2001).

### 2.1.2 Geological Model(s)

The most significant economic targets within Hampton's project areas are:

- Hypogene porphyry copper deposits associated with the Paleocene-Eocene belt (Sillitoe, 1990) and their distal associated zones of mineralisation,
- Secondary copper oxides in supergene and oxidation blankets associated with large porphyry systems, and
- Exotic copper deposits located in paleodrainage systems flowing away from the porphyry copper centres.

Andean porphyry copper deposits are spatially and temporally related to I-type, magnetite series stocks of magmatic arc derivation, which range in composition from diorite to monzonite (Sillitoe, 1990). Hypogene porphyry mineralisation (with chalcopyrite as the dominant copper mineral) is associated with typically concentric zones of alteration comprising K-silicate (biotite/feldspar) in the core, successively surrounded by sericitic and/or advanced argillic and/or propylitic alteration. High sulphur pyrite-rich advanced argillic alteration may overprint porphyry systems and may represent epithermal environments, which are a manifestation of porphyry stocks in depth (Sillitoe, 1990). Molybdenum occurs to varying extents in all Andean porphyry deposits, (typically between 0.01 and 0.035%).

Significant upgrading of many Andean porphyry copper deposits (up to 2–3 times) has been accomplished through supergene enrichment, (refer Figure 2.2) resulting in chalcocite blankets ranging from a few metres to about 300 m in thickness (750 m at Chuquicamata, the largest supergene enriched orebody in the world). The process of supergene enrichment has been multi-cyclic, involving repeated water table fluctuations, resulting in sub horizontally layered deposits. These enrichment blankets were generated during Oligocene-Miocene uplift and effectively preserved thereafter (Sillitoe, op.cit).

These supergene enriched zones, where developed occur between the hypogene primary mineralisation comprising copper sulphide minerals such as chalcopyrite and bornite, and the more depleted oxidised caps of these porphyry systems. Depending on the extent of erosion, these economically significant systems can vary from being buried beneath intensely leached rocks largely depleted in mineralisation; through the oxides zone comprising varying proportions of copper oxide minerals such as atacamite, chrysocolla, antlerite, malachite, azurite, brochantite, neotocite, cuprite, copper wad and copper pitch; to being exposed themselves comprising secondary copper sulphide minerals such as chalcocite, djurleite, digenite and covellite.

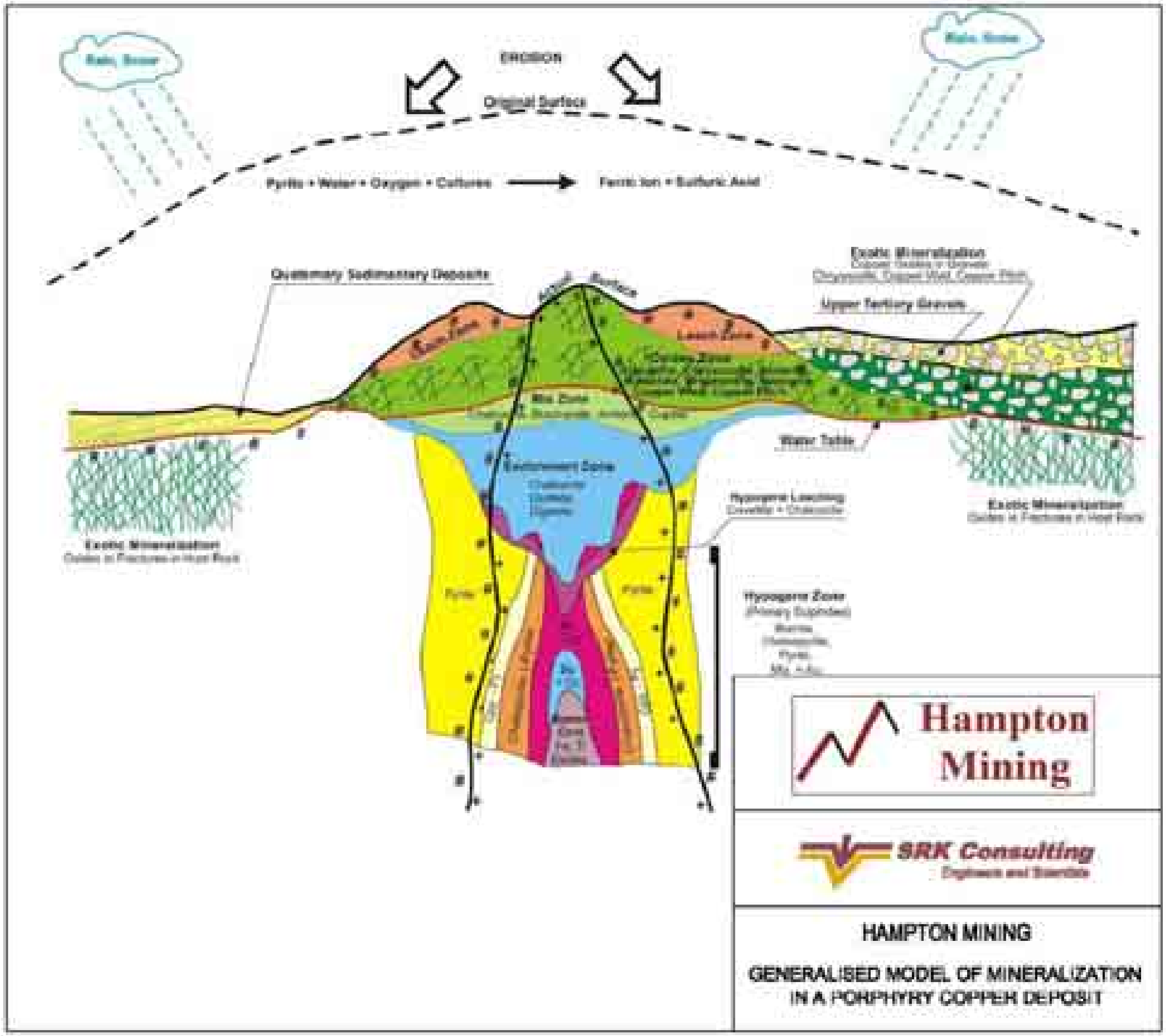


**Figure 2.2.** Generalised Model of primary and secondary mineralisation associated with a typical Andean porphyry system.

# 3 Hampton Mining Limited's group projects

## 3.1 Introduction

In addition to the claims staked by Hampton, option agreements have been signed on pre-existing claims for the Camaron project (SLM Genesis); Isidro project (San Lorenzo - Golden Amazonas, option exercised); and the Los Calatos project (Minera Cerro Norte S.A.). The option agreements are summarised in the table below.

**Table 3.1** Summary of Hampton's option agreements.

| **Isidro** Option Terms (San Lorenzo Claim Group) ***(option exercised)*** | **Date** | **Payment (US$)** | **Comments** |
|---|---|---|---|
| Signing<br>Purchase Agreement (50%)<br>Earn-in (additional 20%)<br><br>Right to purchase remaining 30% (Hampton) and sell (San Lorenzo Claim Group) | 19 May '08<br>23 Aug '08<br>19 May '13<br><br>Completion of BFS | 150,000<br>2,850,000<br><br><br>Amount determined by independent based on prescribed values. | Completed.<br>Completed.<br>Fund 100% of all costs to complete a BFS within 5 years.<br>Otherwise each party to fund their equity share after BFS. |
| **Camaron** Option Terms (Genesis Claim Group) | **Date** | **Payment (US$)** | **Comments** |
| Signing<br>Monthly Payments<br><br>Exercise of Option | 23 Aug '07<br>23 Sep '07 to 23 Aug '10<br>Completion of Scoping Study | 0<br>360,000<br><br>US$0.005/lb CuEq metal | Signed.<br>US$10,000 for 36 months.<br><br>Hampton must complete an independent scoping study to determine resources and reserves on the Genesis Property. Then US$0.005 (0.5 US cent) per lb Cu equivalent is payable on resources identified by the scoping study, or a bankable feasibility study if such a study is completed prior to acquisition. |

| **Los Calatos** Hampton Option Terms, with North Hill Holdings Group Inc. ("North Hill") (concerning Alfa, Nelson and Gamma claim blocks, total 28 km2). **Note**: Hampton holds 100% of adjacent tenements at Los Calatos totalling 149 km2. | **Date** | **Payment (US$)** | **Comments** |
|---|---|---|---|
| Signing<br>Annual Payments<br><br>Exercise of Option | 5 Sep '07<br>1 Aug '08 to 1Aug '10<br>Refer note below | 250,000<br>1,500,000 | Completed.<br>US$500,000 pa over 3 years. |

**Note on exercise of Hampton option re Alfa, Nelson and Gamma tenements at Los Calatos:**

- To earn the right to acquire the 100% interest Hampton must pay a final North Hill Holding Inc (North Hill) a final installment of US$500,000 on or before 1 August 2010 and meet license fee obligations.
- To exercise the option Hampton must also pay North Hill US$ 0.005 per lb copper equivalent in proven and probable reserves as defined by a scoping study. If the scoping study is not completed prior to 30 September 2010 then an interim payment, based on resources in the ground, must be made prior to 30 September 2010, to be adjusted when the scoping study is completed.
- A bonus payment of $A1,850,000 (US$1,500,000) is payable on a decision to mine.
- A royalty of 2% Net Smelter Return ('NSR') is payable on production.

Hampton's direct exploration costs for current properties (in United States of America dollars) between January 2006 and June 2009, are summarised in
Table 3.2 3.2, below.

**Table 3.2**. Summary of Hampton's exploration expenditure to 30 June 2009 inclusive of option payments.

| **Property** | **Costs (US$)** |
|---|---:|
| Mollacas | 6,208,818 |
| Los Calatos | 3,448,502 |
| Vallecillo | 3,672,510 |
| Loica | 2,711,791 |
| Camaron | 573,549 |
| Isidro | 4,311,365 |
| **TOTAL COSTS** | **20,926,535** |

As outlined above, Hampton has a portfolio of projects which range in status from pre-feasibility stage, through advanced exploration to early exploration stage.

- Pre-feasibility study stage: **Mollacas** oxides and secondary sulphides (Chile / Cu-Au)
- Advanced exploration stage: **Los Calatos** (Peru / Cu-Mo)
  **Vallecillo** (Chile / Zn-Au)
  **Loica** (Chile / Cu-Mo)
- Early exploration stage: **Camaron** (Chile / Cu-Au-Mo)
  **Isidro** (Chile / Cu-Au)

## 3.2 Pre-feasibility study projects

### 3.2.1 Mollacas (Hampton 50%)

#### Background

The Mollacas Project is located approximately 50 km due east of the town of Ovalle in Chile's IV Region and is found at an elevation ranging between 1200 and 1500 m.a.s.l. in an area of relatively low topographic relief (see Figure 3.4. It can be reached from Ovalle by a 40 km asphalt surfaced road and then by 12 km of a well-maintained dirt road. Surface water can be found in this area (the Rapel River) as well as electric power from the hydroelectric network of Los Molles, at a distance of about 8 km. The climate of the sector is typical of the pre-Andean mountains of these latitudes, typically warm summers and cold winters. Rainfall is about 100 to 150 millimetres per year.


**Figure 3.1** Map showing location of Hamptons's Chilean projects.

The Mollacas property was largely unexplored until Inversiones EM Dos Limitada obtained the property in 2002. The only work conducted at the site is evidenced by a small, old prospect pit in copper oxides covering approximately 50 by 50 metres and to a depth of about 2 metres. There is no evidence of recent exploration being carried out in the area other than the work by Inversiones EM Dos Limitada as described below. During late 2002 and early 2003, Inversiones EM Dos conducted surface geological mapping and geochemical sampling at the prospect.

### Geology and alteration

The Mollacas project is located along a north-south trend characterized by the presence of volcanic sequences with (Viñita and Los Elquinos Formations) with ages that range from Upper Cretaceous to Lower Tertiary. These units are intruded by sub-volcanic complexes with porphyrytic textures which, during emplacement generated diverse styles of hydrothermal alteration–mineralization. The area is characterised by a soil colour anomaly produced by hydrothermal alteration that covers an area of approximately 1000 x 700 metres exhibiting a slight north-west elongation. A granodioritic porphyritic stock intrudes andesitic breccias.

The alteration and mineralisation affects both the volcanic and intrusive rocks. The alteration zoning reflects a silica-potassic (biotite) core, preferably hosted in the granodioritic porphyry and measures approximately 350 x 280 metres. This is surrounded by a ring of quartz-sericite alteration varying from 50 to 400 metres wide, which is hosted in both the volcanic and intrusive rocks. A wide propylitic ring encircles both zones.

### Mineralisation

Within the silica-potassic core, as well as some of the surrounding quartz-sericite zone, a copper oxide mineralised area is developed consisting of chrysocolla and brochantite. The copper oxides are found as fracture fillings, borders to quartz veinlets or impregnating the plagioclase phenocrysts. The area is also anomalous in gold and molybdenum. Drilling indicates the presence of telescoped intrusives with stockwork quartz veining. Below the leached and enriched zones, quartz-sericite alteration is often intense and suggests that several stages of alteration have occurred associated with the intrusive pulses and associated mineralisation. Zones of oxide and supergene enriched mineralization crop out near the surface on sections 650N, 550N, 450N, and 350N, and reach a maximum thickness of 70 metres on section 550N. Leached overburden reaches 80 metres thick in the north of the prospect on section 800N (see Figure 3.3 as an example).

Preliminary study on the sulphide zone from the drilling conducted by Hampton suggests mineral zoning of gold and molybdenum peripheral to the higher copper grade potassic-biotite zone. The sulphide zone has not been extensively drill-tested as yet by Hampton and remains as a future exploration target.

### Metallurgical testwork

Preliminary metallurgical test work undertaken by and independent metallurgical laboratory located in Santiago (SGS Lakefield) indicates that the ore should present good leachability. Definitive metallurgical bottle roll and column tests are being undertaken by an independent metallurgical laboratory (CIMM) located in Santiago under the supervision of an independent expert in the field of hydrometallurgy.

### Hampton exploration activities (2006 – 2007)

From March 2006 to April 2007, three phases of drilling were completed including 6 holes for metallurgical purposes for a total of 9,150 metres. Ten reverse circulation and 46 diamond core drill holes, at approximately 100 metre centres, tested the near surface oxide and higher grade supergene enriched chalcocite zones of the prospect to a maximum depth of 400 metres.

Drilling during 2006 and 2007 defined a continuous ellipsoidal-shaped zone of supergene enriched copper within an area 600 metres wide by 600 metres long by up to 50 metres thick comprising predominantly of chalcocite (see Figure 3.2). This zone is successively overlain by a similarly dimensioned oxide malachite/chrysocolla zone, and a leached zone which is largely devoid of copper mineralisation.

Primary sulphides were intersected in several drill holes below the supergene zone with values of 0.3% copper, 0.3g/t gold, and 100ppm molybdenum within the parent intrusive. The intrusive(s), identified by an independent's (L. Cuitiño's) petrographic study as being porphyritic diorites and granodiorites, are oriented northwest-southeast in a dilatant splay zone measuring approximately 1000 x 600 metres which have intruded the surrounding andesitic volcanics. The intrusives are associated with a major north trending deep-seated dislocation structure, an offshoot or extension of the Domeyeko Fault. The intrusive complex exhibits classic porphyry concentric alteration zoning centred on a potassic biotite core, zoning progressively outwards through a phyllitic-quartz sericite-pyrite zone to argillic and propylitic-epidote zones.

### Sample preparation and analytical assay procedures

It is beyond the scope of this report to undertake an in depth quality assurance / quality control (QA/QC) analysis of the sample preparation and analytical assay procedures undertaken by Hampton's exploration team. This has been assessed by SRK Consulting (Chile) S.A. ("SRK") who found the sample preparation, handling and analytical assay management to have been conducted at a high professional standard. The wider use of selected prepared standard samples and more frequent use of check assays and round robin samples have been encouraged to ensure these standards are maintained.

### Geological modelling and resource estimation

Geological data acquired from surface mapping and drill hole logging, were incorporated into a database with the corresponding codification of the parameters of lithology, alteration and mineral zones in segments of variable length. The chemical analyses results for copper (Cu), molybdenum (Mo), gold (Au) and soluble copper (CuS), were added for 2 metre samples taken from reverse circulation percussion ("RC") drillholes and 1 metre samples for the diamond drill holes.

Three-dimensional solids were generated using GEMCOM software for the following units:

- Leached
- Copper Oxides Low Grade
- Copper Oxides High Grade
- Secondary Sulphides Low Grade
- Secondary Sulphides High Grade
- Transition

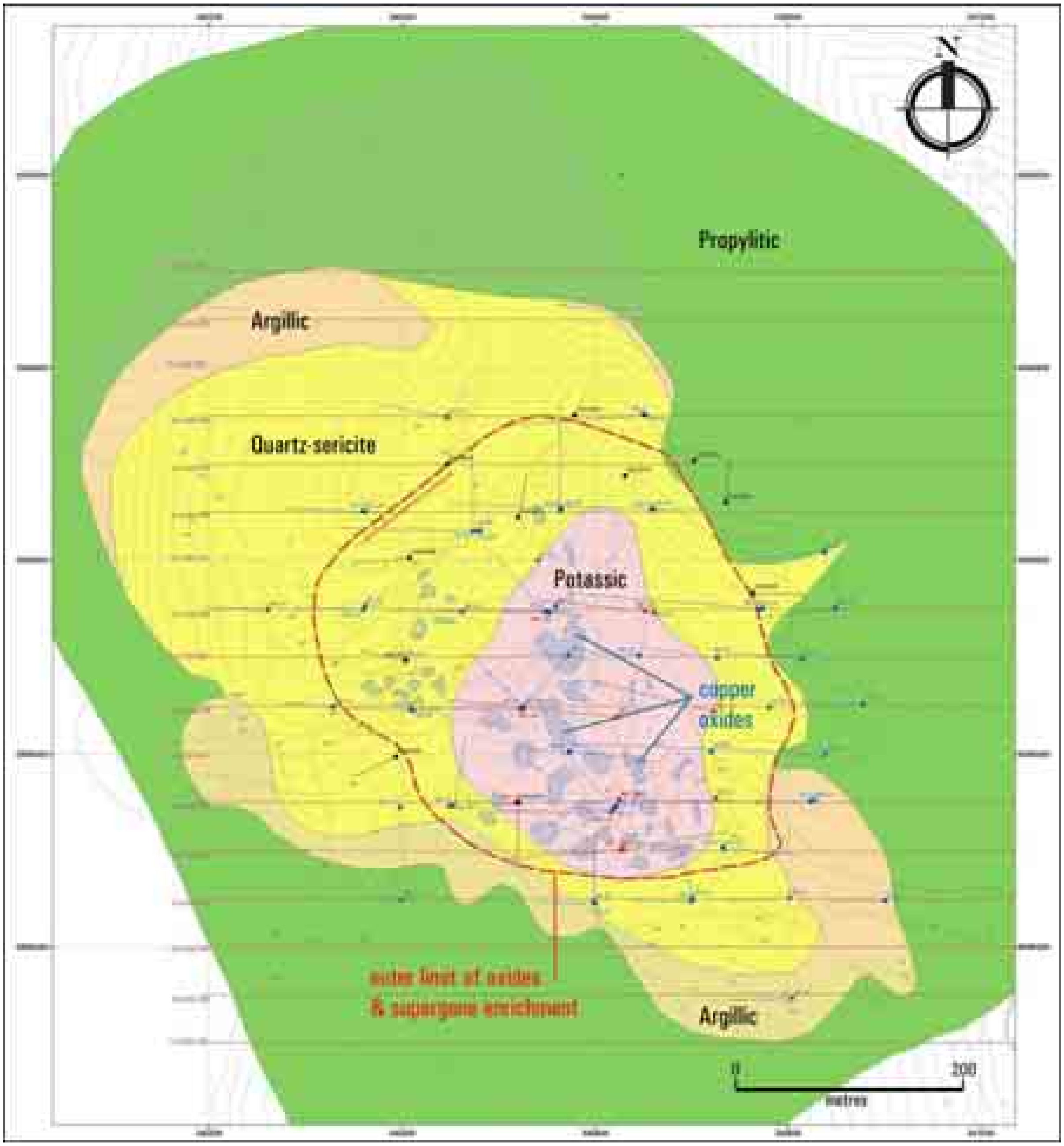


**Figure 3.2**. Plan view of Mollacas Project showing topography, geology, alteration, drillhole locations and limits of oxides and supergene enrichment.

The modelling was carried out based on the interpretation of 38 east-west oriented vertical sections (see Figure 3.3Figure 3.3). For the purpose of the estimation, the drillhole database was regularised to 2-metre composites and SRK estimated the grades using an inverse distance squared technique. The estimation was performed in two steps, considering search radii of 30 metres and 120 metres respectively, except for the secondary sulphides low and high grade and transition zones, where search radii of 85 and 105 metres, respectively, were used. The minimum amount of samples considered for the estimation was three (3) and the maximum was five (5). The density values used for the calculation of the tonnage-grade curve was 2.35 gr/cc for the leached unit and 2.68 for the other units.

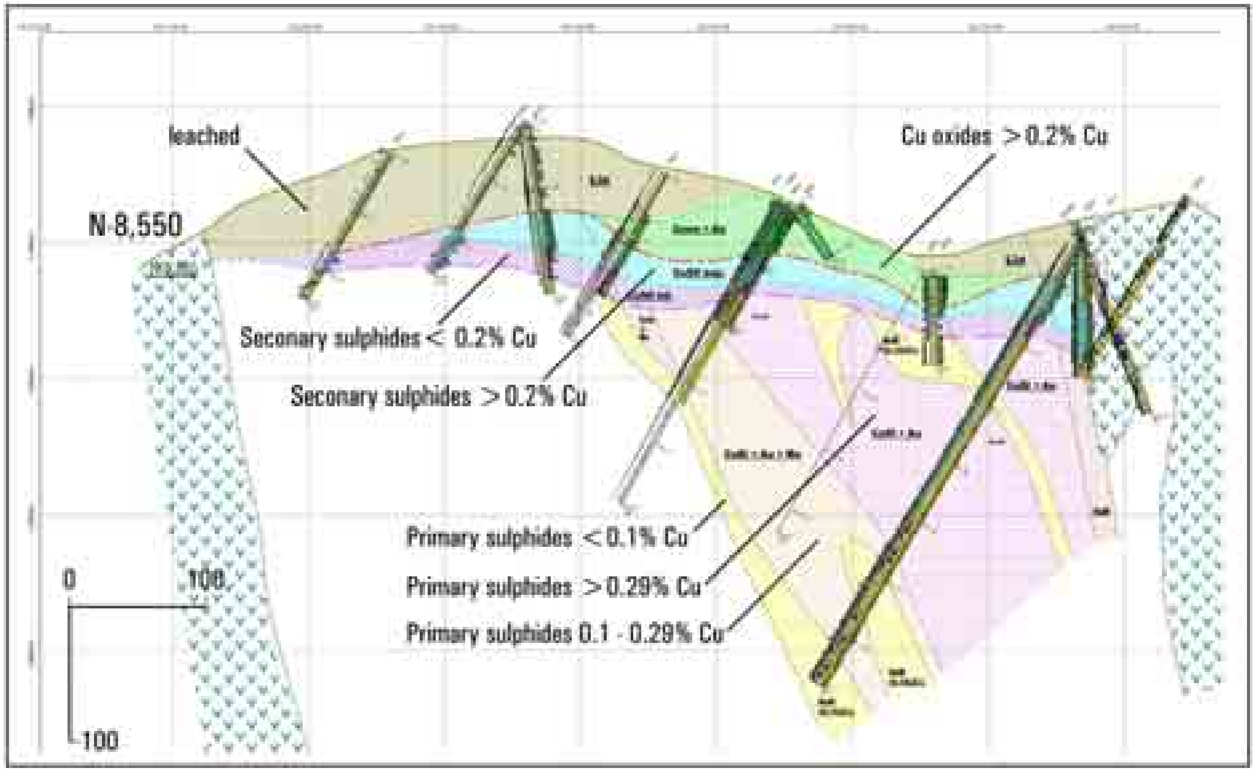


**Figure 3.3.** East-west cross section (N6,598,550) through Mollacas showing distribution and geometry of zones of oxidation and supergene enrichment developed above the primary sulphide zones interpreted from RC and diamond drilling.

Mineral resources for the Mollacas project were estimated in conformity with the generally accepted JORC guidelines and presented in Table 3.3.

**Table 3.3.** SRK Consulting (Chile) S.A November 2007 Mineral Resource Statement for the Mollacas Project (reported at a cut-off of 0.20 percent copper).

| Resource Classification | Tonnage (Kilotonnes) | Copper Grade (Percent) |
|---|---|---|
| Indicated | 7,213 | 0.56 |
| Inferred | 9,829 | 0.52 |

### Scoping Study

A scoping study was completed in April 2008 by SRK based on empirical analysis and the understanding that geological resources, geotechnical information and all other informed assumptions made in the study were to be confirmed during a future feasibility study, including but not limited to infill drilling to improve confidence in extent, tenor and continuity of mineralisation to facilitate higher status resource classification; analytical assaying; metallurgical testwork; geotechnical, hydrological, environmental, utilities (power and water supply), infrastructure, labour and other social studies.

The study took account of the resources estimation and also encouraging results from preliminary leach testwork undertaken by Hampton during 2007, and determined the Mollacas Project could be mined over a 7 year mine life producing approximately 13,500 tonnes per annum copper cathode at a unit operating cost of approximately US$0.91 per pound. Assuming an average copper price over the mine life to be US2.50 per pound, the Net Present Value at an annual discount rate of 8% of the project has been reported to be US$103 million, and US$94 million at an annual discount rate of 10%. The Internal Rate of Return is 70%.

### Hampton exploration activities (2008 – 2009)

In November 2008, Hampton completed a 3,970 metre infill drilling program designed to upgrade the resource estimate classification from Indicated and Inferred to Measured and Indicated, and to provide material for detailed hydrometallurgical analysis (MD series holes as shown in Figure 3.2 y 3.3)

Additional hydrometallurgical testwork has commenced on oxide and supergene ores using twelve 6 metre leach columns with a view to provide information for definitive design parametres for leaching and solvent extraction / electrowinning for a final feasibility study. The testwork is expected to be completed during 2010. Final analytical assay results including sequential acid leach characteristics are being received from samples taken from the recent drilling which will be used in conjunction with earlier drilling to estimate an updated resource. The estimation of the updated resource is scheduled for completion in 2010.

## 3.3 Advanced exploration projects

### 3.3.1 Los Calatos (Hampton 100%, rights to acquire 100% of option area)

#### Background

The project is located in the Omate district, Sanchez Cerro Province, Moquegua department of the Mariategui Region in southern Peru. The approximate UTM coordinates are: 8,127000 - 8,139,000 N / 279,000 - 290,000 E. Road distance from Moquegua to the southwest and Arequipa to the north is 62 kilometres and 307 kilometres, respectively.

Topography is of low relief with altitudes ranging between 2,800 and 2,900 metres above sea level. The climate corresponds to that of a high, dry desert.

Road distances to port facilities at Matarani and Ilo is 220 kilometres, which are mostly paved (no more than 50 kilometres being dirt roads) and 160km respectively.

Power can be obtained from the interconnected system (SISE) at a distance of no more than 20 kilometres. Water will be sourced from the Rio Otora approximately 25km to the east of the site.

The Los Calatos option area covers a total of 2,800 hectares (28 $km^2$) distributed in three claim blocks: Alfa claim block (900 ha); Nelson claim block (900 ha) and Gamma claim block (1,000 ha). In addition Hampton has secured adjacent tenements in its own right, either granted or under application, so total project tenements cover 177 $km^2$.

The Los Calatos porphyry copper-molybdenum prospect in the Tertiary (Paleocene) belt of southern Peru was originally claimed by Acuarios Minera y Exploradora S.R.L. (“Acuarios”) in the early 1990’s. Between 1995 and 1996, Phelps Dodge held an option from Arequipa Resources (Acuarios’ affiliate), who during this period sold their assets to Barrick Gold Corporation (“Barrick”).

Prior to Hampton’s involvement, the project had been subjected to two phases of modern exploration each including drilling campaigns:

- Phelps Dodge International Corporation (“Phelps Dodge”) performed geological, geochemical and geophysical (I.P. resistivity and magnetics) surveys which led to drilling 26 RC holes totalling 4,188 metres and nearly 3,000 metres in 7 diamond cored holes. Their conclusion was that the main targets they had identified held a rather limited potential.

- Early in 1997, Barrick drilled a total of 1,939 metres in 8 diamond core holes at an approximate spacing of 100 metres in the main zone identified by Phelps Dodge, testing an area of approximately 600 metres long by 300 metres wide. The results were reviewed by J. David Lowell in March 1997 and he concluded that the deposit had the potential of being a medium sized porphyry copper deposit containing in the order of 20-40 million tonnes of approximately 0.86% copper. He also suggested the project would have a reasonably low stripping ratio and the mineralisation would most likely have good leaching characteristics.

The project was subsequently acquired by the Peruvian corporation Placer Dome Del Perú S.A.C (“Placer Dome”) (a subsidiary of Barrick) who offered the project to companies such as Southern

Peru Copper Corporation, Companhia Vale do Rio Doce (“CVRD”) and Corporacion Del Cobre-Chile (“Codelco”), who declined interest.

In November 2006, Minera Cerro Norte S.A (“Cerro Norte”) entered into an Option Agreement with Placer Dome giving it a right to earn 100% interest in the three Los Calatos claim blocks by satisfying certain terms and conditions. In the event Cerro Norte discovers a deposit containing 2 million or more ounces of gold and/or 1 million tonnes or more of fine copper in Proven and Probable Reserves (as determined by a Placer Dome Scoping or Feasibility Study) Placer Dome (now Barrick) has the right to buy back 51% of the interest for 200% of the total expenditure incurred on the claims up to that time.

In September 2007, Hampton entered into an option agreement with North Hill Holdings Group Inc. (“North Hill”) which owns 100% of Cerro Norte, thereby to acquire 100% of the three Los Calatos claim blocks upon satisfaction of a number of terms and conditions (refer Table 3.1).

Hampton has subsequently extended its area held under license to include an additional thirteen 100% owned mining concessions (Nicky 1 to 7 and Nicky 10 having Arequipa Mining Rights Registry Entry Numbers; Nicky 8 to 9 claimed on the 10 March 2009 and Nicky 11 to 13 claimed on the 5 August 2009) and a further five mining concession applications (Nicky 14 to 18 claimed in September 2009) which, together with the original three concessions, comprise 177 square kilometres as illustrated in Figure 3.4.

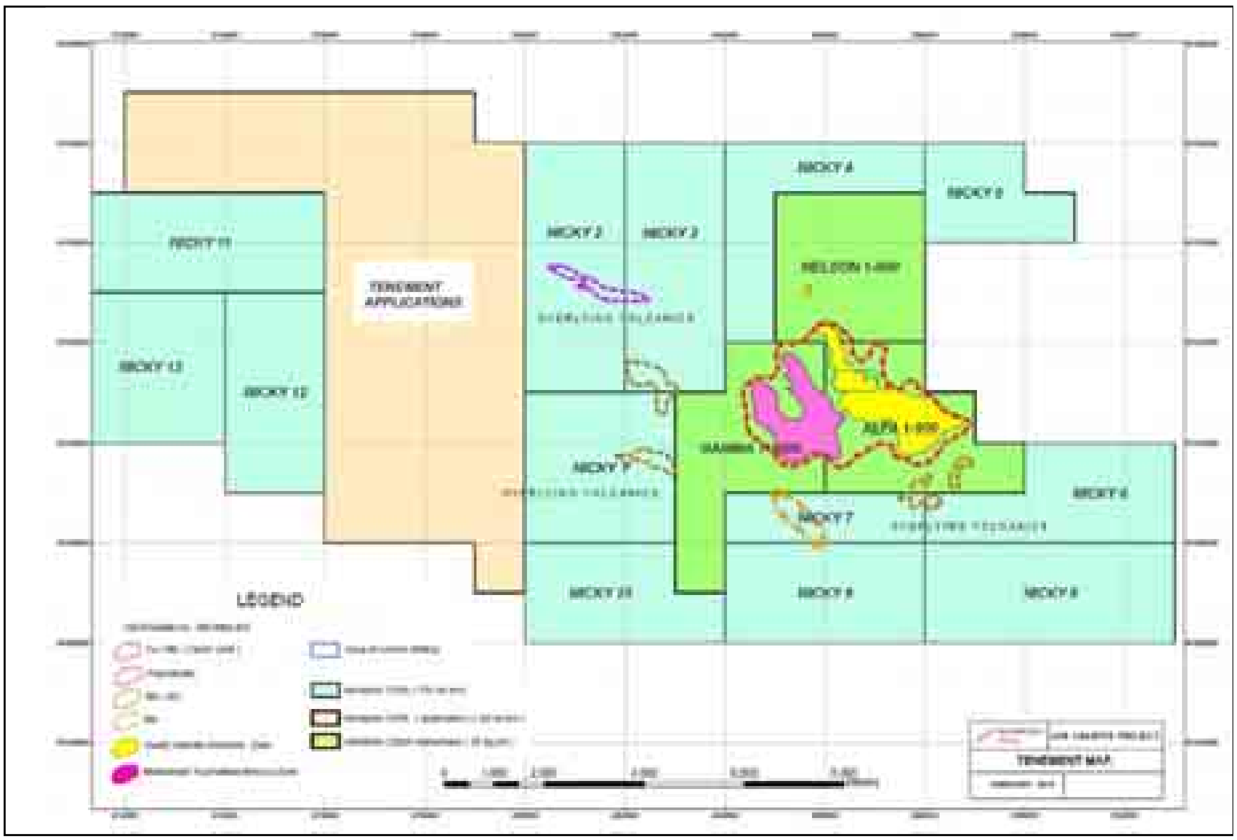


**Figure 3.4** Map showing extent of Hampton’s tenement holdings at Los Calatos, and also major geochemical anomalies outlined to date. The original area subject to the Calatos Purchase Agreement is outlined in green.

The Matalaque Volcanics are a well-bedded series of intercalated volcanic and volcaniclastic rocks. The series consists of dacitic feldspar porphyry flows inter-bedded with flow breccias, andesitic lavas, volcaniclastic sandstones and conglomerates. This series is intruded by a large granodioritic stock that has internal variations in composition from gabbro to feldspar porphyry.

Distinct breccia bodies have been mapped by earlier workers on the surface and are described as varying from crackle breccias to hydrothermal intrusive breccias. David Lowell reviewed the property interpreting it to have copper mineralization associated with an oxidized, calc-alkaline intrusion and breccia complex whose emplacement may have been controlled by the intersection of west-northwest and north-northwest faults.

The intersection of west-northwest and northwest striking structures were interpreted by earlier workers to control the emplacement of intrusives, breccias and copper and molybdenum mineralisation in the main part of Los Calatos. Moreover, they believed the west-northwest trending structures appeared to be most important as they were considered to limit mineralisation and alteration, as interpreted from logging diamond drill holes DDH-2 and DDH-4. One of these structures, referred to as the Calatos Fault, was interpreted to exert a major control on geology and mineralisation as it apparently juxtaposed different types of breccias and intensity and type of alteration, and was seen to limit copper and molybdenum mineralisation.

The dominant alteration observed at the surface is an ellipsoidal northwest/southeast trending zone of advanced argillic alteration surrounding a west-northwest/east-southeast trending central core of sericitic alteration.

### Mineralisation

A strong zone of supergene enrichment comprising chalcocite and traces of covellite, has been intercepted in both DDH-2 and DDH-4 and is interpreted to extend across the 500 metres that separate them. Weak chalcocite is reported to occur in several other holes drilled by Phelps Dodge and Barrick.

Pyrite is the most abundant primary hydrothermal mineral at Los Calatos, with Chalcopyrite and molybdenite occurring in subordinate amounts.

The vertical distribution of primary copper and molybdenum has been described by SRK as being best represented in the three cored holes, DDH-2, DDH-4 and DDH-9. In DDH-2 which intercepted 130 metres having an average grade of 0.93% copper and 0.029% molybdenum, most of the significant primary copper (>0.2%) and all of the significant molybdenum (>300 ppm) occur in the upper 300 metres of the hole. With the exception of chalcocite, the majority of the copper is associated with brecciated zones and veins and breccia fillings. Molybdenum is restricted to the upper 280 metres and is unaffected by supergene processes.

DDH-4 intercepted 712 metres having an average grade of 0.53% copper and 0.044% molybdenum, and shows a much broader vertical distribution of copper and molybdenum as well as generally higher grades of each. Significant values of copper (>0.3%) and molybdenum (>300 ppm) decrease markedly at 776 metres at a fault zone. Below the fault, copper values drop to <0.07% and molybdenum values to <20 ppm. Although most of the higher grades of both are associated with the breccia in the upper 400 metres of the hole, significant values of both are also associated with the altered granodiorite intrusive.

DDH-10, just south of the interpreted Calatos Fault, shows little vertical zonation. There is an 86m interval of 0.17% copper occurring as mixed chalcocite and chalcopyrite just below the leached cap, but no other significant copper or molybdenum was intercepted in the hole. All of the holes drilled by Phelps Dodge and Barrick were vertical holes.

### Metallurgical testwork

Concurrent with the current drilling program, a program of initial metallurgical testwork was commissioned by Hampton in 2009 on Los Calatos copper-molybdenum mineralisation samples extracted from diamond drill core from earlier drilling programs. Eleven composite samples were tested.

Averaged results for the tests include:

- Concentrate grades: Cu 24.0% and Mo 2.5 %
- Metal recoveries into concentrates: Cu 87.5% and Mo 79.1%

The concentrate grades for copper are lower than expected in a commercial operation, owing to the presence of pyrite. However, it is believed the grade can be readily increased by modifications to the flotation conditions.

By comparison, historically the average concentrate grade for the nearby Cuajone mine has been around 26% Cu, and for the Toquepala mine just over 27% Cu. Historic copper recoveries at these mines have generally been in the 85-90 % range.

The molybdenum recoveries achieved are high compared to the rest of the industry.

### Hampton exploration activities (2008 - present)

Hampton commenced its efforts working on the exploration model for the Los Calatos project as comprising hypogene copper-molybdenum mineralisation associated with hydrothermal alteration caused by a classic Andean Porphyry system. The location of this system is related to dilation zones occurring along the northwest striking Incapuquio Fault and associated east striking splay or ‘horsetail’ structures. A leached cap comprising a 50 to 100m thick zone containing oxide minerals of jarosite, hematite and goethite has been identified from earlier drilling. This cap overlies a 150 metre thick subhorizontal layer or blanket of supergene enriched copper and molybdenum. Secondary sulphide minerals such as chalcocite occur below this blanket, commonly associated within shear zones which transgress the primary sulphide mineralisation.

Following a period of carefully reviewing all existing information and further field mapping studies, Hampton completed a 6,385 metre diamond drilling program from13 holes (CD-1 through CD-12, with CD-13 drilled as a water hole) in October 2008 (see Figure 3.5). All the holes were drilled at an incline of between 50 to 60 degrees towards the south designed to test the geology and mineralisation beneath the lateral extent of the west-northwest/east-southeast trending 600 metre long by 300-400 metre wide zone of quartz-sericite altered rocks which represent the exposed core of the Los Calatos system. The holes were drilled on seven approximately 100 metre-spaced sections to vertical depths of up to 750 metres (CD-05), with between 1 and 3 holes drilled per section.

These results together with the geological (lithological, structural and alteration) information logged from the drill core and from surface mapping indicate the Los Calatos zone of mineralisation is not bound or confined by the Calatos Fault as interpreted by earlier workers.

The most comprehensively drilled north-south oriented section, E-286.500, includes three Hampton inclined holes (CD-01, 05 and 08) along with earlier vertical drill holes DDH-04 and 27 and RC-04 and RC-16 (see Figures 3.6 y 3.7). A recent re-interpretation of all of the drilling has been completed and shows a steeply northward dipping zone of copper-molybdenum mineralisation, thickening with depth and associated with varyingly brecciated and quartz-sericite altered dioritic and dacitic rocks. The zone appears to thicken from approximately 100 metres at 50 metres vertical depth to over 350 metres at 750 metres vertical depth. This zone is surrounded by argillic altered rocks to the north and south which are substantially less endowed in base metal mineralisation.

Of particular note is the intercept at vertical depths in excess of 500 metres in holes CD-05 and CD-08, of potassic altered and brecciated dacitic rocks. This zone of potassic alteration has been intercepted at shallower vertical depths of between 200 and 300 metres in the holes drilled for the five 100 metre-spaced sections to the east, across the central portions of the system. The presence of hypogene copper-molybdenum mineralisation associated with a concentrically altered suite of brecciated dioritic and dacitic rocks lend further support to the exploration model as being typical of a Andean Porphyry system. Furthermore, shallow holes (where drilled) collared to the south of the outcropping/sub-cropping zone of quartz-sericite altered dioritic and dacitic rocks have intercepted a 50 metre thick sub-horizontal layer of supergene altered rocks, completing the common hypogene-supergene configuration of these Andean Porphyry systems.

Further surface exploration work has been undertaken to facilitate the design and implementation of a 20,000 metre infill drilling program from 26 diamond holes staged in two campaigns, focussed mainly on extending the known resources (see section below). Following all necessary approvals being granted by the Peruvian Government in September 2009 phase 2 drilling recommenced in early November 2009, employing two diamond drill rigs. By early 2010 six holes had been completed, CD 14, 15 and 16, 17B, 18 and 19 totalling approximately 7,300 metres. Holes CD 20 and 21 were in progress.

Diamond drill holes CD 14, 15 and 16 each encountered significant copper and molybdenum mineralisation, broadly consistent with the geological model. Significant intersections from CD 14, 15 and 16 are as follows;

- **CD 14:**
    - between 665m and 1,200m, **397m @ 0.40% Cu and 277ppm Mo** (a cumulative intercept)
    - including: from 1,170m to 1,200m, **30m @ 0.66% Cu and 420ppm** Mo.
- **CD 15:**
    - from 796m to 1,200m, 404m @ 0.32% Cu and 260ppm Mo
    - including: from 1,107m to 1,200m, 93m @ 0.69% Cu and 710ppm Mo
- **CD 16** :
    - Between 366m and 713m, 293m @ 0.50% Cu & 951ppm Mo (a cumulative intercept)
    - Including: from 422m to 621m, 199m @ 0.59% Cu & 1280ppm Mo

**Table 3.4.** Selected Los Calatos drilling results.

| Hole No | Angle degrees | Depth metres | Intersections From m | To m | Intercept m | Cu % | Mo % | CuEq % |
|---|---|---|---|---|---|---|---|---|
| **Historic drilling (1995 and 1996)** | | | | | | | | |
| DDH 02 | 90 | 680 | 50 | 180 | **130** | **0.93** | **0.029** | **1.22** |
| DDH 04 | 90 | 810 | 60 | 772 | **712** | **0.53** | **0.044** | **0.97** |
| DDH 29 (2) | 90 | 252 | 28 | 252 | **224** | **0.22** | **0.047** | **0.69** |
| DDH 31 | 90 | 240 | 82 | 220 | **138** | **0.36** | **0.013** | **0.49** |
| DDH 32 (2) | 90 | 184 | 90 | 184 | **94** | **0.52** | **0.038** | **0.90** |
| DDH 33 (2) | 90 | 258 | 34 | 258 | **224** | **0.42** | **0.05** | **0.92** |
| DDH B | 90 | 224 | 82 | 204 | **122** | **0.54** | **0.044** | **0.98** |
| ***Average grades (weighted by intercept length)*** | | | | | | ***0.49*** | ***0.041*** | ***0.90*** |
| **Hampton Mining drilling (2008)** | | | | | | | | |
| CD-01 | 60 | 450 | 74 | 213 | **139** | **0.60** | **0.045** | **1.05** |
| CD-02 | 55 | 340 | 84 | 247 | **163** | **0.35** | **0.053** | **0.88** |
| CD-03 | 50 | 258 | No significant intersections, drilled above mineralised porphyry | | | | | |
| CD-04 | 50 | 431 | 137 | 420 | **283** | **0.39** | **0.050** | **0.89** |
| CD-05 (2) | 60 | 801 | 211 | 801 | **590** | **0.29** | **0.054** | **0.83** |
| | | including: | 238 | 613 | 375 | 0.32 | 0.078 | 1.11 |
| CD-06 (1) | 55 | 474 | 64 | 468 | **347** | **0.22** | **0.018** | **0.40** |
| CD-07 (1,2) | 65 | 455 | 238 | 426 | **371** | **0.26** | **0.020** | **0.46** |
| CD-08 (2) | 60 | 750 | 494 | 750 | **256** | **0.71** | **0.05** | **1.21** |
| CD-09 (1,2) | 50 | 450 | 91 | 450 | **287** | **0.33** | **0.042** | **0.75** |
| CD-10 | 60 | 745 | 652 | 745 | **93** | **0.20** | **0.007** | **0.27** |
| CD-11 (2) | 60 | 730 | 260 | 730 | **470** | **0.49** | **0.083** | **1.32** |
| | | including: | 260 | 375 | 115 | 0.92 | 0.161 | 2.53 |
| | | and: | 416 | 514 | 98 | 0.36 | 0.127 | 1.63 |
| CD-12 | 60 | 303 | No significant intersections, drilled above mineralised porphyry | | | | | |
| **Notes:** (1) Cumulative intercept, (2) Hole ends in mineralisation. | | | | | | | | |

**Note on copper equivalence**: Copper equivalent (CuEq) grades are calculated assuming CuEq % = Cu % + Mo % x 10.
Actual copper equivalence of Mo grades will depend on: (1) the ratio of received Mo and Cu prices, (2) % recoveries of Cu and Mo into saleable Cu and Mo concentrates respectively, and (3) the commercial terms for payment of Cu and Mo contained in saleable concentrates

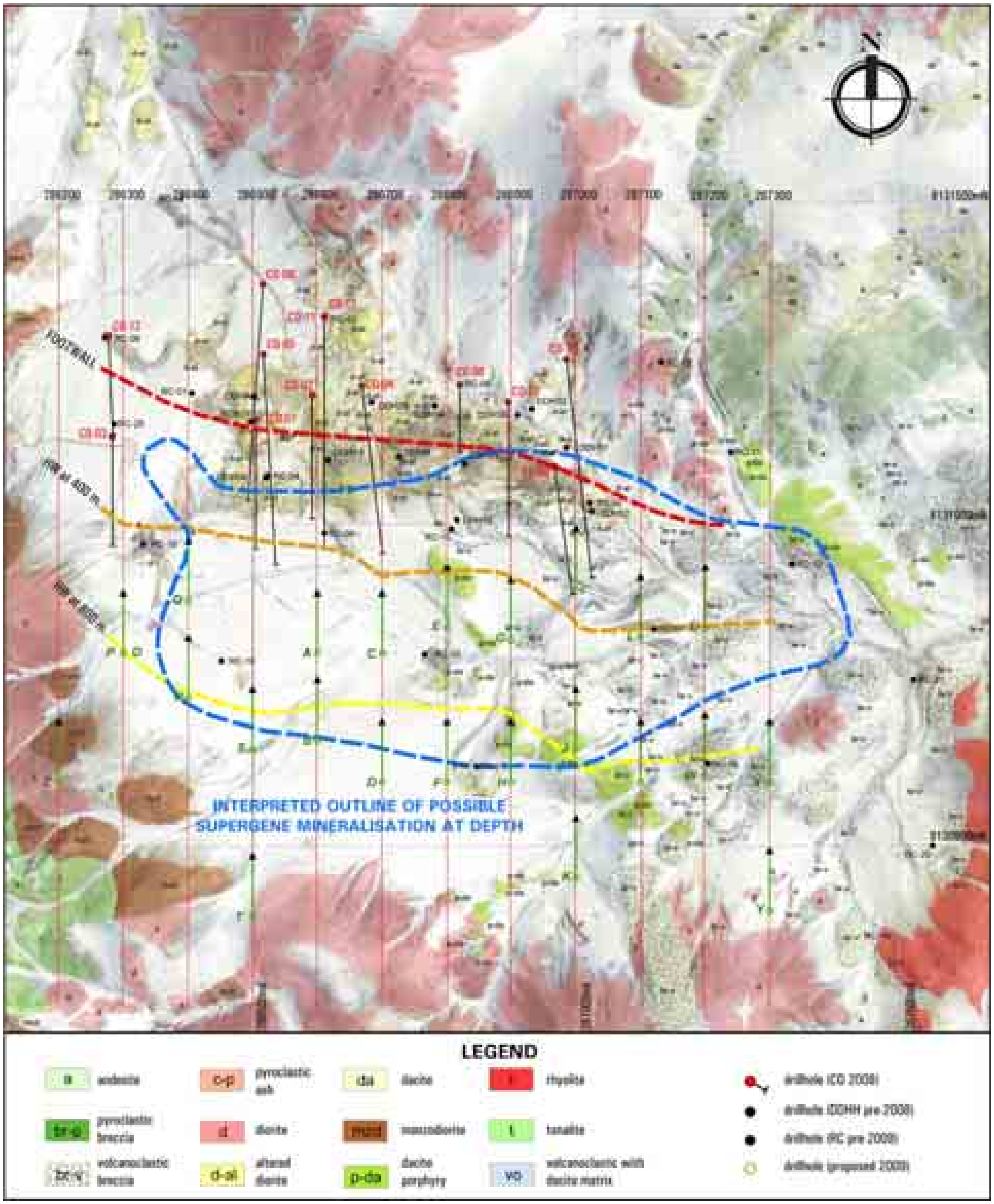


**Figure 3.5** Plan of Los Calatos project showing geology, alteration and extent of drilling and proposed drilling to date. (HW = hangingwall or inclined upper contact with a mass of rock overlying the mineralisation.)

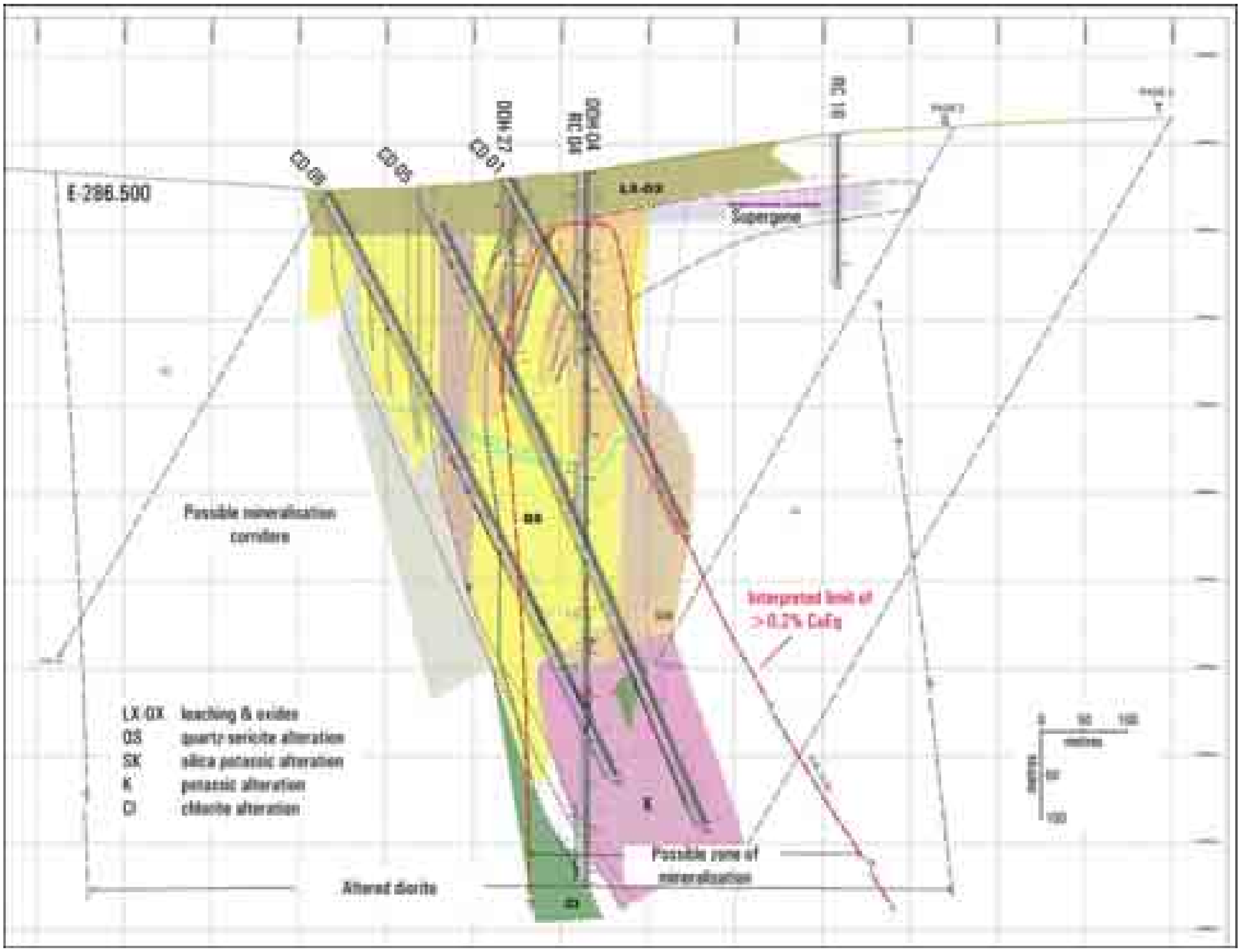


**Figure 3.6** Cross section through the Los Calatos Project looking east through section line E-286.500 showing the geology, alteration, drilling and interpreted limit of >0.2% CuEq mineralisation

**(Note**: interpretation is before assay results for recent diamond holes CD 14 and 15. Refer Figure 9b below).

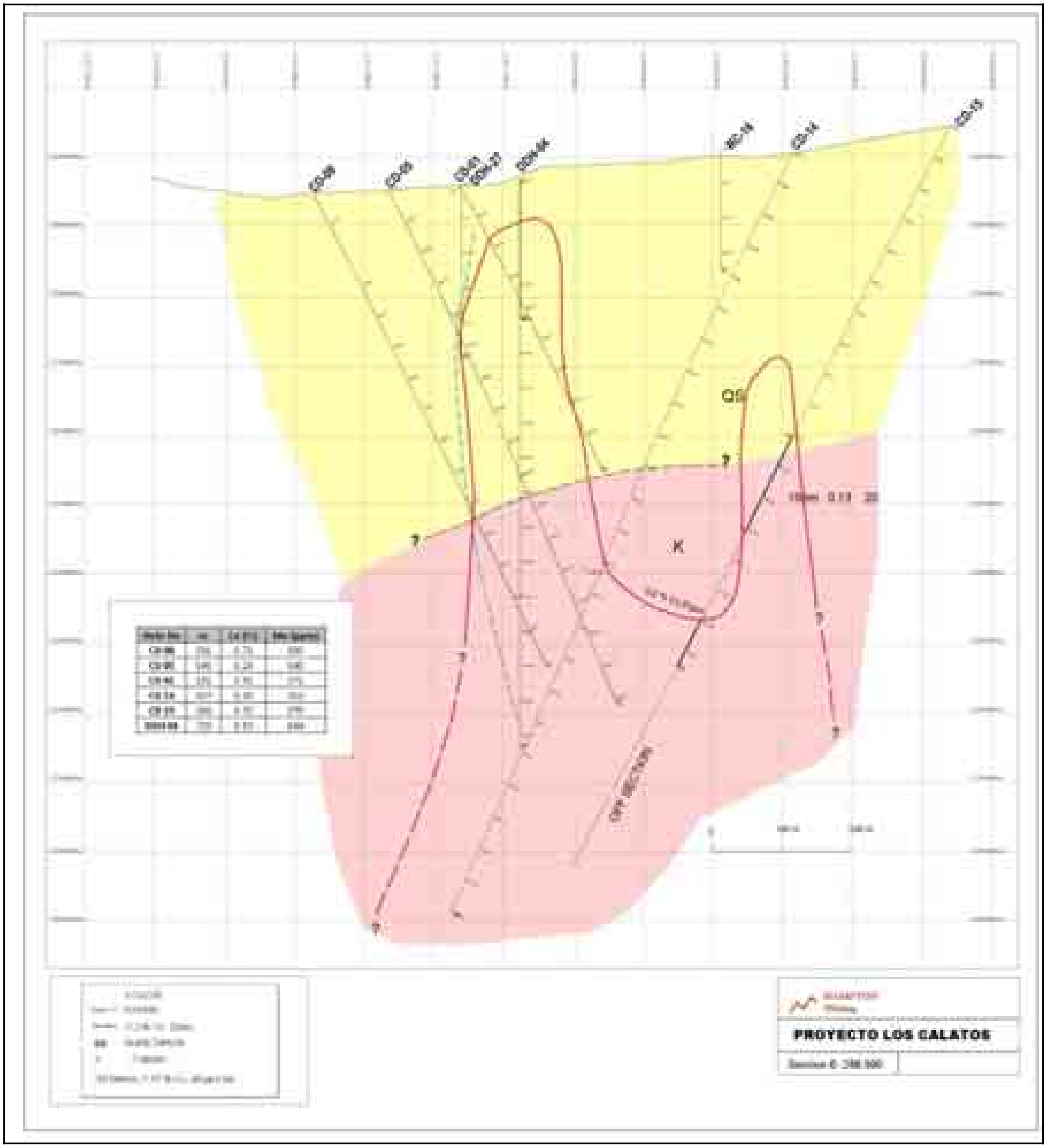


**Figure 3.7** Cross section through the Los Calatos Project looking east through section line E-286.500 showing the geology, alteration, drilling and interpreted limit of >0.2% CuEq mineralisation.

(Note: interpretation incorporates assay results for recent diamond holes CD 14 and 15)

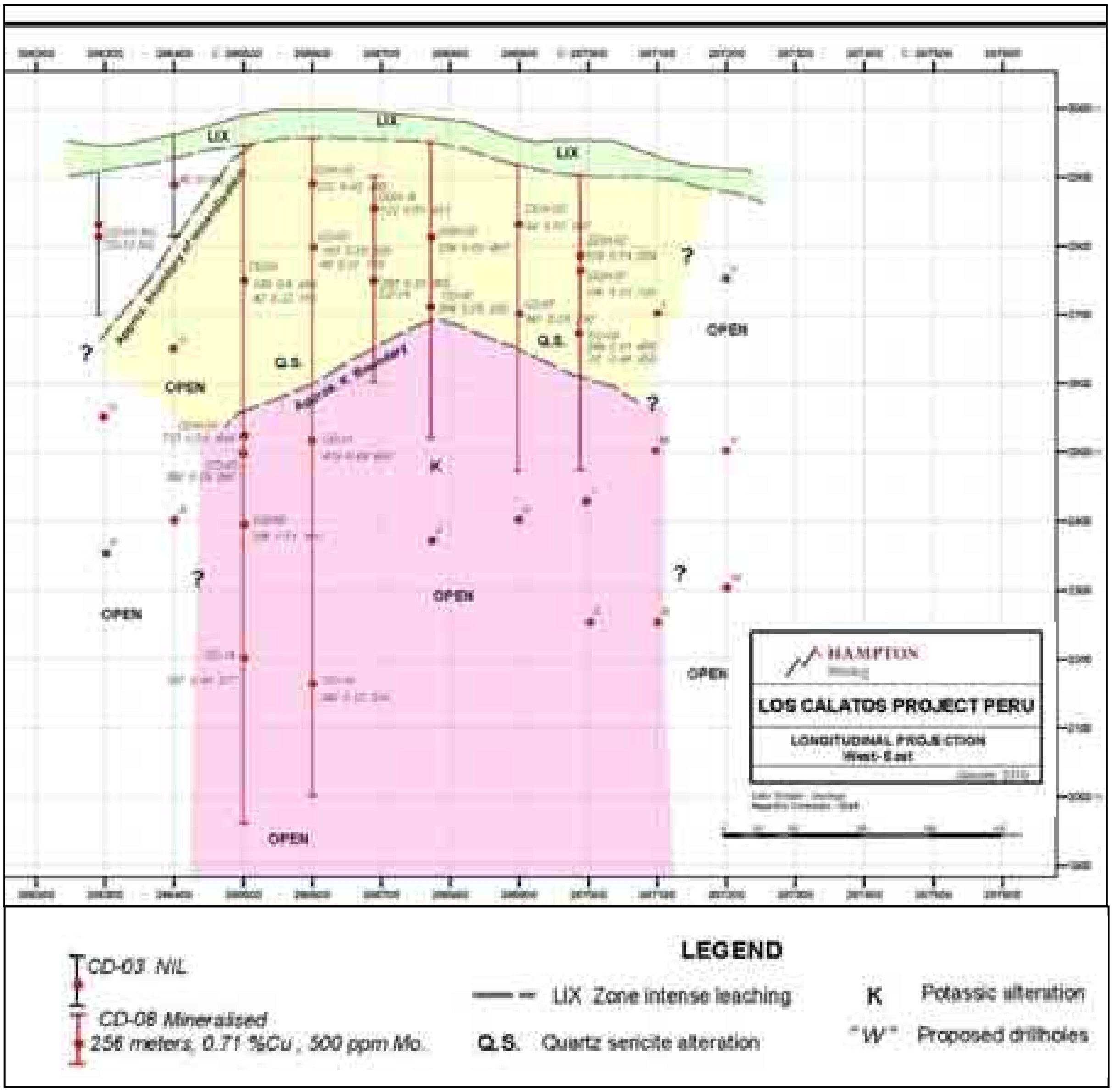


**Figure 3.8** Longitudinal projection through the Los Calatos Project, looking north, showing the geology, alteration, drilling and interpreted limit of >0.2% CuEq mineralisation.

Hampton continues to undertake a comprehensive surface geological mapping and sampling program at Los Calatos, focused on the northwest-southeast trending zone of alteration that includes the mineralized zone being drilled. A number of new targets have been identified that warrant follow up exploration.

### Sample preparation and analytical assay procedures

It is beyond the scope of this report to undertake an in depth quality assurance / quality control (QA/QC) analysis of the sample preparation and analytical assay procedures undertaken by Hampton's exploration team. This has been assessed by SRK as part of their recent resource estimation process and who've found the sample preparation, handling and analytical assay management to have been conducted under the same executive and project management team operating on similar projects in Chile, to be at a high professional standard.

### Geological modelling and resource estimation

SRK reported in July 2009 a JORC-compliant resource estimate, using a geological model interpreted by Hampton geologists and based on interpreted cross-sections separated by 100 metres using the surface geology information and drill data.

Up to and including Hampton's phase 1 drilling in 2008, but excluding the current phase 2 program, the Los Calatos drillhole database contains 52 holes comprising 4,189 metres from 26 RC holes, and 10,520 metres from 26 diamond cored holes, for a total of 14,709 metres. Of this combined total, 12,639 metres were used in 2009 in estimating the mineral resources in the iso-grade ore body model in the porphyry.

Assay samples were collected approximately every 1 or 2 metres and analysed for copper, molybdenum and some for gold and silver, by the ACME Analytical Laboratory Ltd. in Lima, Peru. In addition, some samples were analysed for their acid soluble copper (CuSu) and cyanide soluble copper (CuCN) content.

The July 2009 SRK mineral resources statement for the Los Calatos copper-molybdenum deposit reported at a 0.2% Cu cutoff grade, and classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (December 2005), is presented in Table 3.5.

**Table 3.5.**SRK Consulting (Chile) S.A July 2009 Mineral Resource Statement for the Los Calatos Copper-Molybdenum Project (reported at a cut-off of 0.20 percent copper).

| Resource Classification | Tonnage (Kilotonnes) | Copper Grade (Percent) | Molybdenum Grade (ppm) |
|---|---|---|---|
| Measured | - | - | - |
| Indicated | 69,241 | 0.444 | 510 |
| **Measured & Indicated** | **69,241** | **0.444** | **510** |
| Inferred | 41,658 | 0.408 | 460 |
| Potential | 150,745 | 0.421 | 360 |

SRK was of the opinion at the time of the July 2009 resource estimate, that with the current drilling program now underway at Calatos, the classification of the above resources should significantly change. Specifically, much of the "Potential" resources should be able to be moved to the Inferred category and also to the Indicated category.

Hampton reported a new resource estimate in September 2009 (Table 3.6), based on the SRK July 2009 Resource Estimation but including further detailed down hole surveys and geological interpretation undertaken by Hampton. SRK have not validated this new estimate by Hampton personnel, but will undertake a new resource estimate once the current drilling campaign is completed and results returned.

**Table 3.6**. Hampton June 2009 Mineral Resource Statement for the Los Calatos Copper-Molybdenum Project (reported at a cut-off of 0.20 percent copper).

| Resource Classification | Tonnage (Kilotonnes) | Copper Grade (Percent) | Molybdenum Grade (ppm) |
|---|---|---|---|
| Indicated | 69,069 | 0.444 | 510 |
| Inferred | 192,435 | 0.42 | 380 |

#### Scoping Study, remaining work programs and commitments

Preliminary metallurgical testwork was commissioned by Hampton in 2009 using representative samples taken from Hampton's drilling (see above under (4)) to facilitate a scoping study to be undertaken in order to satisfy one of the terms of the option agreement between Hampton and North Hill (owner of the original three claim blocks). Hampton must complete a total of at least 9,000 metres of drilling and pay North Hill US$0.005 per pound of contained copper equivalent metal included in reserves in a scoping study to exercise its option to purchase the Los Calatos property. Refer Table 1 for details.

SRK is of the opinion that Hampton has the technical and operational ability to complete the required drilling and commission an independent scoping study on the Los Calatos Project as required under the Calatos Purchase Agreement. These activities would incur direct costs estimated to range from US$1.1 million to US$ 1.5 million, and would require additional expenditure to account for project management and corporate overhead costs.

### 3.3.2 Vallecillo (Hampton 50%)

#### Background

The Vallecillo property is located in the pre-Andean belt of central Chile, approximately 50 kilometres due east of the town of Ovalle. It lies between the Hurtado (to the north) and Rapel-Los Molles (to the south) river valleys which drain the region westwards to the coast (see Figure 3.1). Elevations range from 1800 to 2500 metres above sea level. The area is characterised by moderate relief with mountain ridges oriented in a north-south direction and others in an east-northeast direction. A historic La Colorada Mine is in an area of relatively low relief in the central northeastern part of the area.

The project area can be reached by travelling 40 kilometres to the northeast on sealed road to the town of Samo Alto, and a further 32 kilometres to site via La Puerta. The climate is typical of the pre-Andean mountains of these latitudes, having warm summers and cold winters. Rainfall is about 100 to 150 millimetres per year and snow appears at elevations above 2,500 metres. Consequently, the project area has surface water available throughout the year, from the local Vallecillo and Rio Ponio streams. Power can be obtained from the local grid of the Los Molles Hydroelectrical Plant, located some 25 kilometres to the south of the project area.

In 1984 Rio Algom International Inc. Chile signed an option agreement on the La Colorada property. Their studies included geological mapping, systematic geochemical sampling, mineralogical studies and metallurgical tests. Although positive results were obtained, Rio Algom withdrew from the option agreement.

Inversiones EM Dos Limitada conducted geological mapping and geochemical sampling both on the surface and underground at La Colorada during 2002 and 2003.

The 18 claims covering the Vallecillo property total 5,450 hectares, or 54.5 km2. Total maintenance costs for 2006 were US$6,004; for 2007 were US$6,004; for 2008 were US$65,370 and 2009 were US$56,118 for a total of US$133,496. Hampton has completed all option payments to earn a 50% interest in the Vallecillo property through Sociedad Contractual Minera Ovalle SCM with the balance beneficially held by MN Ingenerios Limitada.

### Geology and alteration

A soil colour anomaly due to hydrothermal alteration and leaching covers an area that extends approximately 5 kilometres in a north-south direction and 4 kilometres east-west. The alteration principally affects andesitic lavas, breccias and tuffs belonging to the Upper Cretaceous Viñita Formation and appears to be related to small porphyritic textured stocks of granodioritic-dioritic composition.

The altered and leached zone at the La Colorada Mine is within an elongated north-northeast trending belt 700 metres long and 50 to 100 metres wide hosted by variably brecciated andesitic porphyritic volcanic rocks. The underground workings of the mine consist of two reef drives on separate levels accessed by upper and lower adits. Three separate prospects, called Las Pircas, Chiflon and Potrero Colorada also occurs within the area held under option and are reported to have similar geological characteristics to La Colorada (see Figure 3.9).

The alteration is related to a series of north-northeast oriented faults, arranged in an en echelon pattern, which can be followed for several kilometres and have been interpreted to form part of the Tulahuen Fault System.

The Vallecillo project contains many of the hallmarks of an Andean porphyry system, centred on the La Colarada Mine area. The focus of past mining has been on gold mineralisation associated with an intense quartz-sericite altered zone comprising massive aphanitic textured quartz and occasional breccia. Abundant secondary and tertiary quartz veinlets ranging from a few millimetres to 2 metres thick are also mapped within this zone which is successively surrounded by wide zones of moderate to intense argillic and propyllitic alteration. The presence of occasional k-feldspar minerals in close association with the mineralisation lends further support to the Andean porphyry affinity of the Vallecillo project.

### Mineralisation

Mineralisation in the Vallecillo area consists of both precious and base metals. In the Farellón and Las Pircas areas, gold-silver mineralisation predominates, while at La Colorada, zinc is more common along with the precious metals. Mineralisation at La Colorada occurs as discrete veins and veinlets as well as in stockworks and associated with hydrothermal breccias. The veinlets range from 2 to 15 centimetres in thickness and are composed of quartz and sulphides.

The La Colorada deposit is a tabular shaped body about 500 metres long and between 30 and 100 metres wide. The oxidised zone extends to a depth of about 15 metres, followed by the primary zone. The principal sulphide is pyrite (about 5%) followed by sphalerite and galena (about 2-4%). The grades of the mineralised veins/structures average about 4 to 6 g/t gold and 1 to 3% zinc.

Hydrothermal breccias, appearing to have developed in the upper part of an intrusive porphyry stock and along its contact with the surrounding volcanics, also host significant lower grade mineralisation. Three of these breccia bodies have been detected at La Colorada and have thicknesses ranging from 10 to 30 metres and lengths of at least 100 metres. The grades in these breccias average 2 to 4 g/t gold, 30 g/t silver, 2% zinc and 1% lead.

## Metallurgical testwork

### Historic

Compañia Rio Algom Chile requested CIMM (Center of Mining and Metallurgical Investigations in Santiago) to perform some preliminary metallurgical tests with the ore from the La Colorada deposit in early 1985, in which three processes were evaluated:

- Heap cyanide leach, only for gold and silver recovery,
- Flotation followed by concentrate cyanidization, and
- Flotation to obtain two marketable concentrates.

While heap cyanide leaching did not provide good results, agitated tank cyanide leaching on fine (-30 mesh) material produced recoveries of 79.3% for gold and 57.2% for silver. Good recoveries were obtained from flotation test work indicating commercial concentrate grades of about 65% lead and 45% zinc could be obtained, however further test work was warranted in order to improve the precious metal recoveries.

**2009**

Consequently in 2009 Hampton commissioned new preliminary metallurgical testwork on samples of mineralisation from La Colorada, extracted from diamond drill core, in particular using gravity concentration and flotation methods, to assess optimal economic recovery of gold and zinc.

These tests showed excellent recovery of gold through gravity concentration and also that remaining gold reporting into a zinc concentrate is suitable for recovery by leaching.

These preliminary results from the Vallecillo testing are very encouraging, suggesting total recovery of gold will be approximately 90% into Dore bullion on site, and that recovery of zinc will be approximately 90% into a zinc concentrate averaging at least 50% zinc.

It is encouraging that a commercial grade zinc concentrate is likely to be achieved from a modest zinc head grade.

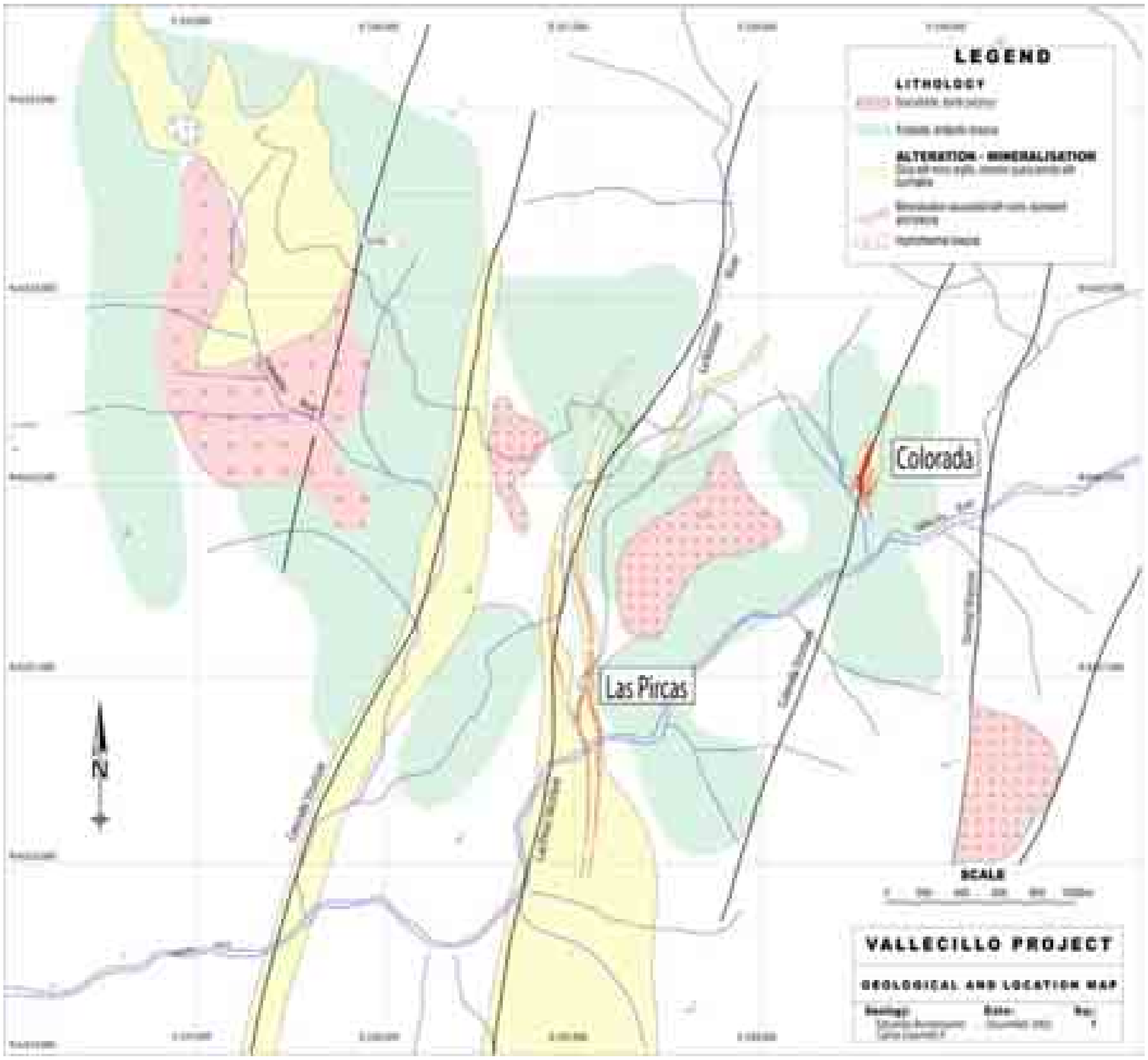


**Figure 3.9** Geological map of the Vallecillo Project showing regional north-northeast trending shears and associated areas of mineralisation.

### Hampton exploration activities (2006 to present)

Hampton conducted a drilling campaign in 2006 consisting of 12 RC holes spaced approximately 50 metres across 6 east-west sections, for a total of 2,710 metres. Drill results defined a broad mineralized breccia zone with a true width of approximately 75 metres and a strike of approximately 300 metres, apparently plunging to the south (see Figure 3.10). Mineralisation remained open to the south and north and at depth.

Hampton produced the following preliminary interpretations and conclusions based on the results of both the drilling and surface and underground mapping and sampling:

- The location of the La Colorada breccia is apparently controlled by a north-trending sigmoid shear system allowing dilation and subsequent mineralization related to intrusive hydrothermal activity.

- Sub-parallel north-trending shears in the area are also hydrothermally altered and mineralized to varying extents, and suggest splays off the north-trending Domeyeko Fault System, which is known to localise mineralisation in Central and Northern Chile.
- High grade zones occur within the breccia, often in the eastern hanging wall, and are associated with strong sulphide veining.
- Zinc is extensive throughout the breccia as disseminations and veins and reaches its best development in hole VR 06 with 74 metres at 2.44% zinc.
- A felsic intrusive intersected in drilling and mapped in the adits appears to be late-stage, and is not mineralized.

**Table 3.7.**Selected Hampton RC drilling results for Vallecillo Project (phase 1).

| | | Intersection | | | Grade | | | |
|---|---|---|---|---|---|---|---|---|
| **Hole No.** | **Hole Depth (m)** | **From (m)** | **To (m)** | **Width (m)** | **Au (g/t)** | **Ag (g/t)** | **Zn (%)** | **Pb (%)** |
| VR 01 | 170 | 68 | 170 | 102 | 1.64 | 8 | 1.72 | 0.21 |
| VR 02 | 150 | 66 | 150 | 84 | 1.11 | 9 | 1.51 | 0.34 |
| VR 03 | 190 | 62 | 170 | 108 | 0.69 | 9 | 1.48 | 0.19 |
| VR 04 | 208 | 96 | 190 | 94 | 0.36 | 10 | 0.86 | 0.49 |
| VR 05 | 320 | 176 | 202 | 26 | 0.71 | 8.2 | 1.01 | 0.03 |
| VR 06 | 300 | 166 | 242 | 76 | 1.12 | 8 | 2.44 | 0.04 |
| VR 09 | 300 | 130 | 222 | 92 | 1.20 | 7 | 1.67 | 0.10 |
| VR 10 | 342 | 164 | 324 | 160 | 0.32 | 2.1 | 0.93 | 0.02 |

Hampton conducted a second round of drilling in 2008 comprising 17 diamond holes totalling 5,782 metres. Results from the second round of drilling successfully extended the zone of mineralisation to the north and at depth, which remains open in both these directions. Significant mineralisation has been encountered by drilling over a total strike length of 350 metres (see Figure 3.10). Following the results of further surface exploration, results indicate the mineralised breccia, although apparently narrowing, extends northwards for a further 350 metres.

**Table 3.8**. Selected Hampton diamond drilling results for Vallecillo Project (phase 2).

| | | Intersection | | | Grade | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Hole No.** | **Hole Depth (m)** | **From (m)** | **To (m)** | **Width (m)** | **Au (g/t)** | **Ag (g/t)** | **Zn (%)** | **Pb (%)** | **Cu (%)** |
| VD 04 | 485 | 265 | 344 | 79 | 0.1 | 5 | 0.45 | 0.05 | 0.05 |
| VD 05 * | 340 | 91 | 229 | 79 | 1.0 | 16.9 | 2.03 | 0.49 | 0.08 |
| VD 06 * | 200 | 57 | 113 | 44 | 0.77 | 13.4 | 0.83 | 0.66 | 0.02 |
| VD 07 * | 350 | 149 | 257 | 17 | 0.61 | 7.4 | 0.55 | 0.33 | 0.03 |
| VD 08 | 400 | 77 | 261 | 184 | 2.1 | 27 | 2.1 | 1.29 | 0.01 |
| VD 09 | 389 | 248 | 250 | 2 | 1.5 | 20 | 1.27 | 1.56 | 0.04 |
| VD 10 | 120 | 12 | 92 | 80 | 0.3 | 6 | 0.34 | 0.32 | 0.01 |
| VD 11 | 426 | 179 | 284 | 105 | 0.36 | 5.4 | 0.96 | 0.03 | 0.1 |
| VD 12 * | 150 | 22 | 150 | 100 | 0.91 | 8.2 | 1.27 | 0.25 | 0.07 |
| VD 13 * | 530 | 70 | 253 | 75 | 0.1 | 2.2 | 0.75 | 0.03 | 0.03 |
| VD 14 | 120 | 47 | 101 | 54 | 1.4 | 8 | 1.55 | 0.48 | 0.03 |
| VD 15 | 140 | 32 | 141 | 109 | 0.6 | 6 | 0.95 | 0.24 | 0.02 |
| VD 16 | 440 | 165 | 202 | 37 | 0.14 | 5 | 0.79 | 0.41 | 0.02 |
| VD 17 * | 489 | 204 | 321 | 80 | 0.38 | 6.8 | 0.59 | 0.38 | 0.02 |

Note: * For these holes intersections shown are cumulative between the limits of From (m) and To (m).

### Sample preparation and analytical assay procedures

It is beyond the scope of this report to undertake an in depth quality assurance / quality control (QA/QC) analysis of the sample preparation and analytical assay procedures undertaken by Hampton's exploration team. This has been assessed by SRK who found the sample preparation, handling and analytical assay management to have been conducted at a high professional standard. The wider use of selected prepared standard samples and more frequent use of check assays and round robin samples have been encouraged to ensure these standards are maintained.

### Geological modelling and resource estimation

SRK has conducted two JORC-compliant preliminary mineral resource estimates for the Vallecillo Project; the first was undertaken in November 2007 based on Hampton's RC drilling results and geological modelling; and the second completed in June 2009 based on both RC and diamond drilling conducted by Hampton. This report outlines the process and results obtained from the current resource estimation process.

Based on two phases of drilling by Hampton the database contains 29 drill holes totalling 8,492 metres comprising 12 RC holes totalling 2,710 metres and 17 diamond holes totalling 5,782 metres. From these, 3,224 diamond samples of one-meter length and 1,271 RC samples of two metres length were taken for gold, silver, zinc, copper and lead assays, totalling 5,766 metres, corresponding to 4,495 samples.

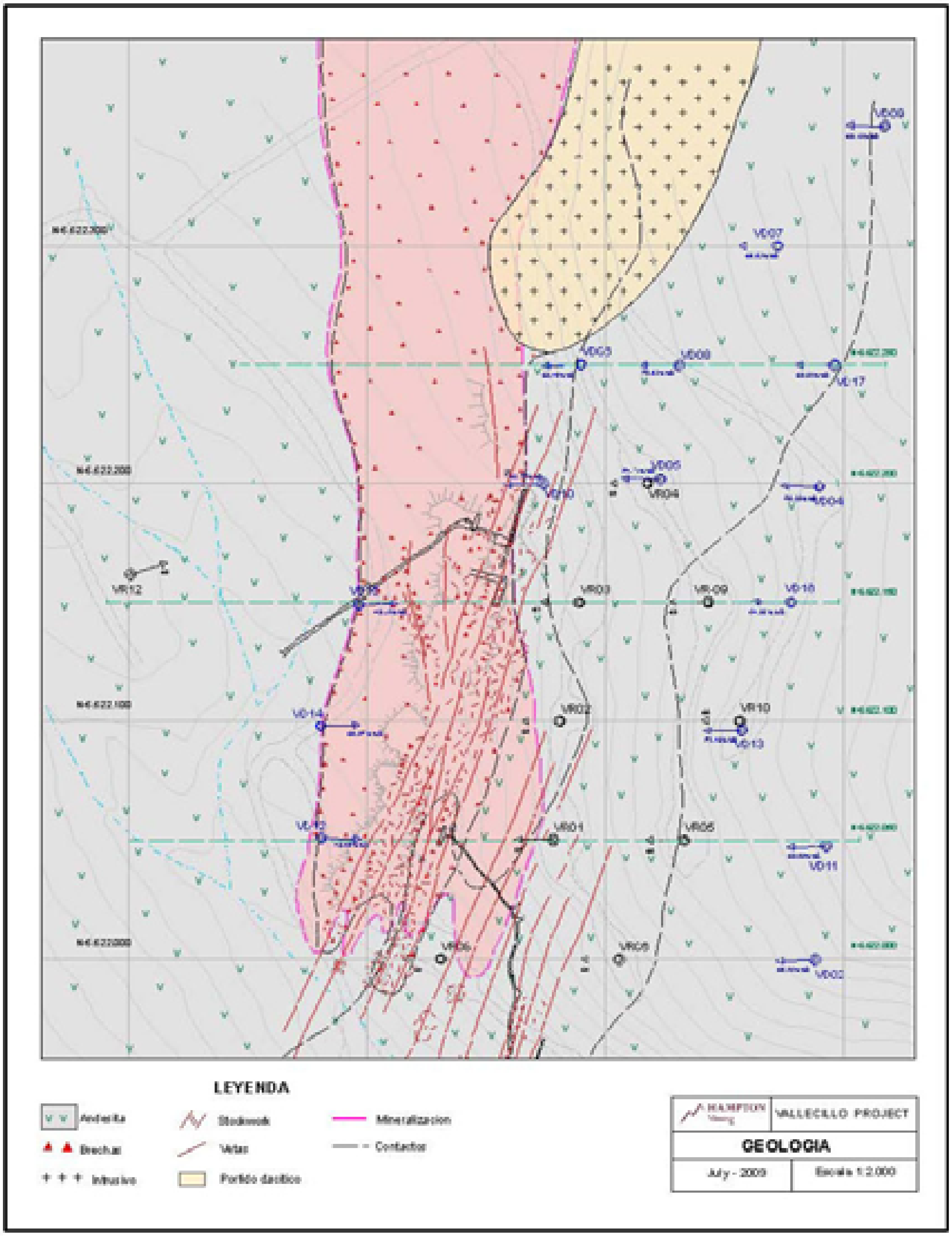


**Figure 3.10** Plan view showing topography, geology, alteration, infrastructure and Hampton RC and diamond drill locations for the Vallecillo Project (*leyenda* – legend; *andesita* – andesite; *mineralizacion* – mineralisation; *brechas* – breccia; *vetas* – veins; *contactos* – contact; *intrucsivo* – intrusive; *porfido dacito* – dacitic porphyry).

The geological interpretation and three dimensional modelling was guided by Hampton geologists' current understanding of the shape of the mineralized zones drawn from surface and underground mapping and sampling as well as interpretation

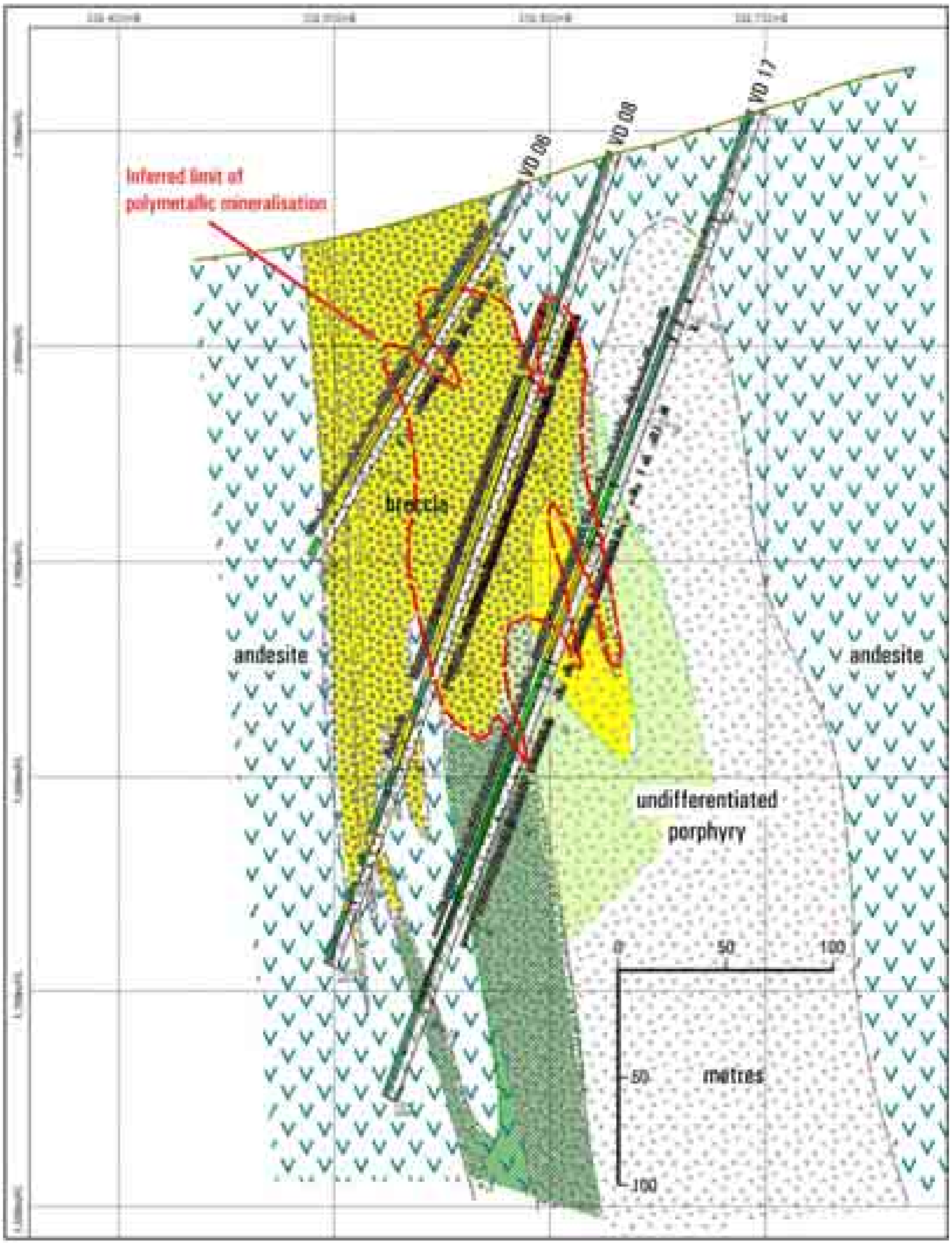


**Figure 3.11** East-west section 6,622,050mN showing Hampton's drilling results and interpreted geology and alteration (dark green: silica-chlorite; yellow: quartz-sericite & pale green: propylitic).

The geological model provided by Hampton and checked by SRK, consists of 8 E-W sections separated every 50 metres (see Figure 3.11).

**Table 3.9.** Indicated Gold-Zinc-Silver-Copper-Lead Mineral Resources by gold cut-off grade for the Vallecillo Gold-Zinc Project, Region IV, Chile, SRK Consulting (Chile) S.A., July 14, 2009.

| INDICATED RESOURCES | | | | | | |
|---|---|---|---|---|---|---|
| **Cut-off** | **Tonnage** | **Au** | **Zn** | **Ag** | **Cu** | **Pb** |
| | **KTonnes** | **ppm** | **ppm** | **ppm** | **ppm** | **ppm** |
| 5.0 | 107.2 | 5.569 | 25,584 | 36.625 | 1,761 | 4,786 |
| 4.5 | 156.7 | 5.287 | 26,019 | 31.943 | 1,624 | 3,879 |
| 4.0 | 228.2 | 4.987 | 22,537 | 36.860 | 1,969 | 3,221 |
| 3.5 | 277.7 | 4.759 | 22,121 | 33.648 | 1,732 | 3,590 |
| 3.0 | 497.7 | 4.070 | 22,074 | 26.474 | 1,223 | 4,557 |
| 2.5 | 800.2 | 3.556 | 20,526 | 23.558 | 928 | 5,482 |
| 2.0 | 1,138.5 | 3.166 | 19,782 | 22.702 | 797 | 5,696 |
| 1.5 | 1,619.7 | 2.737 | 18,789 | 19.039 | 695 | 5,030 |
| 1.0 | 3,088.2 | 2.023 | 16,864 | 16.663 | 569 | 4,381 |
| 0.5 | 5,835.5 | 1.397 | 14,289 | 12.750 | 562 | 3,266 |
| 0.4 | 6,655.0 | 1.281 | 14,019 | 12.102 | 547 | 3,125 |
| **0.3** | **7,889.7** | **1.135** | **13,150** | **11.385** | **543** | **2,877** |
| 0.2 | 9,490.2 | 0.986 | 12,137 | 10.960 | 522 | 2,822 |
| 0.1 | 11,742.5 | 0.824 | 10,998 | 10.021 | 524 | 2,649 |
| 0.0 | 23,936.0 | 0.424 | 6,570 | 6.816 | 624 | 1,624 |
| Total | 23,936.0 | 0.424 | 6,570 | 6.816 | 624 | 1,624 |

**Table 3.10**. Inferred Gold-Zinc-Silver-Copper-Lead Mineral Resources by gold cut-off grade for the Vallecillo Gold-Zinc Project, Region IV, Chile, SRK Consulting (Chile) S.A., July 14, 2009.

| INFERRED RESOURCES | | | | | | |
|---|---|---|---|---|---|---|
| **t-off** | **nage** | **u** | **n** | **g** | **u** | **b** |
| | **nnes** | **m** | **m** | **m** | **m** | **m** |
| 5.0 | 0.0 | 0.000 | 0 | 0.000 | 0 | 0 |
| 4.5 | 8.2 | 4.792 | 28,024 | 18.173 | 2,105 | 537 |
| 4.0 | 8.2 | 4.792 | 28,024 | 18.173 | 2,105 | 537 |
| 3.5 | 8.2 | 4.792 | 28,024 | 18.173 | 2,105 | 537 |
| 3.0 | 11.0 | 4.358 | 27,599 | 20.242 | 1,705 | 2,812 |
| 2.5 | 27.5 | 3.329 | 23,430 | 15.557 | 1,066 | 3,851 |
| 2.0 | 44.0 | 2.891 | 20,612 | 18.460 | 840 | 5,359 |
| 1.5 | 77.0 | 2.361 | 20,386 | 13.945 | 747 | 4,051 |
| 1.0 | 440.0 | 1.445 | 11,076 | 12.012 | 403 | 3,718 |
| 0.5 | 1,636.2 | 0.923 | 6,663 | 9.526 | 303 | 2,990 |
| 0.4 | 1,801.2 | 0.881 | 6,477 | 9.016 | 291 | 2,835 |
| **0.3** | **2,211.0** | **0.782** | **5,787** | **8.163** | **290** | **2,560** |
| 0.2 | 2,686.7 | 0.690 | 5,493 | 7.938 | 282 | 2,608 |
| 0.1 | 3,082.7 | 0.619 | 5,269 | 7.495 | 290 | 2,469 |
| 0.0 | 9,226.2 | 0.235 | 2,568 | 3.881 | 327 | 1,207 |
| Total | 9,226.2 | 0.235 | 2,568 | 3.881 | 327 | 1,207 |

A block model was constructed within the confines of the three dimensional geologically constrained solid with each block being 10 X 10 X 10 metres. The gold, silver, zinc, copper and lead grades were estimated for each block using the Ordinary Kriging method, considering a strategy of estimation for each unit based on the results of each element's respective variographic analyses. Mineral resources were then classified using estimation parametres such as Nearest Sample Distance and Kriging Variance. Table 3.9 **¡Error! No se encuentra el origen de la referencia.** and Table 3.10 show the grade vs tonnage results for a range of gold-cut-off grades for the Indicated and Inferred resources respectively. Hampton has elected to report these resources using a 0.3 g/t gold cut-off grade which are summarised in Table 3.11.

**Table 3.11.** Combined Indicated and Inferred Gold-Zinc-Silver-Copper-Lead Mineral Resources for the Vallecillo Gold-Zinc Project, Region IV, Chile, SRK Consulting (Chile) S.A., July 14, 2009, at a 0.3 g/t gold cut-off.

| | Tonnage Ktonnes | Au ppm | Zn % | Ag ppm | Cu % | Pb % |
|---|---|---|---|---|---|---|
| **Indicated** | 7,889.70 | 1.14 | 1.32 | 11.39 | 0.05 | 0.29 |
| **Inferred** | 2,211.00 | 0.78 | 0.58 | 8.16 | 0.03 | 0.26 |
| **Total** | 10,100.70 | 1.06 | 1.15 | 10.68 | 0.05 | 0.28 |

These resources represent an approximate 40% increase in contained metal with a large percentage being at a higher confidence classification than SRK's November 2007 resource estimate which reported an Inferred Resource of 8.46 million tonnes @ 0.76 g/t gold, 1.42% zinc, 8.1 g/t silver, 0.04% copper and 0.25% lead (using a 0.5% zinc cut-off). It is noteworthy that the overall grades for gold, silver, copper and lead have increased while that of zinc has decreased as a consequence of further drilling and using a gold cut-off as opposed to a zinc cut-off.

#### Scoping study

Hampton has recently commissioned an independent laboratory to undertake preliminary metallurgical testwork on the Vallecillo mineralisation to determine ultimate metallurgical recoveries and whether saleable zinc and lead concentrates can be achieved. The testwork will also evaluate the extraction of gold and silver as dore. The results of this analysis will form part of a scoping study.

### 3.3.3 Loica (Hampton 50%)

#### Background

Loica is located in the pre-Andean belt in central Chile, approximately 100 kilometres southeast of the town of Ovalle. The alteration area at Loica covers an area of approximately 2 x 1 kilometres, oriented north-south and occupies the Loica basin valley (see Figure 3.1). The basin exhibits an abrupt, high relief with elevations varying between 2,000 and 3,000 metres above sea level.

Access to the area is by the Ovalle – Tulahuen road for about 80 kilometres, which is mostly paved and then a further 24 kilometres along dirt roads to the east and south.

Rainfall averages about 150 millimetres per year and snow accumulates at elevations above 2,500 metres above sea level during the months of June through August. Water sources are in the nearby Torca and Tascadero rivers which flow northward into the west-flowing Rio Grande.

The claims covering the Loica property total 3,500 hectares. The maintenance costs for the 12-month period commencing June 2006 were US$29,487; 2007 were US$29,487; 2008 were US$86,443 and

2009 were 35,384 for a total of US$180,800. Hampton has completed all option payments to earn a 50% interest of the Loica property through Sociedad Contractual Minera Ovalle SCM 50% with Inversiones EM Dos Limitada holding the remaining 50%.

The initial exploration activities were undertaken by the United Nations ("UN") at Loica between 1964 and 1966, principally consisting of geological mapping, geochemical sampling and geophysics (Induced Polarization-Resistivity). This work was followed by the drilling of 8 short vertical exploration holes (80 metres average) and some of the exploration holes cut the I.P. anomaly located in the porphyry-andesite contact area (intrusive breccias) and detected abundant pyrite, but scarce copper sulphides.

At the north end of Loica, 3 holes were drilled at the extreme north of the porphyry zone in areas of K-feldspar alteration and brecciation with the following results:

- DDH 5 : 0 – 73m : drilled in tonalite (Loica north)
- DDH 6 : 0 – 80m : 80m @ 0.79% Cu; 714ppm Mo (Loica north)
- DDH 7 : 0 – 72m : 72m @ 0.59% Cu; 862ppm Mo (Loica north)

At the south end of Loica, holes DDH 8, 9 and 12 were drilled into pyrite, however, DDH 10 and 11 were drilled adjacent to the porphyry zone and encountered the following copper and molybdenum grades associated with abundant pyrite:

- DDH 10 : 0 – 82m : 82m @ 0.31% Cu; 159ppm Mo (Loica south)
- DDH 11 : 0 – 82m : 82m @ 0.22% Cu; 200ppm Mo (Loica south)

Between 1977 and 1994, Compañía Minera Loica drilled 4 holes totalling 649.8 metres at Loica north which supported the earlier UN drilling, returning the following results

- DDH 501 : 0 – 87m : 87m @ 0.50% Cu; 284ppm Mo
- DDH 502 : 0 – 94m :53 – 88m (35m) @ 0.30% Cu; 241ppm Mo
- DDH 503 : 0 – 206m : 29 – 172m (143m) @ 0.35% Cu; 255ppm Mo
- DDH 504 : 0 – 263m : 22 – 203m (181m) @ 0.42% Cu; 388ppm Mo; 0.49 g/t Au

At the end of 2003, Inversiones EM Dos Limitada consolidated the mining properties at Loica and began more extensive and integrated exploration activities up to the time when Hampton became involved in the project.

In summary, Loica is a hydrothermal alteration area 2 kilometres long by 1 kilometre wide centred on a dacite porphyry stock of Eocene-Oligocene age (35 Ma) exhibiting many of the characteristics of a typical Andean porphyry:

- Potassic altered core with a quartz-sericite envelope developed in both the porphyry and the andesitic volcanics,
- Well-prepared fractured and brecciated rocks,
- Presence of at least 5 outcropping zones anomalous in copper and molybdenum, and
- Earlier drilling had not adequately tested the more prospective parts of the porphyry system.

### Geology and alteration

Copper-molybdenum mineralization at Loica is associated with a multiphase series of intrusive porphyritic diorite and granodiorite which have intruded andesitic volcanics and a regional granodioritic batholith within a north-trending (Domeyeko) graben structure.

Alteration is well-defined as a central potassic biotite-rich core surrounded by a large pyrite-rich quartz-sericite zone. Faulted or xenolithic blocks of volcanics occur within the central intrusive together with discrete contact breccia zones and intrusive breccias.

The main alteration zone is located between two principal structures striking north-south which have been interpreted to correspond to the northern extension of a major structure called the “Cenicero Creek Graben”. These structural features are thought to be associated with the northern extension of the Pocuro Mega-Fault. This belt can be traced northward some 10 kilometres to the altered zone at El Chacay, and over 8 kilometres to the altered zone of Torca to the south.

Locally, north-northwest, west-northwest and east-northeast oriented intense fracture zones are evident at Loica.

Hydrothermal alteration at Loica comprises a central zone of potassic-silica alteration which effects the entire 1,600 metre long, by 400 metre wide porphyry. This zone is surrounded by an irregular distribution of quartz-sericite alteration with the eastern side being more pervasively silica altered. Propyllitic alteration is most prevalent surrounding the silica alteration in the eastern area.

The quartz-sericite alteration mostly affects andesites and intrusive breccias developed along the western margin of the porphyry, and covers an area about 2,000 metres long and between 300 and 700 metres wide. On the eastern side, it only occurs as a narrow band 500 metres long and between 50 and 100 metres wide. A radiometric K-Ar age date on biotite from the Loica alteration by the Chilean government’s Servicio Nacional de Geología y Minería, returned an age of 35.4 ± 0.5 Ma, Upper Eocene – Oligocene.

Geochemical surveys conducted by Inversiones EM Dos Limitada have defined two areas at surface which are anomalous in their copper and molybdenum content, both having broadly coincident copper and molybdenum in soil grades of greater than 750 ppm and 100 ppm respectively. The South-Central Anomaly covers the main porphyry zone in an area of 1,000 metres long by 800 metres, while the West Anomaly covers the porphyry’s western contact zone and associated intrusive breccias.

### Mineralisation

The Loica Porphyry and its contact zones with the surrounding volcanic rocks host the alteration and associated base and precious metal mineralization. Hypogene mineralization comprising chalcopyrite and pyrite host the copper and molybdenum with secondary amounts of gold and silver. The copper sulphides are mostly related to stockwork quartz veining and to a lesser extent as disseminations. Molybdenite is found bordering the thin quartz veinlets and occasionally as fracture fillings.

Surface leaching appears to have affected the top 20 metres and no zone of supergene enrichment has been encountered to date.

### Hampton exploration activities (2006 – present)

Hampton has conducted two phases of drilling (June 2006 and April 2007) at the Loica Prospect totalling 4,426 metres distributed in eight reverse circulation holes (2,425 metres) and three diamond drill holes (2,001 metres) as illustrated in Figure 3.12.

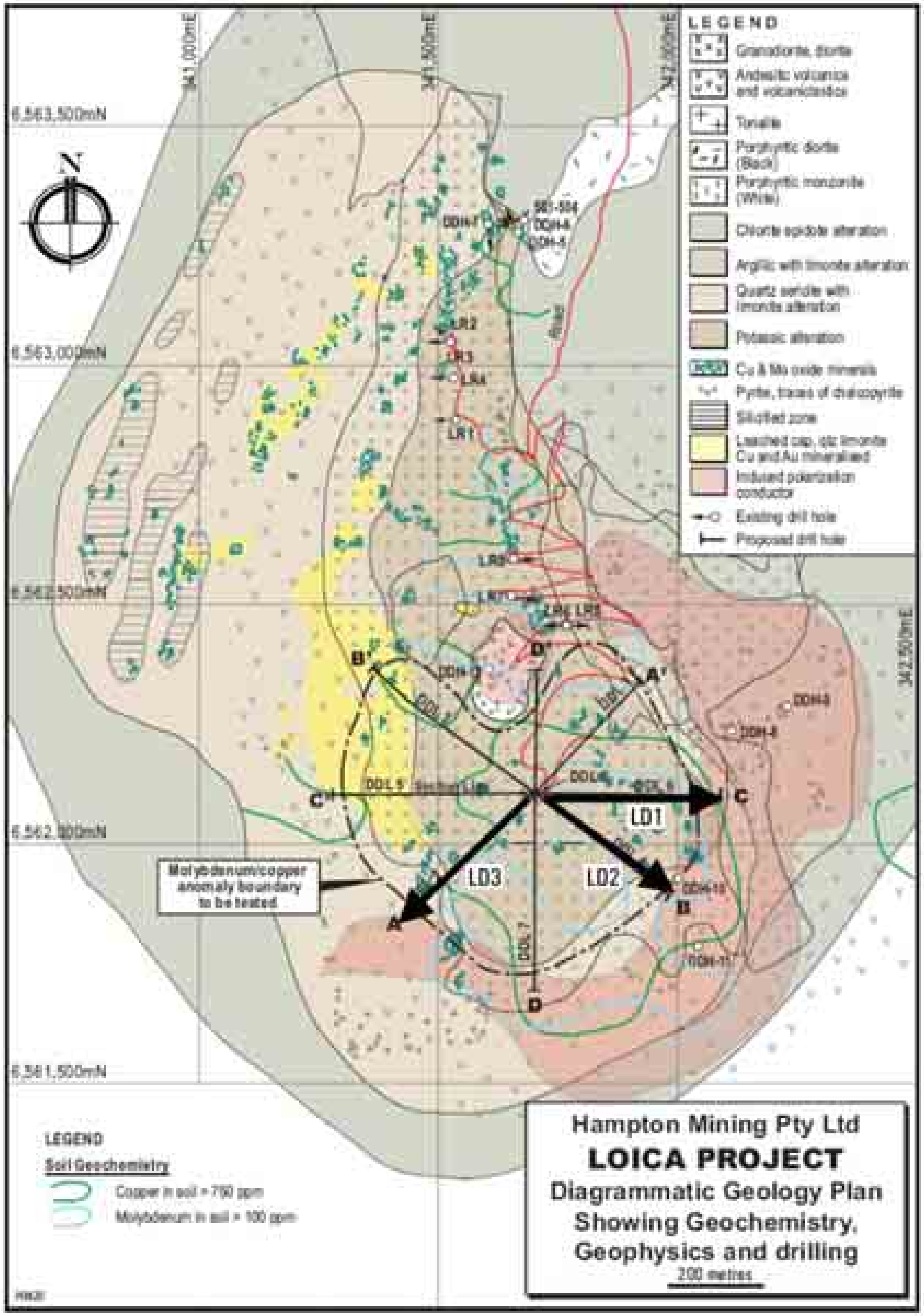


**Figure 3.12** Plan view showing topography, geology, alteration, infrastructure and Hampton RC and diamond drill locations for the Loica Project.

**Table 3.12.** Significant Hampton drill intercepts at Loica.

| Hole No. | Hole Depth (m) | Intersection | | | Grade | |
|---|---|---|---|---|---|---|
| | | From (m) | To (m) | Width (m) | Cu (%) | Mo (ppm) |
| LR2 | 370 | 166 | 206 | 40 | 0.16 | 107 |
| LR4 | 354 | 0 | 102 | 102 | 0.23 | 15 |
| LR5 | 250 | 0 | 66 | 66 | 0.20 | 117 |
| LR6 | 241 | 20 | 110 | 90 | 0.31 | 145 |
| LR7 | 232 | 42 | 74 | 32 | 0.36 | 128 |
| LD1 | 660 | 0 | 471 | 471 | 0.19 | 234 |
| LD2 | 682 | 0 | 592 | 592 | 0.12 | 154 |
| LD3 | 659 | 0 | 659 | 659 | 0.11 | 193 |

Drill results have confirmed the coincident copper-molybdenum mineralisation defined from the surface geochemistry. Mineralisation is extensive over a wide area measuring approximately 1000 by 700 metres, having wide zones of 0.1 to 0.2% copper and 100 to 200ppm molybdenum grades. The higher grade zones of >0.3% copper and >250ppm molybdenum extend to 160 metres wide (hole intercept width) in hole LD1.

Mineralisation remains open to the north and south and at depth, and has been preliminary drill-tested over a strike length of 700 metres and a width of 600 metres. A vertical extent of approximately 500 metres of mineralisation has been tested by drilling to date.

### Sample preparation and analytical assay procedures

It is beyond the scope of this report to undertake an in depth quality assurance / quality control (QA/QC) analysis of the sample preparation and analytical assay procedures undertaken by Hampton's exploration team. This has been assessed by SRK who found the sample preparation, handling and analytical assay management to have been conducted at a high professional standard. The wider use of selected prepared standard samples and more frequent use of check assays and round robin samples have been encouraged to ensure these standards are maintained.

### Geological modelling and resource estimation

SRK completed a review of the project data and concluded there was insufficient information to complete a JORC-compliant resource estimation at this time.

## 3.4 Early exploration projects

### 3.4.1 Isidro (Hampton: Isidro - 100%; San Lorenzo - 50% with rights to acquire additional 50%).

#### Background

The Isidro early-stage exploration property is located approximately 85 kilometres east of the town of La Serena in central Chile. From La Serena, a paved road extends 70 kilometres to the east to the town of Vicuña and the project area can be reached by travelling on a further 15 kilometres of sealed road followed by 16 kilometres on a dirt road.

Total Hampton tenements cover 289.5 km2, of which 269 km2 are held 100% by Hampton and 20.5 km2 (San Lorenzo tenements) are owned 50% by Hampton and 50% by Golden Amazonas (Hampton right to earn 100%).

The exploration areas are at an elevation between 2000 and 3000 metres above sea level in an area of steep topographic relief. The climate of the sector is typical of the pre-Andean mountains of these latitudes, with typically warm summers and cold winters. Rain fall is about 100 to 150 millimetres per year.

There has been no known previous exploration conducted in the area.

#### Geology and alteration

At Isidro, Upper Cretaceous (65 Ma.) Viñita Formation andesitic volcanics dip generally 20 to 30 degrees to the west. These have been intruded by younger Tertiary (48 Ma.) diorites, represented by the Loma Blanca pluton, covering an area approximately 7 x 12 kilometres. North-trending reverse faulting, represented by the Vicuña and Rivadavia faults, associated with the compressional tectonics of the region, assisted in the location of later intrusive activity and associated mineralization.

Economic mineralisation in the form of small copper-gold-silver bearing hydrothermal hematitic breccias, and also as larger, gently dipping mineralised mantos up to 100 metres thick is known in the region (San Lorenzo).

The exploration target at Isidro is mineralization associated with the larger mantos.

Regionally, the project area's proximity to the north-trending Vicuña Fault is considered significant given this feature is reportedly responsible for controlling mineralisation in economically mineralized properties held by others further to the south. No detailed structural mapping has been undertaken on the project area to date.

Reconnaissance mapping in the Isidro area has identified areas affected by strong hydrothermal alteration produced by Eocene intrusive bodies within Cretaceous volcanics. Alteration types include strong argillic alteration with abundant hematite as well as siliceous zones in the form of mantos.

#### Mineralisation

Small prospects in the vicinity show evidence of bornite, chalcopyrite, hematite and magnetite mineralisation.

### Hampton exploration activities (2008 – present)

No formal geological model has been prepared at present. However, the Isidro area and the adjacent San Lorenzo and Cerro Plata prospects demonstrate manto IOCG (copper oxide, iron and gold) style mineralisation dipping gently toward the west associated with breccias and feeder zones in volcanics with intrusives along a regional fault.

## 3.4.2 Camaron (Hampton: Camaron - 100%, and Genesis - right to acquire 100%).

### Background

The Camaron early-stage exploration property is located approximately 90 kilometres east of the town of La Serena in central Chile. From La Serena, a paved road extends 70 kilometres to the east to the town of Vicuña. The project can be reached by travelling a further 20 kilometres to the south on a dirt road.

The exploration area is at an elevation ranging between 1200 and 1500 metres above sea level in an area of relatively low topographic relief.

The climate of the sector is typical of the pre-Andean mountains of these latitudes, typically warm summers and cold winters. Rain fall is about 100 to 150 millimetres per year.

The claims covering the Camaron project area total 133.7 $km^2$. Total maintenance costs in 2007 were US$ 25,220; in 2008 were US$69,054 and 2009 were US$134,122.

The Camaron and Langosta claim groups are 100% owned by Hampton and cover 103.7 km2, while the remaining 30 km2, referred to as the Genesis claim group, are held by Hampton under an option agreement with Sociedad Legal Minera Genesis Uno de la Quebrada del Rio y Otras. Hampton can acquire 100%. The option expires 23 August 2010.

No known work has been undertaken by earlier workers on the property except for the excavation of a few prospect pits for which no information is available.

### Geology and alteration

The Camaron early stage exploration property has a notable surface colour anomaly elongated in a northwest/-southeast direction that measures approximately 10km by 6km. This colour anomaly is the result of the emplacement of a porphyritic textured igneous complex, closely related to the presence of hydrothermal alteration and mineralization (late magmatic and late hydrothermal), very similar to classic Andean Cu-Mo porphyry copper systems. This system is emplaced in the metallogenic belt known as the Andean Upper Cretaceous – Lower Tertiary Porphyry Copper Belt.

Emplacement of the intrusives and subsequent mineralization is facilitated by the north-trending Vicuña Fault, host to identified copper mineralization in the region. This may also correlate with the southern extension of the regional Domeyeko Fault System.

### Hampton exploration activities (2007 - present)

Early-stage exploration activities including widely spaced (400 metre) mapping and sampling traverses have commenced and preliminary indications show that there are areas anomalous in copper, molybdenum and gold. Evidence of copper oxides and iron mineralisation have been reported along the sample lines, and the presence of copper, molybdenum and gold mineralisation can be seen in the old workings.

In addition, preliminary field indications suggest that there may be broad gold anomalies associated with hot spring/sinter style low-sulphidation epithermal systems located on the tenements.

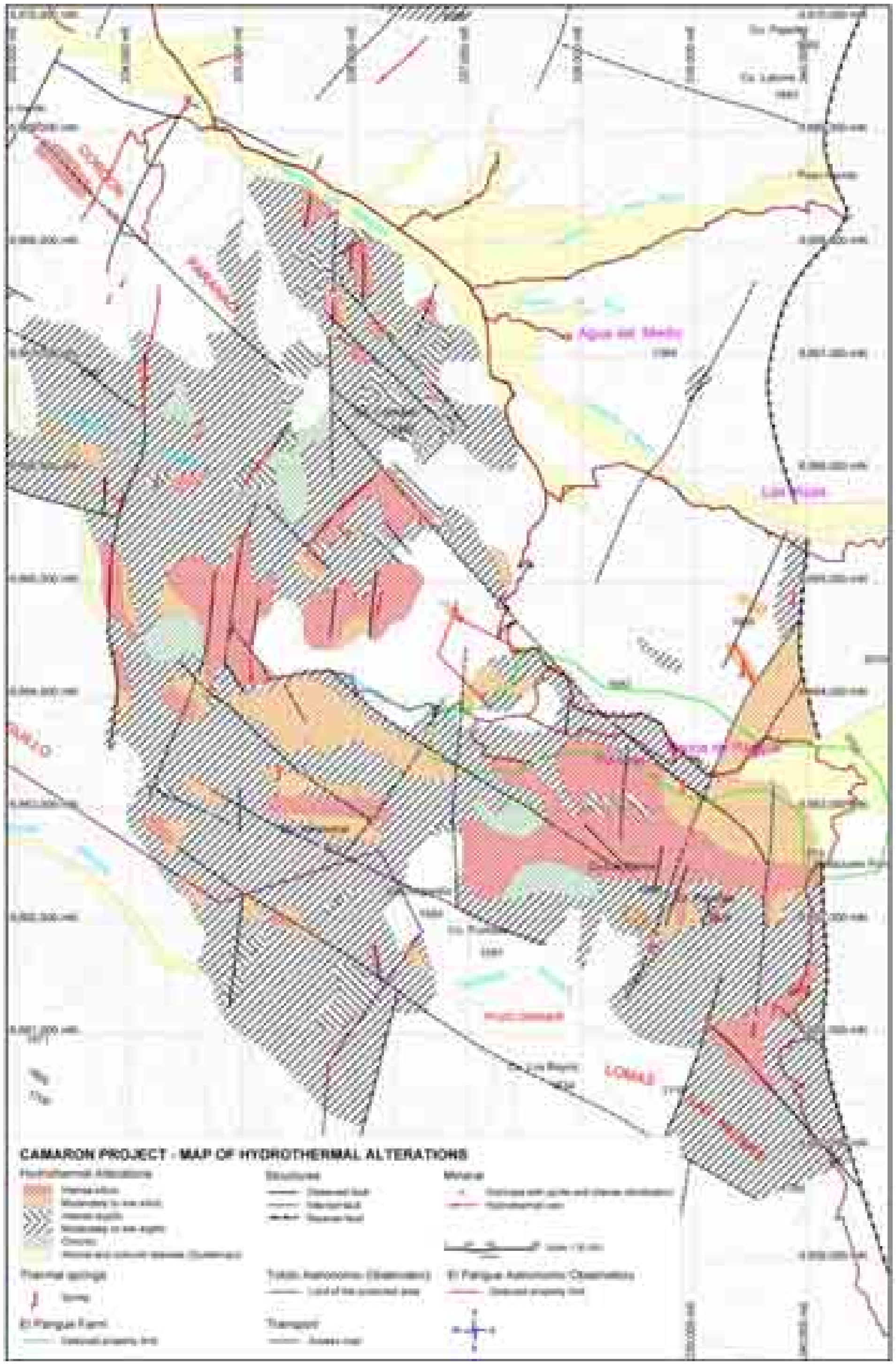


**Figure 3.13 Map showing regional hydrothermal alteration at the Cameron Project.**

(Note: the grid in the figure is based on one km squares)

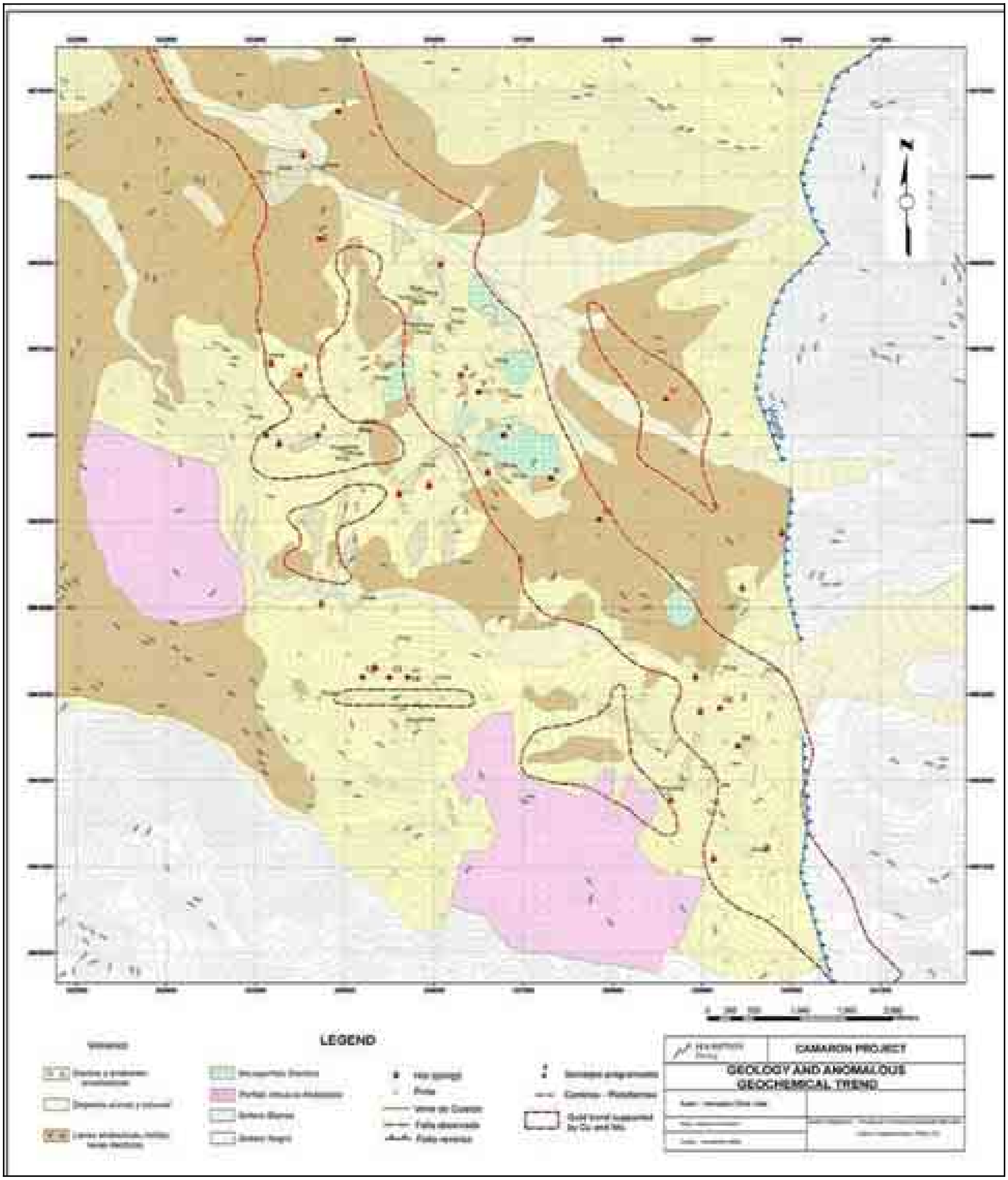


**Figure 3.14** Map showing geology and anomalous geochemical trend at the Cameron Project

(Note: the grid in the figure is based on one km squares. The zones outlined by dashed lines are “gold trend supported by Cu and Mo”)

# 4 Metminco Limited's projects

**AUSTRALIAN PROJECTS**
Reflecting Metminco's strategic focus on its South American assets, the Company's Australian exploration projects will undergo progressive review and divestment.

# 5 Asset Valuation

This report does not undertake a valuation based on net present value of reserves for different projects since development of the assets in terms of exploration activity (particularly drilling) and related technical and other studies is not sufficiently advanced.

However it does notes that a Scoping Study was undertaken in 2008 by SRK Consulting (Chile) for Mollacas which includes a net present value estimation. Refer above to Section 3.2 (a) (8).

# 6 Summary and Prospectivity Conclusions

Through its right to exercise an option to acquire all of JIC's shares in Hampton, announced September 2009, Metminco can increase its equity in Hampton from 36.5% to over 50%, meaning a majority interest and thereby gaining control over Hampton, including management of Hampton's projects.

Hampton has a portfolio of projects focused on porphyry and porphyry-related base and precious metals in a region renowned for its numerous world class Andean Porphyry style deposits, located in central Chile and southern Peru. Hampton has a balanced portfolio of projects which range in status from pre-feasibility stage, through advanced exploration to early exploration stage.

- Pre-feasibility study stage
    - o **Mollacas** *oxides and supergene sulphides, with possible hypogene mineralisation at depth* (Chile / Cu-Au);
- Advanced exploration stage
    - o **Los Calatos** *hypogene and potential supergene mineralisation* (Peru / Cu-Mo),
    - o **Vallecillo** *hypogene mineralsiation* (Chile / Zn-Au), and
    - o **Loica** *hypogene mineralisation* (Chile / Cu-Mo);
- Early exploration stage
    - o **Camaron** *hypogene and supergene mineralisation potential* (Chile / Cu-Au-Mo),
    - o **Isidro** *hypogene and supergene mineralisation potential* (Chile / Cu-Au).

This portfolio, focussed on a particular mineralisation style and having substantial depth of opportunity, affords Hampton with the flexibility to consider the relatively near-term development of its Mollacas Project, and rapidly expanding its knowledge and resource base at the Los Calatos Project, while also advancing the understanding of its other earlier stage projects.

The Los Calatos project is located in southern Peru and falls within a northwest-southeast trending metallogenic belt comprising younger Paleocene – Eocene aged intermediate volcanic and associated intrusive rocks that have been deformed by the northwesterly / southeasterly trending Incapuquio Fault System. Locally, the Incapuquio Fault System appears to have been the focus of numerous calc-alkaline porphyritic intrusives and associated breccia complexes which in places have caused sufficient hydrothermal activity and associated mineralisation to host major porphyry copper deposits such as Cuajone, Quellaveco, and Toquepala, located to the southeast of Los Calatos.

The Los Calatos project is a relatively advanced exploration project and has the potential, through further drilling, to significantly add resource value and for hosting a medium sized copper – molybdenum deposit amenable to mining by open pit. The potential at depth should be further drill tested with a reasonable expectation to substantially increase the existing JORC-compliant Indicated and Inferred Resource inventory of 261.5 million tonnes having an average grade of 0.41% copper and 0.04% molybdenum (based on a 0.20% copper cut-off).

Further exploration is also warranted on other anomalous zones close to the area currently being drilled at Los Calatos, and elsewhere within the tenements.

The Isidro, Camaron, Vallecillo, Mollacas and Loica properties are all closely aligned along a well developed regional structure that has localized intrusive activity and related hydrothermal alteration in both the host volcanic host sequences and the intrusives themselves. Each of these properties has many of the characteristics of typical Andean Porphyry systems and their oxidised derivatives, and therefore warrant further persistent and diligent exploration to assess their capacity to host economic quantities of hypogene and supergene copper, molybdenum and precious metals.

The Loica prospect shows potential for hosting a large-scale porphyry copper-molybdenum deposit.

The Mollacas prospect is targeted as a medium sized open pit copper oxide deposit with supergene enrichment and potential for primary copper-gold mineralization at depth.

The Vallecillo La Colorada prospect is envisioned by Hampton as a target for a medium sized open pit zinc–gold–silver–lead deposit in a structurally related wide breccia zone with further potential along strike and down dip. The remaining tenements are prospective for other porphyry-related styles of mineralisation.

With the exception of Isidro and Camaron, all Hampton's above-mentioned projects have been tested by drilling (undertaken primarily by Hampton) and initial JORC-compliant mineral resources have been established at Los Calatos, Mollacas and Vallecillo.

A scoping study has been completed over Mollacas and preliminary metallurgical testwork has been commissioned for mineralised material from Vallecillo and Los Calatos with a view to using these results in scoping out the economic viability for these projects.

The prospects at Isidro and Camaron are at early prospect stage where surface mapping and reconnaissance sampling has been commissioned. Early indications are encouraging with evidence of precious metal mineralisation associated with epithermal sinter-style geology being identified on both properties.

# Technical Glossary

| | |
|---|---|
| Actinolite | Mineral composed of hydrous calcium, magnesium and iron silicate |
| Albite | A variety of plagioclase feldspar |
| Alkali | Chemically basic rock. |
| Alteration | Alteration of a rock by geological forces resulting in a change in its chemical or mineralogical composition |
| Amphibole | A group of rock forming silicate minerals that occur most frequently in igneous and metamorphic rocks |
| Andesite | Fine grained igneous extrusive rock, mineralogical equivalent of diorite |
| Apatite | A calcium phosphate mineral |
| Argillic | Pertaining to argillite - a fine grained sediment comprised mainly of clay minerals and fine quartz. |
| Assay | Analysis to determine valuable metal content of a sample. |
| Basalt | A dark coloured, fine grained basic volcanic rock |
| Biotite | A ferro-magnesium silicate mineral |
| Breccia | A rock composed of broken, angular fragments in a fine-grained matrix. |
| Brochanthite | Copper sulphate hydroxide mineral |
| Calcareous | Rocks containing a high proportion of calcite |
| Calcic | Pertaining to calcium |
| Calcite | Calcium carbonate mineral |
| Calk-alkalic | Describing igneous rocks, which are 56-61% silica and the percentages of CaO and of K2O + Na2O are equal |
| Chalcocite | Copper sulphide mineral usually found in or near the oxidised zone of copper sulphide deposits |
| Chalcopyrite | Copper iron sulphide mineral commonly found in sulphide veins and disseminated in igneous rocks |
| Chip Sampling | Method of sampling rock by taking ‘chips’ with a hammer |
| Chlorite | A group of greenish silicate clay minerals, which are hydrothermal alteration products of tuffs, andesites and sediments |
| Chrysocolla | Hydrous copper silicate mineral |
| Clinochlore | Magnesium iron aluminium silicate hydroxide mineral – common member of the chlorite group |
| Clinopyroxene | A member of the pyroxene group of minerals sometimes containing significant calcium |
| Codelco | State copper mining company in Chile |
| Continental margin | At the edge of the Earth's major crustal plates i.e. where continental masses meet oceanic crust. |
| Covellite | Copper sulphide mineral commonly found in zones of secondary enrichment above copper ore deposits |
| Cretaceous | The final geological time period of the Mesozoic Era 140Ma to 65Ma. |
| Dacite | A fine grained igneous rock intermediate in composition between rhyolite and andesite. |
| Deformation (Front) | Alteration such as faulting, folding, shearing, compression or extension of rock formations by tectonic forces |
| Diamond Drilling | Rotary drilling using diamond-set or diamond-impregnated bits to produce a solid continuous core of rock. |
| Diopside | Calcium magnesium silicate - an important rock forming mineral in several metamorphic and basic to ultra basic igneous rocks |
| Diorite | A coarse grained igneous rock consisting of alkali feldspar, some pyroxene and or amphibole with a little quartz |

| | |
|---|---|
| Dip | The angle at which layered rocks, foliation, a fault, or other planar structures, are inclined from the horizontal. |
| Disseminated | Fine grained mineralisation scattered evenly throughout the rock |
| Eocene | Geological time period 40-58 Ma |
| Epidote | Calcium aluminium iron silicate hydroxide mineral |
| Facies | Unit defined by its geological features |
| Fault | A fracture (or a zone of fracture) in rock, along which there has been observable displacement between the two adjacent blocks |
| Ferric | Pertaining to iron |
| Feldspar | A silicate mineral group, the most important group of rock forming minerals being essential constituents of igneous rocks, present in most metamorphic rocks and in many sedimentary rocks. The most common types are potassium, sodic and calcic |
| Fold | Bend or buckle in any pre-existing structure in a rock as result of deformation |
| Foliation | Orientation of minerals in a rock due to deformational processes |
| Gabbro | A coarse grained igneous rock consisting of calcic feldspar, pyroxene and commonly hornblende and/or olivine |
| Garnet | Group of aluminium nesosilicate minerals common in highly metamorphosed rocks and in some igneous formations |
| Geochemistry | Branch of geology that studies the chemical content of rocks |
| Geophysics | Branch of geology that studies the physics of the Earth |
| Green schist | A schistose metamorphic rock whose green colour is due to the presence of chlorite, epidote, or actinolite |
| Haematite | A common iron oxide mineral |
| Hornfels | A fine grained metamorphic rock |
| Hydrothermal | The name given to any process associated with igneous activity which involve heated or superheated water |
| Igneous | Rock type formed by crystallisation from molten rock or magma |
| Intercalations | Layers that exist between and have been introduced at a later date to the original layers |
| Intrusive | A general term describing a mass of igneous rock which solidified before reaching surface |
| Jurassic | Geological time period 210-140 Ma |
| Limestone | A deep marine sedimentary rock comprised primarily of calcium carbonate derived from shell material |
| Lithology | The physical characteristics of rock |
| Magmatic | Pertaining to magma - molten rock |
| Magnetite | Magnetic greyish black iron oxide mineral |
| Manto | A flat-lying, bedded deposit; either a sedimentary bed or a replacement strata-bound orebody |
| Marialite | A sodium aluminium silicate chloride sulphate mineral |
| Metallogenic | Pertaining to areas characterised by particular assemblages of mineral deposits or by one or more characteristic types of mineralisation |
| Metasomatism | Alteration in a mineral or rock mass involving a chemical change of the substance as opposed to ordinary metamorphism which involves recrystallisation |
| Miocene | Geological time period 210-140 Ma, part of the Tertiary |
| Morphology | Branch of geology that studies the characteristics and configuration and evolution of rocks and land forms |
| Muscovite | Potassium aluminium silicate hydroxide fluoride mineral common in granite and metamorphic rocks |
| Mylonitic | Pertaining to compact, chert-like rocks without cleavage, but with a |

| | |
|---|---|
| | streaky or banded structure |
| Natrolite | Hydrated sodium aluminium silicate mineral |
| Ore | Mineral bearing rock that contains one or more minerals, at least one of which can be mined and treated profitably under current or immediately foreseeable economic conditions. |
| Oxide | Soft, weathered rock generally formed by the process of weathering near surface |
| Paragenesis | The origin of minerals |
| Phyllic | Usually hydrothermal alteration resulting in chemical and mineralogical change of silicates to a sericite mica dominated assemblage |
| SRK Consulting Hampton IPO Report | R_01212603_SRK_Hampton_Rev3_300608 June, 2008 |
| Plagioclase | A member of the feldspar mineral group that contains considerable sodium and calcium |
| Pluton | A large body of igneous rock which solidified beneath the Earth's surface |
| Porphyry | An igneous rock which contains large crystals (phenocrysts) usually of feldspar |
| Potassium | Pertaining to potassium |
| Propylitic | Usually refers to a peripheral area or zone where minerals have been chemically changed, characterised by chlorite, sericite, quartz, albite and carbonate minerals |
| Pyrite | A common iron sulphide mineral. |
| Pyroxene | A group of crystalline silicate minerals common in igneous and metamorphic rocks |
| Quartz | Very common silica mineral |
| Reverse circulation drilling | A drilling method during which rock cuttings or chips are pushed to the surface through an outer tube usually by air (or liquid) pressure from an inner tube |
| Rhyolite | One of a group of extrusive igneous rocks commonly showing flow textures - the extrusive equivalent of granite |
| Scapolite | Greyish white mineral intermediate in composition between marialite and meionite |
| Sericite | A fine grained white micaceous mineral often the product of alteration processes |
| Skarn | A mineralised body which is the result of an igneous intrusion coming into contact and reacting with limestone or calcareous sediment and causing recrystallisation and mineralogical and chemical alteration |
| Sodic | Pertaining to sodium |
| Specularite | A black or grey variety of haematite with a metallic lustre |
| Stockwork | Mineral deposit comprised of a network of very closely spaced small, irregular veins |
| Stratigraphy | Branch of geology which studies the sequence or layers of rocks |
| Strike | The direction or bearing of a bed or layer of rock in the horizontal plane. |
| Sulphide | Mineral formed with sulphur and often iron |
| Syntectonically | Pertaining to mineralisation which formed at the same time as the described geological forces and movements |
| Tectono-magmatic | Relating to major structural and igneous events. |
| Thin section | Fragment of rock or mineral mechanically ground very thinly and mounted between glasses as a microscope slide to enable analysis of the |

| | |
|---|---|
| | optical properties of each mineral |
| Thrust fault | Low angle reverse fault |
| Tonalite | Intrusive igneous rock consisting of plagioclase feldspar, quartz and amphibole or biotite |
| Tourmaline | A complex borosilicate and hydroxide of aluminium containing iron, magnesium, calcium, lithium and sodium common in igneous and metamorphic rocks |
| Trenching | A means of exposing and sampling near-surface geology by digging a shallow trench |
| Vein | Tabular or sheet like body deposited in openings of fissures, joints or faults in the host rock |
| Volcano-sedimentary sequence | Package of rocks comprising intercalated volcanic and sedimentary rocks |
| Volcaniclastic | Sediment comprised mainly of eroded volcanic material |
| Wollastonite | Calcium silicate mineral common in skarns or contact metamorphic rocks |

## UNITS AND ABBREVIATIONS

| | |
|---|---|
| AIM | London Stock Exchange's international market for smaller growing AIM companies |
| AFS | Atacama Fault System |
| Au | Chemical symbol for gold |
| Ca | Chemical symbol for calcium |
| Co | Chemical symbol for cobalt |
| Cu | Chemical symbol for copper |
| CFS | Chivato Fault System |
| Fe | Chemical symbol for iron |
| GDP | Gross Domestic Product |
| g/t | Grammes per tonne – unit of grade for precious metals such as gold |
| Ha | Hectares |
| IOCG±U | Iron – Oxide – Copper – Gold ± Uranium |
| IP | Induced polarisation – type of geophysical survey used in early stage exploration |
| K | Chemical symbol for potassium |
| Km | Kilometres |
| M | Metres |
| Ma | Million years ago |
| Mo | Chemical symbol for molybdenum |
| Mt | Million tonnes |
| Na | Chemical symbol for sodium |
| ppb | Parts per billion |
| ppm | Parts per million |
| RC | Reverse circulation |
| RTP | Reduced to pole –treatment of magnetic survey data to place magnetic anomalies directly over the source bodies |
| SCM | Sociedad Contractual Minera |

# Annex I

## Hampton Properties in Chile

| Project | Concession Area (KM²) | Concession holder | Agreement | Number of Concessions | Type of concession and concessions held | Hampton Interest | Encumbrance | Expiry Date |
|---|---|---|---|---|---|---|---|---|
| LOICA | 34.41 | SCM Ovalle | MN Agreement | 14 | Exploitation Concessions: Torca 25 1-85 to Torca 41 1-30 | Hampton Chile - 50% indirect interest through SCM Ovalle | - | Not expire subject to payment of annual license fees |
| | 40.00 | Hampton Chile | | 14 | Exploration Concessions: Torcaza 4, 5, 6, 7, 8, 12, 13, 14, 15, 16, 22, 23, 24 and 25. | Hampton Chile - 100% | - | Torcaza 4, 5, 6, 7, 8, 12, 13, 14, 15, 16, 22, 23, 24 and 25 will expire on June 30, 2011. |
| | 0.04 | Hampton Chile | | 1 | Exploitation Concession: Canguro 2, 1-4 | Hampton Chile - 100% | - | Not expire subject to payment of annual license fees |
| MOLLACAS | 6.80 | SCM Ovalle | MN Agreement | 8 | Exploitation Concessions: Centinela 1-10, Manto Primero 1-10, Manto 7 Segundo 1 al 20, Manto 7 Tercero 1-10, Manto 7 Cuarto 1 al 40, Manto 7 Quinto 1 al 10, Manto 7 Sexto 1 al 20 and Manto 7 Séptimo 1 al 20. | Hampton Chile - 50% indirect interest through SCM Ovalle | - | Not expire subject to payment of annual license fees |
| | 10.75 | SCM Ovalle | MN Agreement | 6 | Exploitation Concession Applications submitted 18 April 2008: Valdivia 13 1-60, Valdivia 14-A 1-25, Valdivia 14-B 1-50, Valdivia 15 1-100, Valdivia 16 1-60, Valdivia 17 1-60 and Valdivia 18 1-60. | Hampton Chile - 50% indirect interest through SCM Ovalle | - | Exploitation Concession applications in progress |
| | 4.00 | SCM Ovalle | MN Agreement | 2 | Exploitation Concession Applications submitted 2 May 2008: Valdivia 8 1-40 and Valdivia 9 1-40. | Hampton Chile - 50% indirect interest through SCM Ovalle | - | Exploitation Concession applications in progress |
| | 11.00 | Hampton Chile | MN Agreement | 4 | Exploitation Concession Applications submitted 26 May 2009: Valdivia 10-B 1-40, Valdivia 11-B 1-60, Valdivia 12-B 1-60 and Valdivia 18 1-60. | Hampton Chile – 100% | - | Exploitation Concession applications in progress |
| | 30.00 | SCM Ovalle | | 11 | Exploration Concession Applications: Bondi Mollacas 1 to Bondi Mollacas 11. | Hampton Chile - 50% indirect interest through SCM Ovalle | - | Exploration Concession applications in progress |
| VALLECILLO | 54.00 | SCM Ovalle | | 22 | Exploitation Concessions: Andrea Uno 1/200, Andrea Dos 1/300, Andrea Tres 1/300, Andrea Cuatro 1/300, Andrea Cinco 1/300, Andrea Seis 1/300, Andrea Siete 1/300, Andrea Ocho 1/200, Andrea Nueve 1/200, Andrea Diez 1/300, Andrea Once 1/300, Andrea Doce 1/300, Andrea Trece 1/300, Andrea Catorce 1/300, Andrea Quince 1/300, Andrea Dieciseis 1/300, Andrea Diecisiete 1/300, Andrea Dieciocho 1/300,Andrea Diecinueve 1/300, Colorado 28-30, Colorado 47 and Chiflon 1-40. | Hampton Chile - 50% indirect interest through SCM Ovalle | Colorado 28-30/Colorado_47: Mineshaft Encumbrance: It is perpetually granted in favor of Colorado 1-27, Colorado 31-46 and Colorado 48-150 | Not expire subject to payment of annual license fees |
| | 54.00 | SCM Ovalle | | 18 | Exploration Concession Applications: Sydney-Vallecillo 1 to Sydney-Vallecillo 18 | Hampton Chile - 50% indirect interest through SCM Ovalle | - | Exploration Concession applications in progress. |
| ISIDRO | 43.50 | Hampton Chile | | 16 | Exploitation Concession Applications submitted: December 30, 2009<br>Isidro 1 1-40 to Isidro 16 1-200. | Hampton Chile -100% | - | Exploitation Concession applications in progress. |
| | 85.00 | Hampton Chile | | 30 | Exploration Concessions: Isidro 17, 24, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 and 79 | Hampton Chile | - | Isidro 17, 24, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78 and 79 will expire on May 22, 2010. |

| Project | Concession Area (KM²) | Concession holder | Agreement | Number of Concessions | Type of concession and concessions held | Hampton Interest | Encumbrance | Expiry Date |
|---|---|---|---|---|---|---|---|---|
| | 94.00 | Hampton Chile | | 32 | Exploration Concessions: Isidro 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 and 51 | Hampton Chile | - | Isidro 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 and 51 will expire on May 9, 2010 |
| | 3.00 | Hampton Chile | | 1 | Exploration Concessions: Isidro 39 | Hampton Chile | - | Isidro 39 will expire on July 18, 2010 |
| | 23.00 | Hampton Chile | | 10 | Exploration Concessions: Isidro 105, 106, 108, 109, 110, 111, 112, 115, 116 and 117 | Hampton Chile | - | Isidro 105, 106, 108, 109, 110, 111, 112, 115, 116 and 117 will expire on July 28, 2011. |
| | 20.50 | SCM San Lorenzo | San Lorenzo Agreement | 7 | Exploitation Concessions: Caleton 1-50, San Lorenzo Primero 1-30, San Lorenzo Segundo 1-60, San Lorenzo Tercero 1-60, San Lorenzo Cuarto 1-60, San Lorenzo Quinto 1-60 and San Lorenzo Septimo 1-60 | Hampton Chile - 50% indirect interest through SCM San Lorenzo | - | Not expire subject to payment of annual license fees |
| CAMARON-LANGOSTA | 66.70 | Hampton Chile | | 28 | Exploration Concession Applications: Camaron 2, 1/100, Camaron 3, 1/60, Camaron 9, 1/300, Camaron 15 1/200, Camaron 16, 1/200, Camaron 17, 1/200, Camaron 18, 1/200, Camaron 19, 1/60, Camaron 20, 1/60, Camaron 21, 1/60, Camaron 22, 1/60, Camaron 24, 1/130, Camaron 28, 1/60, Camaron 29, 1/160, Camaron 37, 1/130, Camaron 43, 1/150, Camaron 44, 1/200, Camaron 50, 1/60, Camaron 51, 1/60, Camaron 52, 1/60, Camaron 53, 1/60, Langosta 1, 1/100, Langosta 2, 1/300, Langosta 3, 1/60, Langosta 4, 1/60, Langosta 5, 1/60, Langosta 6, 1/40 and Langosta 7, 1/40 | Hampton Chile -100% | - | Exploitation Concession applications in progress |
| | 6.00 | Hampton Chile | | 2 | Exploration Concessions: Camaron 1, Camaron 55 | Hampton Chile -100% | - | Camaron 1 and Camaron 55 will expire on May 22, 2010 |
| | 30.00 | Hampton Chile | | 13 | Exploration Concessions: Camaron 56, Camaron 57, Camaron 58, Camaron 59, Camaron 60, Camaron 61, Camaron 62, Camaron 63, Camaron 64, Camaron 65, Camaron 66, Camaron 67 and Camaron 68 | Hampton Chile -100% | - | Camaron 56, Camaron 57, Camaron 58, Camaron 59, Camaron 60, Camaron 61, Camaron 62, Camaron 63, Camaron 64, Camaron 65, Camaron 66, Camaron 67 and Camaron 68 will expire on May 06, 2010 |
| | 1.00 | Hampton Chile | | 1 | Exploration Concessions Application: Camaron 69 | Hampton Chile -100% | - | Exploration Concession applications in progress. |
| CAMARON-GENESIS | 30.00 | Third Parties: The following mining exploration concessions are owned by third parties and optioned in | Genesis Agreement | 30 | Exploitation Concessions Applications Genesis I 1-20 to Genesis XXX 1-20. | Hampton Chile – 100% has option to purchase (refer Material Contracts section 3.3 ) | Negative pledges and mortgage granted by virtue of the Genesis Option Agreement | Exploitation Concession applications in progress |

| Project | Concession Area (KM²) | Concession holder | Agreement | Number of Concessions | Type of concession and concessions held | Hampton Interest | Encumbrance | Expiry Date |
|---|---|---|---|---|---|---|---|---|
| | | favor of Hampton Chile (refer Material Contracts 3.3) | | | | | | |
| | 30.00 | Hampton Chile | | 10 | Exploration Concession Applications: Camaron-Genesis 1 to Camaron-Genesis 10 | Hampton Chile – 100% | - | Exploration Concession applications in progress. |
| LAS COLORADAS | 12.00 | Hampton Chile | | 4 | Exploration Concession Applications: Las Coloradas 1 to Las Coloradas 4 | Hampton Chile – 100% | - | Exploration Concession applications in progress. |
| EL SAUCE | 9.00 | Hampton Chile | | 3 | Exploration Concession Applications: El Sauce I to El Sauce III | Hampton Chile – 100% | - | Exploration Concession applications in progress. |

# Annex II

## Hampton Properties in Perú

## LOS CALATOS PROPERTIES

| Mining Concession | Location | Area (Ha) | Arequipa Mining Rights Registry Entry Number | Good Standing Fee payments (2009) | Mining Penalty payments (2009) |
|---|---|---|---|---|---|
| Alfa 1-900 | Torata District, Mariscal Nieto Province, Department of Moquegua | 900 | 20002098 | PAID | PAID |
| Gamma 1-1000 | Torata District, Mariscal Nieto Province, Department of Moquegua | 1000 | 20002034 | PAID | PAID |
| Nelson 1-900 | Torata District, Mariscal Nieto Province, Department of Moquegua | 900 | 20002045 | PAID | PAID |

## MINING CONCESSIONS AND MINING CLAIMS OWNED BY HAMPTON PERU[1]

| Mining Concession | Location | Area (Ha) | Arequipa Mining Rights Registry Entry Number | Good Standing Fee payments (2009) | Mining Penalty payments (2009) |
|---|---|---|---|---|---|
| Nicky 1 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 900 | 11136213 | PAID | NO DEBT |
| Nicky 2 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 1000 | 11136212 | PAID | NO DEBT |
| Nicky 3 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 1000 | 11136211 | PAID | NO DEBT |
| Nicky 4 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 700 | 11136210 | PAID | NO DEBT |
| Nicky 5 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 500 | 11136209 | PAID | NO DEBT |
| Nicky 6 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 800 | 11136207 | PAID | NO DEBT |
| Nicky 7 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 400 | 11136208 | PAID | NO DEBT |
| Nicky 8 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 1000 | 11153440 | PAID | NO DEBT |
| Nicky 9 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 800 | 11157439 | PAID | NO DEBT |
| Nicky 10 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 700 | 11151609 | PAID | NO DEBT |
| Nicky 11 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 1000 | Pending | PAID | NO DEBT |
| Nicky 12 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 800 | Pending | PAID | NO DEBT |
| Nicky 13 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 900 | Pending | PAID | NO DEBT |
| Nicky 14 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 1000 | Pending | PAID | NO DEBT |

[1] To obtain a mining concession, a mining claim must first be filed. Once the claim has been approved a mining concession is granted.

| Mining Concession | Location | Area (Ha) | Arequipa Mining Rights Registry Entry Number | Good Standing Fee payments (2009) | Mining Penalty payments (2009) |
|---|---|---|---|---|---|
| Nicky 15 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 900 | Pending | PAID | NO DEBT |
| Nicky 18 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 900 | Pending | PAID | NO DEBT |
| **Mining Claim** | **Location** | **Area (Ha)** | **Date** | **Good Standing Fee payments (2009)** | **Mining Penalty payments (2009)** |
| Nicky 16 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 800 | October 02, 2009 | PAID | NO DEBT |
| Nicky 17 | Moquegua District, Mariscal Nieto Province, Department of Moquegua | 800 | October 02, 2009 | PAID | NO DEBT |
| TOTAL | | 13,300 | | | |
| Applications | | 1,600 | | | |
| **TOTAL** | | **14,900** | | | |

**PART IV**

**HISTORICAL FINANCIAL INFORMATION ON THE GROUP**

METMINCO

ABN 43 119 759 349

# INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

# REPORT OF THE DIRECTORS

Your directors present their report, together with the financial statements of the company, for the half year ended 31 December 2009.

## DIRECTORS

The following persons held the office of director during the half year ended 31 December 2009.

| | |
|---|---|
| John Fillmore | Non Executive Chairman |
| Keith Weston<br>(resigned as a director 31 October 2009) | Managing Director and Chief Executive Officer |
| Shane Turner<br>( resigned as a director 31 October 2009) | Non Executive Director and Company Secretary |
| William Howe<br>(appointed 17 July 2009) | Non Executive Director |
| William Etheridge<br>(appointed 17 July 2009 non-executive director, appointed 1 October 2009 executive director ) | Director |
| Phillip Wing<br>(appointed 17 July 2009) | Non Executive Director |

## COMPANY SECRETARY

Mr Shane Turner resigned as company secretary on 31 October 2009. On 31 October 2009 Mr Philip Killen was appointed company secretary and was in office at the date of this report.

## OPERATING RESULTS

The loss of the company amounted to $2,465,516 (2008 loss $331,398) after providing for income tax.

## OPERATIONS REVIEW

Metminco Limited (Metminco) is a diversified mineral explorer now focussing on South America, through a 36.5% interest in Hampton Mining Limited (Hampton), an unlisted public company. Hampton 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. Metminco is the largest shareholder in Hampton.

Hampton's flagship project is the Los Calatos copper – molybdenum porphyry project in southern Peru, supported by a number of pre development, advanced exploration and grass roots projects in central Chile, approximately 500km north of Santiago.

# HAMPTON PROJECTS

## Los Calatos Project

The Los Calatos Project is a copper–molybdenum porphyry style mineral complex located in an established mining region in southern Peru, close to existing infrastructure, with access to labour and mining support services. The current JORC compliant resource (Indicated plus Inferred) of 262 million tonnes at 0.43% copper and 0.042% molybdenum at a 0.2% copper cut-off is based on 12, 639 metres of diamond core drilling, including 6,385 metres of drilling by Hampton in late 2008.

Los Calatos is located in an established copper porphyry belt that hosts three major producing mines, Toquepala, Cuajone and Cerro Verde. Another copper-molybdenum deposit, Quellaveco, is currently being evaluated for development.

North Hill Holdings Group Inc (North Hill) wholly owned by Highland Resources Holdings Inc (HHR) is the beneficial holder of exploration rights to tenements Alfa, Gamma and Nelson at Los Calatos (North Hill Los Calatos Tenements). These tenements, totalling 28 sq kms, contain the current drill delineated JORC mineral resources.

Hampton has an option to purchase the North Hill Los Calatos Tenements from North Hill (refer Note 7 d) ii below)

In addition Hampton holds 100% of the tenements totalling 149 sq kms that surround the North Hill Los Calatos Tenements .

### *Drilling and sampling*

Detailed, and ongoing, surface mapping and geochemical sampling over the whole tenement area has revealed additional zones of alteration, with strong indications of brecciation and associated copper mineralisation. The total zone of anomalous geochemistry now covers an area of at least approximately 8km by 3km, with the current drilled resources covering a strike length of only approximately 600 metres.

Approval was granted in September 2009 by the Peruvian Government for a substantial additional diamond drilling program. The drilling will consist of a combined program of 20,000 metres in 26 diamond holes, in two phases of 10,000 metres each.

Drilling commenced in early November 2009 employing two diamond drill rigs. By early 2010 six holes had been completed (holes CD 14, 15, 16, 17B, 18 and 19 totalling approximately 7,300 metres), and holes CD 20 and 21 were in progress.

Diamond drill holes CD 14, 15 and 16 encountered significant copper and molybdenum mineralisation, broadly consistent with the geological model. Assay results for 17B, 18 and 19 are awaited.

Significant intersections from CD 14, 15 and 16 are as follows;

CD 14: between 665m to 1,200m. 427m @ 0.38% Cu and 266ppm Mo
(cumulative intercept, including 1,170m to 1,200m, 30m @ 0.66% Cu and 420ppm Mo).

CD 15: from 796m to 1,200m. 404m @ 0.32% Cu and 260ppm Mo
(including 1,107m to 1,200m, 93m @ 0.69% Cu and 710ppm Mo).

CD 16: between 366m and 713m. 293m @ 0.50% Cu and 951ppm Mo
(cumulative intercept, including 422m to 621m, 199m @ 0.59% Cu and 1280ppm Mo)

### *Metallurgical testwork*

Concurrent with the drilling, a program of initial metallurgical testwork has been undertaken on Los Calatos copper-molybdenum mineralisation samples extracted from diamond drill core from earlier drilling programs. Eleven composite samples were tested. Averaged results for the tests include:

- Concentrate grades: Cu 24.0% and Mo 2.5 %
- Metal recoveries into concentrates: Cu 87.5% and Mo 79.1%

The concentrate grades for copper are lower than expected in a commercial operation, owing to the presence of pyrite. However, it is believed the grade can be readily increased by modifications to the flotation conditions.

## REPORT OF THE DIRECTORS (Cont'd)

By comparison, historically the average concentrate grade for the nearby Cuajone mine has been around 26% Cu, and for the Toquepala mine just over 27% Cu. Historic copper recoveries at these mines have generally been in the 85-90 % range. The molybdenum recoveries achieved are high compared to the rest of the industry.

### Mollacas Project

#### *Background*
The Mollacas Project is located approximately 80km southeast of the town of La Serena, or approximately 450km north of Santiago. Hampton holds a 50% interest in the project, with the balance beneficially held by Chilean corporation MN Ingenerios Limitada. Tenements cover 32.55 sq kms.

Initial drilling of 10 reverse circulation and 46 diamond core drill holes generated JORC compliant Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Resources of 9.8 million tonnes @ 0.52% copper, for total copper resources of 17.0 million tonnes, at 0.54% Cu at a 0.2% Cu cut-off for 92,000 tonnes of copper metal in-situ.

A Scoping Study undertaken by SRK Consulting in 2008 estimated that current resources at Mollacas could be mined over a 7 year mine life producing approx 13,500 tonnes pa cathode at a unit operating cost of approximately US$0.91 per lb.
At copper prices of US$2.50/lb and a discount rate of 8% pa the Net Present Value of the project is US$103 million (or UA$93 million at 10% pa) with an Internal Rate of Return of 70%.

#### *Infill drilling and leach testing*
In November 2008, Hampton completed a 3,970 metre infill drilling program to upgrade the resource classification from Inferred to Measured and Indicated, and to provide material for further detailed leach testing.

Initial leach test work on representative samples from Mollacas drill core commissioned produced good leach results and copper recovery. Hampton is currently proceeding with further and more detailed metallurgical leach test work on oxide and supergene ores for the Mollacas deposit, to provide information for leaching and solvent extraction/electrowinning design as part of a final feasibility study. The additional work will refine copper recoveries and provide more accurate estimates of operating and capital costs.

Hampton is currently completing sample preparation ahead of detailed column leach testwork planned for completion during 2010.

### Vallecillo Project

#### *Drilling and resources*
The Vallecillo gold-zinc project, covering a tenement area of 54.5 km2, is located approximately 70km southeast of La Serena and some 25km north of the Mollacas deposit. Vallecillo is a porphyry related mineralised breccia system, comprising 4 discrete hydrothermal alteration zones, known as Chiflon, Potrero Colorado, Las Pircas and La Colorada respectively, of which the most advanced is La Colorada,

As with Mollacas, Hampton holds a 50% interest in the project, with the balance beneficially held by MN Ingenerios Limitada.

Hampton drilled 12 reverse circulation holes on the La Colorada deposit during 2006, totalling 2,170 metres. This generated an initial JORC-compliant Inferred Resources of 8.5 million tonnes @ 1.42% zinc, 0.76 g/t gold, 8.1 g/t silver and 0.25% lead.

Following a second round of drilling in 2008 of 17 diamond core holes totalling 5,782 metres, a revised Resource Estimation for the La Colorada Au-Zn-Ag-Pb deposit at Vallecillo was completed by SRK Consulting. Contained metal has increased by approximately 40% on the previous estimate (2006).

At a cut-off grade of 0.3g/t Au, total resources are estimated as 10.1 million tonnes and can be broken down into;
• Indicated Resources: 7.9 million tonnes @ 1.14g/t Au; 11.4g/t Ag; 1.32% Zn; 0.29% Pb
• Inferred Resources: 2.2 million tonnes @ 0.78g/t Au; 8.2g/t Ag; 0.58% Zn; 0.26% Pb

#### *Sampling*
Hampton has commenced detailed mapping and surface sampling of the extensive licences held at Vallecillo with a view to generating further base metal and gold targets on the project.

## REPORT OF THE DIRECTORS (Cont'd)

***Metallurgical testwork***

During the December 2009 half year Hampton commissioned preliminary metallurgical test-work on the Vallecillo La Colorada ore to determine ultimate metal recoveries and whether saleable zinc and lead concentrates can be achieved as a precursor to a scoping study.

The testwork assessed gravity concentration and flotation methods, to assess optimal economic recovery of gold and zinc. Results showed excellent recovery of gold through gravity concentration and also that remaining gold reporting into a zinc concentrate is suitable for recovery by leaching.

These preliminary results from the Vallecillo testing are very encouraging, suggesting:

- Total recovery of gold will be approximately 90% into Dore bullion on site.
- Recovery of zinc will be approximately 90% into a zinc concentrate averaging at least 50% zinc.

It is encouraging that a commercial grade zinc concentrate is likely to be achieved from a modest zinc head grade.

### Camaron Project

***Background***

The Camaron Project is located to the north of the Vallecillo Project, some 20km south of the town of Vicuna. Hampton has an extensive tenement holding of some 133.7 km2. Hampton holds most of these tenements in its own right and has an option to purchase (expiring 23 August 2010) 100% of the Genesis tenements (30 sq kms).

The project contains many surface gossans and large areas of hydrothermal alteration. No known previous exploration work has been undertaken on the property, apart from a few small prospecting pits. The regional Vicuna Fault transects the area, and this feature is a known controlling feature on mineralisation further to the south.

Broad spaced geochemical sampling along 400 metre spaced lines has returned anomalous copper, gold and molybdenum values over extensive areas. Visible copper oxide mineralisation has been observed on the traverses and in the prospecting pits.

The Camaron Project is prospective for hosting copper-gold-molybdenum mineralisation. The presence of large alteration zones and intrusives along a major regional fault trend, suggests good potential for porphyry style or related mineralisation. Future exploration includes RC drilling of a number of significant low-sulphidation Au anomalies identified by surface geochemical sampling.

***RC drilling program***

RC drilling is planned over a number of significant low-sulphidation Au anomalies identified by initial geochemical sampling.

### Isidro Project

Isidro is a predominantly copper gold manto (blanket) style early exploration project, located 85km east of La Serena. Hampton owns 100% of the Isidro tenements (269 km2), plus a 50% interest in the San Lorenzo tenements (20.5sq km).

Like Camaron, the north trending Vicuna Fault bisects the project area. The Vicuna Fault is the major regional control on mineralisation. The area is characterised by small copper-gold-silver bearing hydrothermal hematitic breccias as well as larger manto style deposits.

Hampton has completed a wide spaced surface sampling program over manto style prospects, ahead of possible future exploration drilling. Future exploration will include prospect scale mapping, as well as broader reconnaissance mapping, assisted by satellite imagery and broad scale geochemical sampling.

## AUSTRALIAN PROJECTS

Metminco's investment in Hampton reflects a major strategic change of direction for the Company, based on the judgement that exploration and development of Hampton's South American projects is likely be more rewarding for shareholders than exploration of the Company's Australian projects, which Metminco regards as comparatively much less attractive.

Consequently the Australian projects will undergo progressive review and divestment / relinquishment. The Mulgul and Kings River projects have already been relinquished and the Angelo and Grants Creek projects are subject of a proposal for purchase by a 3rd party.

## CORPORATE

During the December 2009 half year Metminco announced two agreements that advance the Company's strategy of focussing on Hampton's South American projects:

- In September 2009 Metminco announced an option agreement to purchase Junior Investment Company's (JIC) interest in Hampton which if exercised would give Metminco a controlling interest in Hampton; and,
- In December 2009 Metminco has agreed to purchase the company holding the exploration rights to the core tenements at Los Calatos, (Alpa, Gamma and Nelson tenements which contain the current drilled resources).

### Option to purchase JIC's shareholding in Hampton

Metminco announced 25 September 2009 it had executed an irrevocable option ("JIC Option") with JIC to purchase JIC's 31.9% interest in Hampton. Metminco has agreed to pay US$0.18074 per share and 2 Metminco shares for every Hampton share held by JIC at time of completion. Hampton shareholders have a pre-emptive right in respect of any sale of Hampton shares

If none of the other Hampton shareholders exercise their pre-emptive rights, the maximum total consideration payable by Metminco on exercise of the JIC Option is US$12 million in cash and 132,787,500 Shares (increasing Metminco's interest in Hampton to 68.4%). If all other Hampton shareholders exercise their pre-emptive rights, Metminco will pay US$6.4 million in cash and issue 71,197,638 Shares to increase its stake in Hampton to 53.6%.

The JIC Option agreement is subject to Metminco shareholder approval, at a General Meeting to be held 12 March 2010.

Metminco paid JIC US$700,000 for granting the JIC Option for a period of 4 months. Subsequent to 31 December 2009 Metminco has paid to JIC a total of US$300,000 to extend the period to 6 months to 17 March 2010.

### Purchase of North Hill

In December 2009 Metminco announced it had entered into an agreement with Highland Resources Holding Inc (HHR) to acquire North Hill, beneficial owner of the North Hill Los Calatos Tenements. The consideration for the acquisition is US$0.5 million and issue of 150,000,000 million fully paid ordinary shares in Metminco on settlement; and a payment of US$ 1.5 million on or before 1 August 2010 (Metminco-HHR Agreement).

The Metminco-HHR Agreement is subject to:

- Metminco acquiring a controlling interest in Hampton (through exercise of the JIC Option); and,
- Metminco shareholder approval for the issue of the Metminco Shares to HHR, at a General Meeting to be held 12 March 2010.

Hampton's option agreement with North Hill to acquire the North Hill Los Calatos Tenements remains in place and is not affected by the Metminco-HHR Agreement.

Hampton's right to acquire the North Hill Los Calatos Tenements, having satisfied other conditions including completion of a 9000 metre drilling program, is also subject to:

- payment of US$0.5 million on or before 1 August 2010; and
- a resource based payment of US$ 0.005 /lb equivalent copper (including copper, molybdenum or other economic metals) on or before 30 September 2010. The resource based payment is based on reserves in the ground, as calculated by an independent expert appointed by the parties, to undertake a scoping study to be funded by Hampton. If the scoping study is not completed prior to 30 September 2010 then an interim payment, based on resources in the ground, must be made prior to 30 September 2010, to be adjusted when the scoping study is completed.
- A bonus payment of US$1.5 million on a decision to mine is payable.

# REPORT OF THE DIRECTORS (Cont'd)

## Convertible Note

On 7 December 2009 Metminco announced that it had signed a A$14 million convertible note term sheet. The terms and documentation are being finalised with the underwriter.

## Issue of Shares

At the end of December 2009 Metminco had on issue 380,747,933 shares compared to 356,940,737 at end September 2009.

In the September 2009 Quarter the Company raised $A2.41 million by issue of 16,606,666 shares at an issue price $A0.15 to sophisticated and professional investors.

Shares issued during the December quarter were:

- 7,140,529 issued at A$ 0.17 per share
- 16,666,667 issued at A$ 0.15 per share

Gross funds raised of approximately A$ 3,713,890 before fees, will be applied to general corporate activities.

In addition 1,000,000 December 2012 Options, each exercisable at A$ 0.25 were issued. There are now 27,230,017 such Options on issue.

## Board Changes

Reflecting the Company's change in focus to the South American projects, there is to be a number of changes to the composition to the Board.

Mr Shane Turner resigned as Director and Company Secretary effective from 31 October 2009. Mr Philip W Killen was appointed Company Secretary and Chief Financial Officer effective 1 October 2009.

Also effective from 31 October 2009, Mr Keith Weston resigned as Managing Director of Metminco and later accepted a transfer to Hampton whereby, based in Lima, he will help oversee activity on the Los Calatos project.

## Auditor's Independence Declaration

The lead auditor's independence declaration under S307C of the Corporations Act 2001, is set out on page 7 for the half year ended 31 December 2009, and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.

John Fillmore, Director

Dated: 25 February 2010

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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 six months ended 31 December 2009, 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 Audit Pty Ltd.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

AG Rigele
Director - Audit & Assurance Services

Sydney, 25 February 2010

**STATEMENT OF COMPREHENSIVE INCOME**
For the six months ended 31 December 2009

| | Note | 31 December 2009<br>$ | 31 December 2008<br>$ |
|---|---|---|---|
| **Revenue** | | | |
| Interest received | | 23,726 | 39,174 |
| Total revenue | | 23,726 | 39,174 |
| | | | |
| **Other Income** | | | |
| Gain on disposal of assets | | 1,190 | - |
| Total other income | | 1,190 | - |
| | | | |
| **Expenses** | | | |
| Administration expenses | | (42,954) | (31,518) |
| Corporate expenses | 2 | (454,590) | (232,808) |
| Employee benefits expense | 2 | (441,725) | (93,071) |
| Depreciation and amortisation expense | | (4,964) | (3,497) |
| Exploration expenditure written off | 4 | (1,009,376) | - |
| Share of net loss of associates | 3 | (520,627) | - |
| Occupancy expense | | (16,196) | (6,378) |
| Loss on sale of assets | | - | (3,300) |
| Total expenses | | (2,490,432) | (370,572) |
| | | | |
| **Loss before income tax** | | **(2,465,516)** | **(331,398)** |
| Income tax expense | | - | - |
| **Loss for the year** | | **(2,465,516)** | **(331,398)** |
| Other comprehensive income | | – | – |
| | | | |
| **Total Comprehensive Income** | | **(2,465,516)** | **(331,398)** |
| | | | |
| **Loss and total comprehensive income attributable to:** | | | |
| Members of the parent entity | | **(2,465,516)** | **(331,398)** |
| Non controlling interests | | – | – |
| | | **(2,465,516)** | **(331,398)** |
| | | | |
| Earnings per share (cents per share) | | (0.698) | (0.625) |
| Diluted earnings per share (cents per share) | | (0.698) | (0.625) |

The accompanying notes form part of these financial statements

## STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

| | Note | 31 December 2009 $ | 30 June 2009 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 2,556,870 | 991,713 |
| Other assets | | 959,929 | 21,280 |
| **TOTAL CURRENT ASSETS** | | **3,516,799** | **1,012,993** |
| **NON-CURRENT ASSETS** | | | |
| Investment accounted for using the equity method | 3 | 38,959,169 | - |
| Property, plant and equipment | | 2,031 | 19,333 |
| Exploration expenditure | 4 | 100,302 | 1,035,963 |
| **TOTAL NON-CURRENT ASSETS** | | **39,061,502** | **1,055,296** |
| **TOTAL ASSETS** | | **42,578,301** | **2,068,289** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 206,283 | 107,827 |
| Short-term provisions | | 6,633 | 4,024 |
| **TOTAL CURRENT LIABILITIES** | | **212,916** | **111,851** |
| **NON-CURRENT LIABILITIES** | | **-** | **-** |
| **TOTAL NON-CURRENT LIABILITIES** | | **-** | **-** |
| **TOTAL LIABILITIES** | | **212,916** | **111,851** |
| **NET ASSETS** | | **42,365,385** | **1,956,438** |
| **EQUITY** | | | |
| Issued capital | 6 | 48,220,524 | 5,399,061 |
| Reserves | | 302,628 | 249,628 |
| Accumulated losses | | (6,157,767) | (3,692,251) |
| **TOTAL EQUITY** | | **42,365,385** | **1,956,438** |

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2009

| | Note | Issued Capital $ | Accumulated Losses $ | Option Reserve $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2008** | | 5,349,061 | (2,447,117) | 249,628 | 3,151,572 |
| Total comprehensive income for the period | | - | (331,398) | - | (331,398) |
| **Sub-total** | | **5,349,061** | **(2,778,515)** | **249,628** | **2,820,174** |
| Dividends paid or provided for | 5 | - | - | - | - |
| **Balance at 31 December 2008** | | **5,349,061** | **(2,778,515)** | **249,628** | **2,820,174** |
| **Balance at 1 July 2009** | | **5,399,061** | **(3,692,251)** | **249,628** | **1,956,438** |
| Shares issued during the half year | | 43,198,785 | - | - | 43,198,785 |
| Options issued during the half year | | - | - | 53,000 | 53,000 |
| Transaction costs | | (377,322) | - | - | (377,322) |
| Total comprehensive income for the period | | - | (2,465,516) | - | (2,465,516) |
| **Sub-total** | | **48,220,524** | **(6,157,767)** | **302,628** | **42,365,385** |
| Dividends paid or provided for | | - | - | - | - |
| **Balance at 31 December 2009** | | **48,220,524** | **(6,157,767)** | **302,628** | **42,365,385** |

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS
For the six months ended 31 December 2009

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Payments to suppliers and employees | (911,159) | (386,680) |
| Interest received | 23,726 | 39,901 |
| **Net cash used in operating activities** | **(887,433)** | **(346,779)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | (1,473) | (1,200) |
| Payments for purchase of shares | - | (46,264) |
| Proceeds from sale of shares | - | 42,964 |
| Payments for exploration expenditure | (73,715) | (590,519) |
| Purchase of option over shares in associate | (813,890) | - |
| **Net cash used in investing activities** | **(889,078)** | **(595,019)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares | 3,718,990 | - |
| Cost of share issue | (377,322) | - |
| **Net cash provided by financing activities** | **3,341,668** | **-** |
| **Net increase/(decrease) in cash held** | **1,565,157** | **(941,798)** |
| Cash and cash equivalent at beginning of financial year | 991,713 | 2,516,777 |
| **Cash and cash equivalent at end of financial year** | **2,556,870** | **1,574,979** |

The accompanying notes form part of these financial statements.

**NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES**

## Basis of preparation

This general purpose financial report for the six months ended 31 December 2009 has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Metminco Limited and as such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

## Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of ‘other comprehensive income’. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.
- we have determined only one comparative period for the Statement of Financial Position was required for the current application of the period as the application of the new standard has not impacted the historical financial position which was previously reported.

Operating Segments.

- From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group’s chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.
- As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

Business Combination and Consolidation Procedures.

Revised AASB3 is applicable prospectively from 1 July 2008. Changes introduced by this standard, or as a consequence of amendments which are expected to affect the Company in the future include the following:

- Business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.

**NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)**

- The Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity. •Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

**Going concern basis of accounting**

This interim financial report has been prepared on a going concern basis. In the opinion of the Directors, Metminco Limited currently has sufficient funds to pay its debts as and when they fall due.

The Directors consider it is appropriate to prepare the financial report on a going concern basis and hence no adjustments have been made in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern.

However, Hampton Mining Limited (Hampton) in which Metminco holds a 36.5% interest will need to raise additional capital to undertake planned work programs in the second quarter of the 2010 year and to exercise its option to acquire the Los Calatos tenements the subject of the North Hill Agreement (refer Note 7 d ii). If Hampton does not exercise its option to acquire Los Calatos then Metminco may require a write down in the carrying value of its investment in Hampton.

| **NOTE 2: LOSS FOR THE PERIOD** | **6 months ended 31 December 2009 $** | **6 months ended 31 December 2008 $** |
|---|---|---|
| **Corporate Expenses:** | | |
| Auditors remuneration | 15,165 | 9,161 |
| Consulting fees | 190,455 | 48,000 |
| Hampton investment related expenses | 21,384 | 160,541 |
| Other Legal fees | 102,217 | - |
| Other expenses | 125,369 | 15,106 |
| **Total Corporate Expenses** | **454,590** | **232,808** |
| **Employee Benefits:** | | |
| Remuneration to officeholders | 437,081 | 144,406 |
| Less exploration expenses capitalized | (49,198) | (52,531) |
| Options issued to directors | 53,000 | - |
| Work cover insurance | 842 | 1,196 |
| **Total Employee Benefits** | **441,725** | **93,071** |

**NOTE 3: INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD**

In July 2009 Metminco Limited acquired a 36.5% interest in Hampton Mining Limited (Hampton) by issue of 303,690,732 shares in the Company. Hampton is an unlisted Australian company with a significant portfolio of exploration projects located in Chile and Peru. The projects are focused mainly on copper but include significant exposure to gold. In terms of stage of development Hampton's project range from mine pre-feasibility, through advanced exploration to grassroots exploration.

Hampton's premier project is the Los Calatos copper-molybdenum porphyry deposit located in southern Peru, near and in a similar geological setting to three large existing copper-molybdenum porphyry mines. An initial resource of 262 million tonnes @ 0.43% Cu & 0.042% Mo (0.74% copper equivalent) at a 0.2% copper cut-off grade has already been announced. The mineralized porphyry system is currently open in several directions and at depth and a further substantial drilling program commenced late 2009.

Hampton's other advanced projects are the Mollacas copper leach project and the Vallecillo gold-zinc-silver-lead project, both located in north central Chile. The Mollacas Project comprises 92,000 tonnes of in-situ copper metal. SRK Consulting, Chile completed a Scoping Study in 2008 indicating a NPV for the project of US$103 million, using a copper price of US$2.50 per pound. Metallurgical test work has commenced on ores from the Mollacas Project to provide information for a feasibility study

**NOTE 3: INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)**

as a precursor to mining. Similar to Mollacas, Vallecillo is a porphyry related mineralised system, with identified gold-zinc-silver-lead resources of over 10 million tonnes grading approximately 2.2g/t Au equivalent.

**Cost of equity investment in Hampton**

| | |
|---|---|
| Consideration paid: | 39,479,796 |
| Share of net assets acquired | 12,405,343 |
| Goodwill | 27,074,453 |
| | 39,479,796 |

| | 6 months ended 31 December 2009 $ | 6 months ended 31 December 2008 $ |
|---|---|---|
| **Movements during the period in equity accounted investment in associated entities:** | | |
| Balance as at the beginning of the financial period | – | – |
| Add new investment during the period | 39,479,796 | – |
| Share of associated entity's loss after tax | (520,627) | – |
| Balance as at the end of the period | 38,959,169 | – |
| *Equity accounted (losses) of associates are broken down as follows:* | | |
| Share of associated entity's loss before income tax | (520,627) | – |
| Share of associated entity's income tax expense | – | – |
| Share of associated entity's loss after income tax | (520,627) | – |
| *Summarised presentation of aggregate assets, liabilities and performance of associates* | | |
| Current assets | 2,824,024 | – |
| Non-current assets | 9,826,408 | – |
| Total assets | 12,650,432 | – |
| Current liabilities | 245,088 | – |
| Total liabilities | 245,088 | – |
| Net assets | 12,405,344 | – |
| Accumulated share of associated entity's loss after income tax | (520,627) | – |
| Share of foreign currency translation reserve movement for the period | (898,449) | |

**NOTE 4: EXPLORATION EXPENDITURE**

| | 31 December 2009 $ | 30 June 2009 $ |
|---|---|---|
| Opening Balance | 1,035,963 | 785,737 |
| Exploration expenditure capitalised during the period *1 | 73,715 | 457,383 |
| Capitalised expenditure written off during the period | (1,009,376) | (207,157) |
| Closing balance | 100,302 | 1,035,963 |

*1The Company determined during the period to divest its Australian assets through farm-out, joint venture or outright sale of these projects and written the value these assets to their estimated sale value as per announcement  dated 17 December 2009.

**NOTE 5: DIVIDENDS**

The company resolved not to pay or declare any dividends in the period ended 31 December, 2009 (2008: $ nil).

**NOTE 6: ISSUED CAPITAL**

| | | 31 December 2009 $ | 30 June 2009 $ |
|---|---|---|---|
| 380,777,933 (30 June 2009: 53,250,005) fully paid ordinary shares | | 48,220,524 | 5,399,061 |
| **Movements in Ordinary Shares** | | | |
| Opening Balance | | 5,399,061 | 5,349,061 |
| Shares issued during year | | | |
| -5 March 2009 | Tenement Allotment | - | 50,000 |
| -8 July 2009 | Acquisition of Hampton investment | 39,479,795 | - |
| -1 October 2009 | Placement | 1,907,000 | - |
| -5 October 2009 | Placement | 593,000 | - |
| -11 December 2009 | Placement | 1,213,890 | - |
| -31 December 2009 | Placement | 5,100 | - |
| Cost of capital raising | | (377,322) | - |
| **Closing Balance** | | **48,220,524** | **5,399,061** |

| **Ordinary Shares** | | Number | Number |
|---|---|---|---|
| At the beginning of reporting period | | 53,250,005 | 53,000,005 |
| Shares issued during year | | | |
| -5 March 2009 | Tenement Allotment | - | 250,000 |
| -8 July 2009 | Acquisition of Hampton investment | 303,690,732 | - |
| -1 October 2009 | Placement | 12,713,333 | - |
| -5 October 2009 | Placement | 3,953,334 | - |
| -11 December 2009 | Placement | 7,140,529 | - |
| -31 December 2009 | Placement | 30,000 | - |
| **At reporting date** | | **380,777,933** | **53,250,005** |

Holders of ordinary shares are entitled to participate in dividends when declared and are entitled to one vote per share, either in person or by proxy, at shareholder meetings. In the vent of winding up the company, ordinary shareholders are ranked after all other creditors and are entitled to any proceeds of liquidation in proportion to the number of an amount paid on the shares held.

## NOTE 7: COMMITMENTS AND CONTINGENCIES

### a) Tenement expenditure commitments

The Company has a portfolio of tenements located in Western Australia, South Australia and Northern Territory. These have a requirement for a certain level of expenditure each year.

At 31 December 2009 the Company had entered negotiations in respect of the sale of these tenements and as such the cost of maintaining these tenements in good standing until the sale is completed is estimated to be no more than $10,000 (as at 30 June, 2009 annual expenditure commitments in respect of exploration assets amounted to $351,100). These commitments are subject to the provision of legislation governing the granting of mineral exploration licences. Commitments may vary in accordance with the provisions of governing regulations.

| | 31 December 2009 | 30 June 2009 |
|---|---|---|
| | $ | $ |
| Not later than1year | 10,000 | 351,100 |
| Later than 1 year, but not later than 5 years | - | 1,404,400 |
| | **10,000** | **1,755,500** |

**Capital expenditure commitments**

At 31 December, 2009 the company had no capital commitments (2008: $0)

**Contingencies**

1 As at 31 December, 2009 the company had potential contingent liabilities of amounting to $10,000 in respect of guarantees provided (30 June 2009: $10,000).

### b) Option Agreement with Junior Investment Company (JIC Option)

The Company announced on 25 September 2009, an option agreement with Junior Investment Company (holder of a 31.9% interest in Hampton). If the option is exercised, Metminco would increase its interest in Hampton from 36.5% to a minimum of 53.6% and up to a maximum of 68.4%, depending on the extent to which other Hampton shareholders exercise their pre-emptive rights. Metminco paid JIC US$700,000 for granting the Option for a period of 4 months, extendable at Metminco's election for a further month (5 months in total) on payment of US$100,000 and an additional one month (6 months in total) on payment of a further US$200,000. Metminco has agreed to pay US$0.18074 per share and 2 Metminco shares for every Hampton share (63,393,750) held by Junior Investment Company. The total consideration is up to US$12 million in cash and up to132.8 million Metminco shares.

### c) Sale and Purchase Agreement

In December 2009 the Company announced it had entered into an agreement with Highland Resources Holding Inc (HHR) to acquire North Hill Holding Inc (North Hill) indirect beneficial owner of Alpa 1-900, Gamma 1-1000 and Nelson 1-900 tenements located in southern Peru (North Hill Los Calatos Tenements). The consideration for the acquisition is US$0.5 million and issue of 150,000,000 million fully paid ordinary shares in Metminco on settlement; and a payment of US$ 1.5 million on or before 1 August 2010 (Metminco-HHR Agreement"). The agreement is subject to:

- Metminco acquiring a controlling interest in Hampton (via exercising the JIC Option, refer 16 b) above); and,
- Metminco shareholder approval for the issue of the Metminco Shares to HHR.

Hampton Mining Limited (Hampton) has an option agreement North Hill to acquire the North Hill Los Calatos Tenements, as summarised below, which emains in place and is not affected by the Metminco-HHR Agreement.

If Hampton exercises its option with North Hill, title to the North Hill Los Calatos Tenements would pass to Hampton in which North Hill would then receive:

- An option payment of US$0.5 million on 1 August 2010.
- US$ 0.05 /lb equivalent copper in reserves based on a scoping study; and,
- A bonus payment of US$1.5 million upon decision to mine.

**NOTE 7: COMMITMENTS AND CONTINGENCIES (Cont'd)**

**d) Commitments and contingencies of Hampton (36.5% owned by Metminco)**

Commitments and contingencies of the Hampton Group (consisting of Hampton Mining Limited, and wholly owned subsidiaries Minera Hampton Chile Limited and Hampton Peru SAC) follow:

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

ii) During July 2007 Hampton entered into an option to purchase a 100% interest in exploration properties known as Los Calatos located in Peru by paying North Hill A$285,000 (US$250,000). The Hampton Group has met all its commitments under the option agreement as at the date of this report to date. To earn the right to acquire the 100% interest Hampton must pay a further annual instalment of US$500,000 on or before 1 August 2010 and meet license fee obligations. To exercise the option Hampton must pay North Hill Holding Inc US$ 0.005 per lb copper equivalent in proven and probable reserves as defined by a scoping study. If the scoping study is not completed prior to 30 September 2010 then an interim payment, based on resources in the ground, must be made prior to 30 September 2010, to be adjusted when the scoping study is completed. A bonus payment of $A1,850,000 (US$1,500,000) is payable on a decision to mine and a royalty of 2% Net Smelter Return ('NSR') is payable on production.

iii) On 23 August 2007 Minera Hampton Chile Limitada entered into an option to purchase 100% of the Genesis Property located in the Vicuna area of Chile. To exercise its right to acquire the Genesis Property, Minera Hampton Chile Limitada must pay monthly instalments of A$12,000 (US$10,000) for a further 14 months (28months to 31 December 2009 already paid) and complete an independent scoping study which will determine the resources and reserves on the Genesis Property. An additional US$0.005 (half a cent of dollar) per pound copper equivalent is payable on resources identified by the scoping study, or a bankable feasibility study if such a study is completed prior to acquisition. Minera Hampton Chile Limitada has met its commitments under the option agreement as at the date of this report.

**NOTE 8: SEGMENT REPORTING**

The Company's activities relate to the exploration for mineral deposits in Australia only. It is noted that Metminco holds an investment in Hampton Mining Limited. This investment is not controlled and is therefore deemed under AASB 8: Segment Reporting not to constitute a reportable segment. The results of this investment are equity accounted in accordance with AASB 128: Investment in Associates. Refer note 3 for the Company's share of its loss for the period.

**NOTE 9: EVENTS AFTER THE BALANCE SHEET DATE**

a) In January and February 2010, Metminco paid to JIC US$300,000 to extend the JIC Option expiry from 17 December 2009 to 17 March 2010 (Refer note 16 b) above).

b) In January 2010 the Company raised $28,900 through placement of 170,000 to private and sophisticated investors.

c) On 22 January 2010 Hampton Mining Limited announced a pro rate Rights issue Offer to raise $1.4 million. In February 2010, Metminco exercised its entitlement in full paid at a cost of $511,043.

d) On 9 February 2010 ,Takoradi Limited released an announcement to the ASX which amongst other matters inferred that certain actions by Metminco was to the detriment of Takoradi Limited. Metminco strongly rejects any such inference or allegation.

e) In February 2010, Metminco announced a shareholder meeting on 12 March 2010 for shareholder to consider approval for the following:

    i) Ratification of the prior issue and allotment of 7,400,529 fully paid ordinary shares in the Company (Shares).

    ii) Approval to issue and allot a minimum of 66,666,667 Shares and a maximum of 120,000,000 Shares at an issue price of not less than A$0.15 to raise a minimum of A$10 million and a maximum of A$18 million.

    iii) Approval to issue and allot up to 132,787,500 Shares to JIC on exercise of the JIC Option.

    iv) Approval to issue and allot 150,000,000 Shares to Highland Holding Resources Inc as consideration for the purchase of North Hill Holdings Group Inc (beneficial owner or the Alfa, Gamma and Nelson tenements located at Los Calatos in southern Peru).

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 8 to 18 are in accordance with the Corporations Act 2001 including:

   a) complying with AASB 134: Interim Financial Reporting and the Corporations Act 2001; and,

   b) giving a true and fair view of the financial position as at 31 December 2009 and of its performance for the half-year ended on that date.

2. In the opinion of directors there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

John Fillmore

Dated this 25 day of February 2010

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 statement of financial position as at 31 December 2009, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors' declaration

### Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), in particular AASB134 Interim Financial Reporting, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 complied with applicable independence requirements of the Corporations Act 2001.

**Auditor's opinion**

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

i giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and

ii complying with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001

**Significant uncertainty regarding carrying value of the investment accounted for using the equity method**

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the financial report which indicates the existence of a material uncertainty which may cast significant doubt about the ability of the associate to raise sufficient funds to undertake planned work programs and exercise an option to acquire the Los Calatos tenements, the subject of the North Hill agreement, and therefore, the carrying value of this project. If the associate cannot raise sufficient funding then the associate may need to write down the value of this asset and in turn the company may need to impair its investment in the associate by up to $38.9 million.

Grant Thornton Audit Pty Ltd.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

AG Rigele
Director - Audit & Assurance Services

Sydney, 25 February 2010

ABN 43 119 759 349

# ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

## 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 30 June 2009.

### Board Composition

The skills, 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 independent directors of the company are:

John Fillmore

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

— less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;

— no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and

— none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent 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 chair prior to incurring any expense on behalf of the company.

The names of the members of the nomination committee and their attendance at meetings of the committee are detailed in the directors' report.

### Ethical Standards

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

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

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

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

### Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the finance 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.

### Audit Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

### Performance Evaluation

An annual performance evaluation of the Board and all Board members was conducted by the Board.

## CORPORATE GOVERNANCE STATEMENT

### Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

### Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Metminco Limited, to lodge questions to be responded by the Board and/or the CEO, 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 CEO 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 worsening economic environment has emphasised the importance of managing and reassessing its key business risks.

### Remuneration Policies

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the remuneration committee after seeking professional advice from independent consultants and was approved by the Board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The remuneration 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 the 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 Key Management Personnel Compensation. 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 Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run 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 committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

### Remuneration Committee

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report.

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

### Other Information

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

## REPORT OF THE DIRECTORS

Your directors present their report, together with the financial statements of the company, for the financial year ended 30 June 2009.

**Principal Activities and Significant Changes in Nature of Activities**

The principal activities of the company during the financial year were:

- Mineral Exploration and the development of Mineral Tenements

There were no other significant changes in the nature of the company's principal activities during the financial year.

**Operating Results and Review of Operations for the Year**

**Operating Results**

The loss of the company amounted to $1,245,134 (2008 loss $2,420,778) after providing for income tax. Further discussion on the company's operations now follows.

**Review of Operations**

## OPERATIONS REVIEW – SEPTEMBER 2009

**EVENTS POST BALANCE DATE**

On 8 July 2009, Metminco Limited ("Metminco") acquired a 36.5% interest in Hampton Mining Limited ("Hampton") via a scrip for scrip offer. On 25 September 2009, Metminco announced the signing of an option agreement between Junior Investment Company ("JIC") and Metminco, giving Metminco the right to acquire all of JIC's shares in Hampton. Completion of the purchase option will give Metminco control of Hampton and to optimally manage the project development activities of Hampton, thereby growing value for shareholders.

The major asset of Hampton is a significant portfolio of Projects located in Chile & Peru. These projects, which are primarily focused on porphyry style copper deposits also include exposure to gold, molybdenum and zinc. Consequently, Metminco will now concentrate its exploration efforts on South America. The Australian exploration projects will undergo progressive review throughout the remainder of 2009 and the Company is seeking Joint Ventures or outright sale of these projects. Discussions have commenced with a number of parties in this regard.

A summary of Hampton's projects in South America is given below; they range from mine pre-feasibility, through advanced exploration and grassroots projects. The two most advanced projects are the Los Calatos copper-molybdenum porphyry deposit in Southern Peru and the Mollacas copper leach deposit in north central Chile.

**SOUTH AMERICAN PROJECTS**

**Los Calatos – Southern Peru**

The Los Calatos project is located in southern Peru, in the Moquegua district and close to the city of Arequipa. It occurs in dry desert topography near the coast, at an elevation of approximately 2,900 metres.

The project occurs near established infrastructure in an existing important mining region. Southern Copper Corporation owns and operates two large open pit copper mines to the south east (Cuajone and Toquepala) and large copper smelting and refining operations at the port of Ilo, approximately 160 kilometres to the southwest. Freeport McMoran owns and operates the large Cerro Verde copper mine, to the northwest.

Los Calatos is well positioned for potential development, being located near considerable service infrastructure and close to a skilled workforce resident in the mining town of Moquegua.

## REPORT OF THE DIRECTORS

Hampton holds tenements covering 133 sq km of ground surrounding the Los Calatos project of which approximately 105 sq km is held through a wholly owned subsidiary, Hampton Peru SAC and 28 sq km held under an option agreement. This option, acquired in September 2007, awards 100% of the rights to those tenements to Hampton, subject to Hampton meeting a number of obligations including payment of USD$0.5 million on or before 1 August 2010 and payment of US$0.005 per lb copper equivalent in reserves, as defined by a Scoping Study or Feasibility Study after drilling 9,000 metres.

*Mineral Resources*

The Los Calatos Deposit has existing JORC compliant mineral resources.

At a cut-off grade of 0.2% Cu, total resources are estimated by Hampton at 261.6 million tonnes @ 0.43% Cu and 0.042% Mo, or 0.74% CuEq (copper equivalent) comprising:

- Indicated Resources 69.2 million tonnes at 0.44% Cu & 0.051% Mo
- Inferred Resources 192.4 million tonnes at 0.42% Cu & 0.038% Mo

Copper equivalence calculations assume a ratio of molybdenum to copper prices of 7.5:1 and do not allow for metal recoveries or smelting and refining terms.

This resource estimation was based on 12,639 metres of drilling, out of total combined drilling on the project to date of 14,709 metres.

Approval has recently been granted by the Peruvian Government for a substantial diamond drilling program. The drilling will consist of a combined program of 26 diamond holes comprising 10,000 metres of infill drilling, to be followed by a further 10,000 metres focused mainly on extending resources. Drilling is expected to commence in late October 2009.

In addition, Hampton is currently undertaking a comprehensive surface geological mapping and sampling program at Los Calatos, focused on the northwest-southeast trending zone of alteration, that surround the main mineralized zone. A number of new targets have been identified that warrant follow up exploration.

### Chilean Projects – North Central Chile

### Mollacas

The Mollacas Project is located approximately 65 kilometres east of the town of Ovalle, or approximately 450 kilometres north of Santiago. Hampton holds a 50% interest in the project, with the balance beneficially held by Chilean corporation MN Ingenerios Limitada.

The Mollacas project is located along a north south trending volcanic sequence, which has been subsequently intruded by sub volcanic porphyritic rocks. The deposit occurs within an alteration zone approximately 1000 x 700 metres in size. The copper mineralisation is present in both the upper oxide and underlying supergene zone.

Initial drilling of 10 reverse circulation and 46 diamond core drill holes generated JORC compliant Indicated Resources of 7.2 million tonnes at 0.56% copper and Inferred Resources of 9.8 million tonnes @ 0.52% copper, for total copper resources of 17.0 million tonnes.

In November 2008, Hampton completed a 3,970 metre infill drilling program to upgrade the resource classification from Inferred to Measured and Indicated, and to provide material for further detailed leach testing. A Scoping Study undertaken by SRK Consulting, Chile, in 2007 estimated that current resources at Mollacas could be mined over a 7 year mine life producing approximately 13,500 tonnes pa cathode at a unit operating cost of approximately US$0.90 per lb. At copper prices of US$2.50/lb the Net Present Value of the project is US$103 million with an Internal Rate of Return of 70%. Hampton has been actively looking at opportunities to extend the life of the Mollacas project through the acquisition of satellite resources located in close proximity to Mollacas.

## REPORT OF THE DIRECTORS

Metallurgical test work has commenced on oxide and supergene ores from the Mollacas Project to provide information for leaching and solvent extraction/electrowinning design as part of a final feasibility study. The test-work is expected to be completed by early 2010.

### Vallecillo

The Vallecillo project is located approximately 50 kilometres northeast of Ovalle and some 25 kilometres north of the Mollacas deposit. Vallecillo is a porphyry related mineralised breccia system, comprising 4 discrete hydrothermal alteration zones, known as Chiflon, Potrero Colorado, Las Pircas and La Colorada respectively. As with Mollacas, Hampton holds a 50% interest in the project, with the balance beneficially held by MN Ingenerios Limitada.

Hampton drilled 12 reverse circulation holes on the La Colorada deposit during 2006, totalling 2,170 metres. This generated an initial Inferred Resource of 8.5 million tonnes @ 1.42% zinc, 0.76 g/t gold, 8.1 g/t silver and 0.25% lead.

Following a second round of drilling in 2008 of 17 diamond holes totalling 5,782 metres, a revised Resource Estimation for the La Colorada Au-Zn-Ag-Pb deposit at Vallecillo was completed by SRK Consulting, Chile. Contained metal has increased by approximately 40% on the previous estimate (2006). At a cut-off grade of 0.3g/t Au, total resources are estimated as 10.1 million tonnes and can be broken down into;

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

Hampton has commenced preliminary metallurgical test-work on the Vallecillo ore to determine ultimate metal recoveries and whether saleable zinc and lead concentrates can be achieved as a precursor to a scoping study. The test-work will also look at the possible extraction of gold and silver as Dore. Hampton has also commenced detailed mapping and surface sampling of the extensive licences held at Vallecillo with a view to generating further base metal and gold targets on the Project.

### Loica

The Loica Project is located approximately 100 kilometres south east of Ovalle. It comprises a large ellipse shaped area of alteration approximately 4 x 1.5 kilometres in size, oriented north south in a spur valley. The Loica tenements cover the southern part of the alteration zone. Like both Mollacas and Vallecillo the project is jointly held by Hampton and MN Ingenerios Limitada.

Previous exploration includes significant drilling and anomalous surface sampling results. Drilling completed by Hampton at Loica during 2006, intersected significant widths of lower grade copper mineralisation as tabulated below.

Diamond drilling results – South Loica

| Hole No | Azimuth | Dip | From | To | Total depth | Intercept |
|---|---|---|---|---|---|---|
| | | | | | | |
| LD 01 | 90° | -60° | 0 | 471 | 660 | 471 metres @ 0.19% Cu & 234 ppm Mo |
| LD 02 | 120° | -60° | 0 | 592 | 682 | 592 metres @ 0.12% Cu & 154 ppm Mo |
| LD 03 | 225° | -60° | 0 | 659 | 659 | 659 metres @ 0.12% Cu & 193 ppm Mo |

Note all holes drilled from a common collar location at approximately 341720 mE & 6562110 mN UTM Zone 19.

## REPORT OF THE DIRECTORS

Loica is still in an early exploration phase, being only partly drilled; however, initial work shows typical characteristics of a large copper molybdenum porphyry system. Future exploration will comprise mapping and geochemical sampling of the breccia zones as a prelude to possible drill testing.

**Cam aron**

Camaron is a large predominantly gold mineralised system that may be related to a porphyry hydrothermal system. The Camaron project is located to the north of the Vallecillo project, some 20 kilometres south of the town of Vicuna. Hampton has an extensive tenement holding of some 215 square kilometres. Hampton holds part of these tenements in its own right and has an option to purchase 100% of the Genesis tenements.

The project contains many surface gossans and large areas of hydrothermal alteration. No known exploration work has been done on the property, except for a few small prospecting pits. However, the regional Vicuna Fault transects through the area, and this feature is a known controlling feature on mineralisation further to the south.

Broad spaced geochemical sampling along 400 metre spaced lines has returned anomalous copper, gold and molybdenum values. Visible copper oxide mineralisation has been observed on the traverses and in the prospecting pits.

The Camaron Project is prospective for hosting copper-gold-molybdenum mineralisation. The presence of large alteration zones and intrusives along a major regional fault trend, suggests good potential for porphyry style or related mineralisation.

Future exploration includes RC drilling of a number of significant low-sulphidation Au anomalies identified by surface geochemical sampling.

**Isidro**

Isidro is a predominantly copper gold manto (blanket) style early exploration project, located 85 kilometres east of La Serena. Hampton owns 100% of the Isidro tenements, a 50% interest in the San Lorenzo tenements and has an option to purchase the Santa Berta tenements, all forming part of the Isidro Project area.

Like Camaron, the north trending Vicuna Fault bisects the project area. The Vicuna Fault is the major regional control on mineralisation. The area is characterised by small copper-gold-silver bearing hydrothermal hematitic breccias as well as larger manto style deposits.

Hampton has completed a wide spaced surface sampling program over three main manto style prospects, Cerro Plata, San Lorenzo and Santa Berta. Future exploration will comprise prospect scale mapping, as well as broader reconnaissance mapping, assisted by satellite imagery and broad scale geochemical sampling.

**AUSTRALIAN PROJECTS**

**Angelo JV (Metminco earning up to 70%)**

The Angelo Project is located approximately 40km south-west of Halls Creek and 5km south of the Great Northern Highway. The Project is a Joint Venture with Pacrim Energy Ltd. There are two main prospects; Leonardo, outlined by geochemistry plus previous RAB drilling and Figaro, located by soil geochemistry. The exploration target is epithermal style of gold mineralization, indicated by the large stratiform (>7 kilometres long) gold & arsenic soil anomalies which appear to be related to quartz stock work veining and reefs in carbonaceous sediments.

Earlier RAB drilling at Leonardo prospect, returned 4 metres @ 2.5 g/t Au & 4 metres @ 3.4 g/t Au on lines 400 metres apart. Metminco undertook a Reverse Circulation drilling program of 25 holes at the Leonardo prospect during mid 2008. Gold values returned were of a similar tenor to earlier drilling; 3 metres @ 1 .97g/t Au & 2 metres @ 4.31 g/t Au, with a peak value of 8 g/t Au. The drilling indicates that mineralisation at Leonardo is nuggetty in nature and occurs in a series of discontinuous strata bound reefs with peripheral low grade stock-work zones.

Following the drilling program, the full geochemical database was reviewed by geochemical consultants, ioGlobal, who merged and levelled all of the previous soil geochemistry and identified sites for follow up sampling. This work highlighted the Figaro area, due to the co – incidence of gold and arsenic anomalism. A field program in May 2009 confirmed earlier geochemical results and extended the Figaro prospect towards the northeast.

## REPORT OF THE DIRECTORS

Recently, the Company obtained restricted magnetic and radiometric geophysical data, collected by previous explorers, Panorama Resources NL in 1994. Images produced from this data reveal elevated potassium, indicative of hydrothermal alteration, at the Figaro prospect. The elevated potassium defines a southwest – north-east trend.

The sizes of the geochemical anomalies on the Angelo project indicate the potential for discovery of significant gold resources. While the initial drilling did not upgrade the Leonardo prospect, recent exploration has highlighted the Figaro area as being worthy of continued work. The enhanced geological understanding gained from Figaro can then be applied to the balance of the licence area. The licence is less than 15 kilometres to the Nicolson's gold treatment plant and this infrastructure could be used to process ore from Angelo.

**Grants Creek JV (Metminco earning up to 70%) & Wilsons Reef (Metminco 100%)**

This project of 14.7 square kilometres covers the historic Grants Creek Mining Centre, 60 kilometres north east of Halls Creek. Wilsons Reef is a small prospecting licence just to the east of Grants Creek. Like Angelo, the Project is a Joint Venture with Pacrim Energy Ltd.

Previous exploration has largely focussed on the historic workings of the known reefs, with only limited examination on the strike extensions. This style of deposit typically occurs where there is remobilisation of low order strata bound mineralisation into structurally controlled sites during regional deformation events.

Exploration by Metminco has identified the prospective horizon (Perseverance trend), which lies in the clastic sediments of the Olympio Formation, just above the contact of the volcanic dominated Biscay Formation. A thinner mineralised horizon occurs within the Biscay formation, known as the Star of Kimberley trend. Gold mineralisation occurs in glassy blue quartz veins containing abundant pyrite and galena.

Following geological mapping and accompanying geochemical sampling, RC drilling over the first prospect (Perseverance) returned a number of promising intersections. These include 15m @4.2 g/t, 5m @ 5.87 g/t, 6m @ 6.13 g/t and 3m @ 7.88 g/t gold, including peak one metre split assays of 17.8 g/t, 20.7 g/t, 12.8 g/t and 15.25 g/t gold respectively. These confirm earlier drilling in the 1980's over the same area. Down hole survey of the holes would be required to bring the results up to JORC standard.

Grants Creek is viewed as a high grade adjunct to the Angelo Project. Ore could be trucked offsite to the Nicolson's plant for treatment.

The next site identified for drilling (Moody's prospect) may be affected by Native Title issues. The Company has received verbal advice that a 500 metre buffer zone is proposed around a landscape feature and Moody's prospect lies within this buffer.

Future exploration would consist of RC drilling at the Moody's & Moody's West prospects and RAB drilling on geochemical anomalies along the main mineralised horizon.

**Sophie Downs (Metminco 100%)**

This exploration licence lies to the northeast of Halls Creek, just below the Grants Creek project. The area is considered to be prospective for a wide variety of mineralization styles ranging from Volcanogenic Massive Sulphide deposits; vein & stock-work hosted gold mineralization, roll front style uranium through to felsic igneous related Rare Earth Element occurrences.

Initial work comprised interpretation of multi-client geophysical data and reconnaissance exploration. This work highlighted the Sophie Downs Rare Earth Prospect and a number of VMS targets in the northern part of the licence that have affinities with similar deposits in the East Kimberley.

Several samples collected from the Sophie Downs Rare Earth prospect revealed anomalous Niobium and Rare Earth values as tabulated below.

*Rock chip assay results - Sophie Downs rare earth occurrence*

| Sample_id | Easting | Northing | Niobium (ppm) | Thorium (ppm) | Cerium (ppm) | Lanthanum (ppm) | Dysprosium (ppm) | Neodymium (ppm) | Praseodymium (ppm) |
|---|---|---|---|---|---|---|---|---|---|
| SD03 | 379558 | 7989297 | 161.3 | 17.3 | 166.2 | 105.2 | 8.7 | 95.4 | 27.0 |
| SD04 | 379557 | 7989290 | 383.5 | 34.5 | 280.5 | 153.6 | 22.5 | 155.4 | 42.6 |
| SD05 | 379570 | 7989288 | 291.9 | 11.4 | 104.8 | 56.9 | 14.7 | 40.5 | 12.0 |
| SD06 | 379560 | 7989280 | 1158.3 | 76.8 | 1244.2 | 1158.0 | 184.1 | 680.8 | 196.5 |
| SD07 | 379608 | 7989332 | 1324.4 | 68.8 | 67.3 | 42.2 | 26.6 | 41.1 | 11.8 |
| SD08 | 379705 | 7989486 | 1301.3 | 90.8 | 940.4 | 615.0 | 91.6 | 367.1 | 110.7 |
| SD09 | 379525 | 7989188 | 254.4 | 11.9 | 92.4 | 54.6 | 10.4 | 62.3 | 16.4 |
| SD10 | 379531 | 7989192 | 344.4 | 20.9 | 386.5 | 207.3 | 35.4 | 201.2 | 52.0 |
| SD11 | 379903 | 7989744 | 29.6 | 23.0 | 122.2 | 90.4 | 6.1 | 47.6 | 15.6 |
| SD12 | 379906 | 7989741 | 1531.2 | 39.8 | 17.8 | 20.7 | 17.1 | 17.6 | 5.2 |
| Average Crustal Abundance (ppm) | | | **20** | **10** | **60** | **30** | **3** | **28** | **8** |

Analysis by ICP – MS by KalAssay Laboratories Perth

All Locations Zone 52 – GDA94

These initial results from the Rare Earth Prospect highlight the potential of the area and additional mapping and sampling work is warranted.

**Mulgul (Metminco 100%)**

The Mulgul exploration licence is located some 200 km north of Meekatharra and is prospective for large base metals deposits. The area lies only 25km southwest of the Abra deposit (93 million tonnes @4% lead & 10g/t silver), and Mulgul has potential for similar deposits as well as secondary fault & fissure hosted copper-gold and base metal mineralisation.

Metminco has reviewed previous exploration data and undertaken an interpretation of the available aeromagnetic and radiometric data for the project. A field visit undertaken during early March 2008 included the collection of stream sediment samples and an orientation geochemical survey over the historic Mulgul copper prospect.

Further geophysical data (GEOTEM) was acquired and interpreted in early 2008, which highlighted five targets for additional exploration work. These targets comprise coincident magnetic and electromagnetic anomalies, adjacent to major structural trends.

Additional field visits to inspect these targets were frustrated by Native Title access issues. A ‘Heritage Protection Agreement’ was ratified with the Native Title representative group in late January 2009.

The Company is currently seeking a Joint Venture partner on the project.

## REPORT OF THE DIRECTORS

### Ashburton Joint Venture (Metminco earning 40%)

In mid 2008, Metminco entered into Joint Venture farm-in agreement with Peak Resources Ltd (Peak) on the Ashburton Project. The Ashburton Project is located midway between Paraburdoo and Meekatharra. The Project consists of two granted exploration licences E08/1 239 (Mt Vernon) and E08/1 240 (Pingandy).

Due to Metminco's current focus on base metal exploration in South America, the Company has withdrawn from the Joint Venture.

### West Lake Eyre (Metminco 100%)

This licence lies to the west of Lake Eyre in South Australia. It is prospective for both deeply buried Iron Ore Copper Gold (+Uranium) Deposits similar to Olympic Dam and Prominent Hill and shallower palaeo-channel deposits in the overlying Cretaceous sediments. There has been limited prior exploration over the area.

In early 2008 Metminco completed an additional gravity survey over the eastern portion of the licence area. This survey meshes with and extends the regional gravity data collected by the South Australian Government.

The regional gravity survey, along with three detailed traverses, revealed two prominent deep gravity features. The probable depths to these sources are 550 metres and 675 metres below surface.

Metminco's initial plan is to drill two deep holes, RC pre collar with diamond tails, over the shallower target. Supplementary funding would be sought from the South Australian Government's PACE program. Drilling in this area is technically difficult as the overlying sediments are part of the Great Artesian basin and high water pressures encountered can cause problems with the drilling equipment.

The Company also completed a scintillometer survey over two surficial uranium anomalies revealed during an analysis of regional radiometric data. The scintillometer survey found uranium levels up to 5 times background associated with a north south fault.

Metminco has recently applied for renewal of the licence over a reduced area of 350 square kilometres. The next phase of exploration planned is shallow drilling around the surficial uranium anomalies. As this is ground disturbing work, a site visit and clearance will be required by the local Aboriginal Representative group (Arrabunna Indigenous Land Use Agreement). A land use agreement with the Representative group was recently registered and exploration is planned to commence in late 2009, following site clearances.

### King River (Metminco 100%)

This licence is located in the Daly River Basin region in the Northern Territory. It covers sediments of Cretaceous age and is prospective for sandstone and unconformity hosted uranium and rock phosphate deposits.

In 2007, re-interpretation and reprocessing of radiometric data delineated untested anomalies within the Cretaceous sandstone units. This lent support to previous work by the Australian Atomic Energy Commission that concluded there was the possibility of a uranium source in the Cretaceous Jinduckin Formation.

Reconnaissance field inspection during 2008, including an orientation scintillometer survey and rock chip sampling, revealed uranium levels between 10 and 15 ppm.

The Company is currently seeking a Joint Venture partner on the project.

**Financial Position**

The net assets of the company have decreased by $1,195,134 from 30 June 2008 to $1,956,438 in 2009. This decrease is largely due to the following factors:

- Write off 100% of Ashburton tenement due to decision to withdraw from Joint Venture having met all requirements up to date of withdrawal, $452,159; write off 41% of West Lake Eyre tenement due to decision to relinquish 41% of area, $93,728 and costs associated with the Takeover of Hampton Mining Limited, $370,082.

These above decisions are based on assessing the value of current tenements and pursuing the takeover of Hampton Mining Limited.

The directors believe the current capital raising in conjunction with signing the Option to acquire JIC's shares in Hampton, so that the company can achieve a majority shareholding in Hampton, places the company in a strong and stable financial position to expand and grow its current operations.

**Significant Changes in State of Affairs**

The following significant changes in the state of affairs of the company occurred during the financial year:

i. On 10 December, 2008 the company announced a Takeover of Hampton Mining Limited. The offer was revised on 2 February 2009 to 4 Metminco shares for every Hampton share, 1.875 Metminco shares for every Hampton March 2009 Option and 0.9 Metminco shares for every Hampton April 2009 Option. The Offer was closed on 8 July 2009. Further details are noted in Subsequent Events.

ii. On 5 March, 2009 the company issued 250,000 ordinary shares in consideration of being transferred the licence of West Lake Eyre tenement.

**Dividends Paid or Recommended**

The company has not paid or declared for payment any dividends during the financial year.

**After Balance Date Events**

On 8 July, 2009 the company closed its Takeover Offer for Hampton Mining Limited ("Hampton"), achieving 36.5% of the shares of Hampton. On 29 July, 2009, the company issued 303,690,732 shares in consideration for the Hampton shares acquired.

On 18 September 2009, the company signed an option agreement with Junior Investment Company ("JIC") giving the company the right to acquire all of JIC's 31.9% shareholding in Hampton. If the company exercises the option it can increase its shareholding in Hampton from 36.5 % to 53.6% if other Hampton shareholders exercise their pre-emption right, or increase shareholding in Hampton to 68.4% if no pre-emption rights are exercised by other Hampton shareholder.

On 24 September 2009 the company completed a successful capital raising of $2,500,000 by issue of 16,666,666 ordinary shares at an issue price of $0.15 to sophisticated and professional investors. These funds will be applied to meet JIC option fees, working capital and increase cash reserves.

On 17 July, 2009 the company appointed as non executive directors William Howe, William Etheridge and Phillip Wing. Mr. Howe and Dr. Wing are current directors of Hampton and Mr. Etheridge is a recently retired director of Hampton. These appointments are as a result of the recent takeover offer of Hampton and bring to the Board significant experience to assist in the future developments of the company.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

## REPORT OF THE DIRECTORS

**Future Developments, Prospects and Business Strategies**

The company will endeavour to exercise the JIC option and gain control of Hampton.

If control is achieved, the company will be in a position to manage the project development activities of Hampton.

**Environmental Issues**

The company's operations are subject to significant environmental regulations under the laws of the Commonwealth and State. Details of the company's performance in relation to environmental regulations follow.

In the course of its exploration, the company carries out sampling and drilling operations that have environmental implications both by way of in situ activities and also gaining access to sites. In such cases, rehabilitation of land and the elimination of any dangerous earthworks are a normal requirement. The directors are not aware of any breaches of environmental regulations.

**Information on the Directors**

| | | |
|---|---|---|
| **John Fillmore** | — | Non Executive Chairman |
| Qualifications | — | LLB, Bcomm |
| Experience | — | Appointed Chairman in May, 2007. Board member since May, 2007. John has practised as a Lawyer continuously since his admission in 1977. In 1985 he established his own firm, J.A. Fillmore & Co. That firm continues under his control today as a boutique legal firm providing advice and services to a range of business enterprises both within and outside Australia. John is chairman or director of a number of unlisted companies in agriculture, financial services, investment, property and several private investment companies. John holds Bachelor of Commerce and Bachelor of Laws degrees from the University of Melbourne and is a fellow of the Tax Institute of Australia. John's involvement in the boards has become a substantial component of his professional life in recent years. |
| Interest in Shares and Options | — | 2,200,000 ordinary shares in Metminco Limited and options to acquire a further 1,099,999 ordinary shares |
| **Keith Weston** | — | Managing Director and Chief Executive Officer |
| Qualifications | — | BSc (hons) MAusIMM |
| Experience | — | Appointed July, 2007. Board member since July, 2007. Keith is a Geologist with over 23 years experience in the minerals industry in Victoria, New South Wales and Western Australia. This includes working for North Kalgurli Mines, Planet Resources Group and an extended period within the Mineral Resources section of the Geological Survey of Victoria and Department of Minerals and Energy. Keith was the Exploration Manager of Goldminco NL prior to consulting to the Victorian and Western Australian minerals industry.<br><br>Since 2001, Keith has worked in the Extractive Industries sector for a number of quarrying operations, in both a managerial and technical capacity; prior to his appointment as managing director of the company. |
| Interest in Shares and Options | — | 550,000 ordinary shares in Metminco Limited and options to acquire a further 274,999 ordinary shares |

| | | |
|---|---|---|
| **Shane Turner** | — | Non Executive Director |
| Qualifications | — | CA, BBus |
| Experience | — | Appointed April, 2008. Board member since April, 2008. Shane is a Chartered Accountant with 23 years experience. Shane commenced his career in Audit with KPMG, Melbourne in 1987. Between 1990 and 2000, he worked for one of the largest regional public accounting practices in Victoria. In August, 2000 he established his own practice, Shane Turner & Associates. Shane provides Accounting, Taxation and Computing services to a range of small, medium and large businesses across Australia. Shane Turner & Associates are ASIC Registered Agents and assist many other Companies with company secretarial services and provide Accounting services to another Public Company involved in mineral exploration and development of mineral tenements. Shane assists the company with ASIC, ASX and Tax compliance services. |
| Interest in Shares and Options | — | 40,000 ordinary shares in Metminco Limited |

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

## REPORT OF THE DIRECTORS

| | | |
|---|---|---|
| **William Howe** | — | Non Executive Director |
| Qualifications | — | B.Sc. FAusIMM |
| Experience | — | Appointed 17 July 2009. Mr Howe, Hampton Mining founder, has over 29 years experience in the mining industry and has worked in Southern and West Africa, Asia, Australia and the USA. He has been instrumental in the development of a number of new mining operations in Australia and Indonesia including the development and management of the first copper heap leach Project in Australia, and an open pit coal mine in South East Kalimantan in Indonesia. He specializes in optimising existing operations and the development of new operations in both underground and open pit mining environments and has extensive experience in mine development, mine management and corporate management. He has worked in many geological and mining environments in several countries around the world and in such commodities as gold, coal, copper, uranium, antimony, chrome and tin. Mr Howe was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL and Selwyn Mines Limited |
| Interest in Shares and Options | — | 49,866,668 ordinary shares in Metminco Limited |

| | | |
|---|---|---|
| **William Etheridge** | — | Non Executive Director |
| Qualifications | — | B.Eng, MA (Cantab) |
| Experience | — | Appointed 17 July 2009. Mr Etheridge has over 30 years experience in the mining and mining finance industry, based mainly in Sydney and London. He worked as a mining engineer with Hamersley Iron, and as an economist for mining companies in London (Consolidated Gold Fields) and Sydney (Renison Goldfields Consolidated). He has also worked within mining companies (including Hargraves Resources and Selwyn Mines Limited) focusing on mining project scoping, analysis and appraisal, valuation of internal and external opportunities, cut-off grade analysis, project administration, preparation of company reports, and investor relations. He has also worked in stockbroking (including Merrill Lynch, ABS White and HSBC James Capel) as a resources analyst, covering a range of mining companies, and including experience in research & equity raising. He has consulted on mining investment opportunities in coal, copper, gold, nickel, zinc and vanadium, and has undertaken detailed analysis of a number of mineral commodities, both metals and energy. |
| Interest in Shares and Options | — | 62,400,000 ordinary shares in Metminco Limited |

**Company Secretary**

The following person held the position of company secretary at the end of the financial year:

Shane Turner — appointed company secretary in April, 2008.

**Meetings of Directors**

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | | Audit Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| John Fillmore | 8 | 8 | 1 | 1 | 1 | 1 |
| Keith Weston | 8 | 8 | | | | |
| Shane Turner | 8 | 8 | 1 | 1 | 1 | 1 |

**REMUNERATION REPORT**

**Remuneration Policy**

The remuneration policy of Metminco Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board of Metminco Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

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

- The remuneration policy is to be developed by the remuneration committee and approved by the Board in consideration with professional advice from independent external consultants.
- The remuneration committee reviews key management personnel packages annually by reference to the company's performance, executive performance and comparable information from industry sectors.

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

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, 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 committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

## REPORT OF THE DIRECTORS

### Performance-based Remuneration

The company does not currently have a performance based remuneration scheme for directors.

### Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the company. The table also illustrates the proportion of remuneration that was received in the form of shares and options.

| | Position held as at 30 June 2009 and any change during the year | Contract details (duration & termination) | Proportions of elements of remuneration not related to performance Fixed Salary/ Fees $ | Total $ |
|---|---|---|---|---|
| ***Key Management Personnel*** | | | | |
| Keith Weston | Managing Director & Chief Executive Officer | One year contract commenced 1/7/09 | 155,000 | 155,000 |
| John Fillmore | Non Executive Chairman | | 72,000 | 72,000 |
| Shane Turner | Non Executive Director & Company Secretary | | 60,000 | 60,000 |

The employment terms and conditions Mr. Weston are formalised in a contract of employment.

Terms of employment require that the company provide Mr. Weston with a minimum of six months notice prior to termination of contract. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least six months 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 remuneration committee.

### Changes in Directors and Executives Subsequent to Year-end

On 17 July, 2009, William Howe, William Etheridge and Phillip Wing commenced as non-executive directors.

**Remuneration Details for the Year Ended 30 June 2009**

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

**Table of Benefits and Payments for the Year Ended 30 June 2009**

| | | | Short-term benefits | Post-employment benefits | Equity-settled share-based payments | Total |
|---|---|---|---|---|---|---|
| | | Total | Salary, fees and leave | Superannuation | Shares/ Units | |
| | | | $ | $ | $ | $ |
| ***Key Management Personnel*** | | | | | | |
| Keith Weston | 2009 | | 143,497 | 10,800 | - | 154,297 |
| | 2008 | | 148,528 | 10,800 | 100,000 | 259,328 |
| John Fillmore | 2009 | | - | 72,000 | - | 72,000 |
| | 2008 | | 11,009 | 87,991 | 100,000 | 199,000 |
| Shane Turner | 2009 | | 58,020 | 1,980 | - | 60,000 |
| | 2008 | | 11,282 | 385 | - | 11,667 |
| Bruce Paterson | 2009 | | - | - | - | - |
| | 2008 | | 40,000 | 40,000 | 100,000 | 180,000 |
| ***Total Key Management Personnel*** | | | | | | |
| | 2009 | | 201,517 | 84,780 | - | 286,297 |
| | 2008 | | 210,819 | 139,176 | 300,000 | 649,995 |

**Securities Received that are not Performance Related**

Shares were acquired by the initial directors of the company when it floated at a nominal value as part of their initial remuneration package. These shares are held as restricted securities for 24 months.

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

There were no bonuses or share-based payments made during the year.

**Options and Rights Issued, Granted & Exercised**

No options or rights were issued, granted or exercised during the year.

**Indemnifying Officers or Auditor**

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

— The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $6,582.

**Options**

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

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| 5/12/07 | 4/12/12 | $0.25 | 26,230,017 |
| | | | 26,230,017 |

Option holders do not have any rights to participate in any issues of shares or other interests in the company.

There have been no unissued shares or interests under option of the company during or since reporting date.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

## REPORT OF THE DIRECTORS

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any 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.

**Non-audit Services**

There were no fees paid by the company for non-audit services to the Company's auditors during the year.

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

John Fillmore, Director Dated: 30 September 2009

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ABN 13871 256 387

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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 30 June 2009, 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
Chartered Accountants

B L Taylor
Partner

Melbourne, 30 September 2009

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

| | Note | 2009<br>$ | 2008<br>$ |
|---|---|---|---|
| Revenue | | | |
| Other income | 2 | 106,667 | 178,693 |
| Administration expenses | | (55,137) | (46,329) |
| Corporate expenses | 3 | (549,796) | (2,004,572) |
| Employee benefits expense | 3 | (193,906) | (531,998) |
| Depreciation and amortisation expense | 10 | (7,074) | (3,627) |
| Exploration expenditure written off | | (545,888) | (12,945) |
| **Profit before income tax** | | **(1,245,134)** | **(2,420,778)** |
| Income tax expense | | - | - |
| **Profit/(Loss) for the year** | | **(1,245,134)** | **(2,420,778)** |

| | | | |
|---|---|---|---|
| Basic earnings per share (cents per share) | 8 | (2.35) | (4.79) |
| Diluted earnings per share (cents per share) | 8 | (2.35) | (4.79) |

The accompanying notes form part of these financial statements.

## BALANCE SHEET AS AT 30 JUNE 2009

| | Note | 2009 $ | 2008 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 9 | 991,713 | 2,516,777 |
| Other assets | 11 | 21,280 | 31,491 |
| **TOTAL CURRENT ASSETS** | | **1,012,993** | **2,548,268** |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 10 | 19,333 | 24,625 |
| Other including exploration | 11 | 1,035,963 | 785,737 |
| **TOTAL NON-CURRENT ASSETS** | | **1,055,296** | **810,362** |
| **TOTAL ASSETS** | | **2,068,289** | **3,358,630** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 107,827 | 202,530 |
| Short-term provisions | 13 | 4,024 | 4,528 |
| **TOTAL CURRENT LIABILITIES** | | **111,851** | **207,058** |
| **NON-CURRENT LIABILITIES** | | **-** | **-** |
| **TOTAL NON-CURRENT LIABILITIES** | | **-** | **-** |
| **TOTAL LIABILITIES** | | **111,851** | **207,058** |
| **NET ASSETS** | | **1,956,438** | **3,151,572** |
| **EQUITY** | | | |
| Issued capital | 14 | 5,399,061 | 5,349,061 |
| Reserves | 15 | 249,628 | 249,628 |
| Retained earnings | | (3,692,251) | (2,447,117) |
| **TOTAL EQUITY** | | **1,956,438** | **3,151,572** |

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2009

| | Note | Share Capital Ordinary | Retained Earnings | Option Reserve | Total |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Balance at 1 July 2007** | | 5 | (26,339) | - | (26,334) |
| Shares issued during the year | | 5,600,000 | - | - | 5,600,000 |
| Transaction costs | | (250,944) | - | - | (250,944) |
| Options issued during the year | | - | - | 262,300 | 262,300 |
| Transaction costs | | - | - | (12,672) | (12,672) |
| Profit/(Loss) attributable to members of company | | - | (2,420,778) | - | (2,420,778) |
| **Sub-total** | | **5,349,061** | **(2,447,117)** | **249,628** | **3,151,572** |
| Dividends paid or provided for | 7 | - | - | - | - |
| **Balance at 30 June 2008** | | **5,349,061** | **(2,447,117)** | **249,628** | **3,151,572** |
| Shares issued during the year | | 50,000 | | - | 50,000 |
| Profit/(Loss) attributable to members of company | | - | (1,245,134) | - | (1,245,134) |
| **Sub-total** | | **5,399,061** | **(3,692,251)** | **249,628** | **1,956,438** |
| Dividends paid or provided for | | - | - | - | - |
| **Balance at 30 June 2009** | **14** | **5,399,061** | **(3,692,251)** | **249,628** | **1,956,438** |

The accompanying notes form part of these financial statements

## CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2009

| | Note | 2009 | 2008 |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments to suppliers and employees | | (1,222,566) | (330,323) |
| Interest received | | 106,667 | 178,693 |
| **Net cash provided by(used in) operating activities** | **18** | **(1,115,899)** | **(151,630)** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (1,782) | (28,252) |
| Cash paid for exploration & evaluation | | (407,383) | (609,486) |
| **Net cash provided by (used in) investing activities** | | **(409,165)** | **(637,738)** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares & options | | - | 1,348,684 |
| **Net cash provided by (used in) financing activities** | | **-** | **1,348,684** |
| | | | |
| **Net increase/(decrease) in cash held** | | **(1,525,064)** | **559,316** |
| Cash at beginning of financial year | | 2,516,777 | 1,957,461 |
| **Cash at end of financial year** | **9** | **991,713** | **2,516,777** |

The accompanying notes form part of these financial statements.

This financial report includes the financial statements and notes of Metminco Limited.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

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

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

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

**a. 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 reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

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

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

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

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

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

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

**b. 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.

**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 |
|---|---|
| Plant and equipment | 20% |
| Software | 40% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

**c. Exploration and Development Expenditure**

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

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

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**d. Financial Instruments**

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

**Classification and Subsequent Measurement**

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

*Amortised cost* is calculated as:

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

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and less any reduction for impairment.

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

The company 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.

*Financial assets at fair value through profit or loss*

i. 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.

*Loans and receivables*

ii. 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.

*Held-to-maturity investments*

iii. 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.

*Available-for-sale financial assets*

iv. 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.

*Financial liabilities*

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

**Derivative Instruments**

Metminco Limited and Controlled Entities designates certain derivatives as either:

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the company’s risk management objective and strategy for undertaking various hedge transactions is documented

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

*(i)* *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

*(ii)* *Cash flow hedge*

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

**Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

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

**Financial Guarantees**

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

— the likelihood of the guaranteed party defaulting in a year period;

— the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

— the maximum loss exposed if the guaranteed party were to default.

**Derecognition**

Financial assets are derecognised 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 derecognised 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.

e. **Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

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

**f. Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the company's share of post-acquisition reserves of its associates.

**g. Interests in Joint Ventures**

The company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the financial statements.

The company's interests in joint venture entities are brought to account using the equity method of accounting in the financial statements.

**h. Intangibles**

**Goodwill**

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**Patents and Trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

**Research and Development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

**i. Foreign Currency Transactions and Balances**

**Functional and Presentation Currency**

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

**Transaction and Balances**

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

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

**j. Employee Benefits**

Provision is made for the company'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. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Past services costs are recognised when incurred to the extent that benefits are vested, and are otherwise amortised on a straight-line basis over the vesting period.

**Equity-settled Compensation**

The company 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 Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at 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.

**k. Provisions**

Provisions are recognised when the company 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.

**l. Provision for Warranties**

Provision is made in respect of the company's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the company's history of warranty claims.

**m. 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 twelve months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**n. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**o. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

**p. Goods and Services Tax (GST)**

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

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

**q. Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

**r. Comparative Figures**

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

**s. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

**Key Estimates**

*Impairment*

The company assesses impairment at each reporting date by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

**Key Judgments**

*Exploration and Evaluation Expenditure*

The company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at $1,035,963.

**t. New Accounting Standards for Application in Future Periods**

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards

The company does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

## NOTE 2: REVENUE AND OTHER INCOME

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| **Revenue** | | |
| Other revenue | | |
| — interest received | 106,667 | 178,693 |
| **Total Other Revenue** | **106,667** | **178,693** |

## NOTE 3: PROFIT FOR THE YEAR

| | Note | 2009<br>$ | 2008<br>$ |
|---|---|---|---|
| **Corporate Expenses:** | | | |
| Shares issued to promoter of company | | - | 1,800,000 |
| Auditors remuneration | 6 | 26,161 | 25,613 |
| Other expenses | | 153,553 | 178,959 |
| Hampton takeover expenses | | 370,082 | - |
| **Total Corporate Expenses** | | **549,796** | **2,004,572** |
| | | | |
| **Employee Benefits:** | | | |
| Remuneration to officeholders | | 286,297 | 349,995 |
| Less exploration expenses capitalised | | (94,272) | (119,496) |
| Shares issued to directors | | - | 299,985 |
| Workcover | | 1,881 | 1,514 |
| **Total Employee Benefits** | | **193,906** | **531,998** |

## NOTE 4: INCOME TAX

Subject to the provisions of the Income Tax Assessment Act, if the company derives assessable income it will be able to utilise carry-forward losses. At 30 June 2009 the company has estimated carry-forward tax losses, after adjusting for temporary differences, of approximately $4,922,896 (2008: $3,216,732) which amounts to an income tax benefit of $1,476,869 (2008: $965,020).

The company has no estimated carry-forward capital loss (2008: $Nil).

Certain losses which have been incurred in the course of mining activities are only available for offset against future mining income. Due to the manner and nature of activities giving rise to these carry-forward tax losses, a detailed analysis would be required should the company return to profits.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

The net deferred tax asset will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in tax legislation adversely affect the company in realising the benefit from the deduction of the loss.

Consequently, no deferred tax asset has been recognised.

## NOTE 5: KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

(a) Names and positions held of the company's key management personnel in office at any time during the financial year are:

| Key Management Person | Position |
|---|---|
| John Fillmore (appointed 10/05/07) | Non Executive Chairman |
| Keith Weston (appointed 10/07/07) | Managing Director and Chief Executive Officer |
| Shane Turner (appointed 2 1/04/08) | Non Executive Director and Company Secretary |

The totals of remuneration paid to KMP of the company during the year are as follows:

| | 2009 | 2008 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits | 201,517 | 210,819 |
| Long-term compensation | - | - |
| Post employment | 84,780 | 139,176 |
| Equity compensation | - | 300,000 |
| | **286,297** | **649,995** |

**KMP Options and Rights Holdings**

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

| | Balance 30/06/08 | Granted as Compensation | Options Exercised | Net Changes Other | Balance 30/06/09 | Total Vested 30/06/09 | Total Exercisable 30/06/09 | Total Unexercisable 30/06/09 |
|---|---|---|---|---|---|---|---|---|
| | $ | | | | $ | | $ | |
| John Fillmore | 1,099,999 | - | - | - | 1,099,999 | - | 1,099,999 | - |
| Keith Weston | 274,999 | - | - | - | 274,999 | - | 274,999 | - |
| Shane Turner | - | - | - | - | - | - | - | - |
| **Total** | **1,374,998** | **-** | **-** | **-** | **1,374,998** | **-** | **1,374,998** | - |

Options held by KMP were acquired on the same terms and conditions as all shareholders.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### KMP Shareholdings

The number of ordinary shares held by KMP

| | Balance 30/06/08 $ | Received as Compensation | Options Exercised | Net Changes Other | Balance 30/06/09 $ |
|---|---|---|---|---|---|
| John Fillmore | 2,220,000 | - | - | - | 2,200,000 |
| Keith Weston | 550,000 | - | - | - | 550,000 |
| Shane Turner | 40,000 | - | - | - | 40,000 |

### Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 20: Related Party Transactions

### NOTE 6: AUDITORS' REMUNERATION

| | 2009 $ | 2008 $ |
|---|---|---|
| Remuneration of the auditor of the company for: | | |
| — auditing or reviewing the financial report | 26,161 | 23,513 |
| — taxation services | - | 2,100 |
| | **26,161** | **25,613** |

### NOTE 7: DIVIDENDS

The company resolved not to declare any dividends in the year ended 30 June, 2009.

### NOTE 8: EARNINGS PER SHARE

| | 2009 $ | 2008 $ |
|---|---|---|
| Profit/(Loss) | (1,245,134) | (2,420,778) |

| | 2009 No. | 2008 No. |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 53,080,827 | 50,558,748 |

There are no options which are considered to be potential dilutive ordinary shares and therefore diluted loss per share is the same as basic loss per share.

## NOTE 9: CASH AND CASH EQUIVALENTS

| | Note | 2009 | 2008 |
|---|---|---|---|
| | | $ | $ |
| Cash at bank and in hand | | 17,803 | 48,702 |
| Short-term bank deposits | | 973,910 | 2,468,075 |
| | | **991,713** | **2,516,777** |

The effective interest rate on short-term bank deposits was 4%

**Reconciliation of cash**

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

| | 2009 | 2008 |
|---|---|---|
| Cash and cash equivalents | 991,713 | 2,516,777 |

## NOTE 10: PROPERTY, PLANT AND EQUIPMENT

| | 2009 | 2008 |
|---|---|---|
| | $ | $ |
| **PLANT AND EQUIPMENT** | | |
| Plant and equipment & software: | | |
| At cost | 30,034 | 28,252 |
| Accumulated depreciation | (10,701) | (3,627) |
| | **19,333** | **24,625** |

**Movements in Carrying Amounts**

**Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year**

| | 2009 | 2008 |
|---|---|---|
| | $ | $ |
| **Opening Balance** | | - |
| Additions | 24,625 | 28,252 |
| Disposals | 1,782 | - |
| Revaluation increments/ (decrements) | - | - |
| Depreciation expense | (7,074) | (3,627) |
| **Closing Balance** | **19,333** | **24,627** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 11: OTHER ASSETS

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| **CURRENT** | | |
| Prepayments | 2,370 | - |
| GST Refund receivable | 18,910 | 31,491 |
| | **21,280** | **31,491** |
| | | |
| **NON-CURRENT** | | |
| **Exploration expenditure capitalised** | | |
| Opening Balance | 785,737 | 26,251 |
| Exploration expenditure capitalised during the year | 457,383 | 759,486 |
| Capitalised expenditure written off during the year | (207,157) | - |
| **Closing balance** | **1,035,963** | **785,737** |

### NOTE 12: TRADE AND OTHER PAYABLES

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| **CURRENT** | | |
| **Unsecured liabilities** | | |
| Trade payables | 83,643 | 81,821 |
| Sundry payables and accrued expenses | 24,184 | 120,709 |
| | **107,827** | **202,530** |

### NOTE 13: PROVISIONS

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| **CURRENT** | | |
| **Employee Entitlements** | | |
| Opening balance at beginning of year | 4,528 | - |
| Additional provisions raised during year | - | 4,528 |
| Provision expensed during year | (504) | - |
| **Balance at 30 June 2009** | **4,024** | **4,528** |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 14: ISSUED CAPITAL

| | | 2009 $ | 2008 $ |
|---|---|---|---|
| 53,250,005 (2008: 53,000,005) fully paid ordinary shares | | 5,399,061 | 5,349,061 |

**Ordinary Shares**

| | | | |
|---|---|---|---|
| At the beginning of reporting period | | 53,000,005 | 5 |
| Shares issued during year | | | |
| -1 July 2007 | Promoter Allotment | - | 9,000,000 |
| -1 July 2007 | Seed capital allotment | - | 35,000,000 |
| -24 September 2007 | Director allotment | - | 1,500,000 |
| -24 September 2007 | IPO allotment | - | 6,750,000 |
| -12 October 2007 | Tenement Allotment | - | 250,000 |
| -11 January 2008 | Tenement Allotment | - | 250,000 |
| -20 March 2008 | Tenement Allotment | - | 250,000 |
| -5 March 2009 | Tenement Allotment | 250,000 | - |
| **At reporting date** | | **53,250,005** | **53,000,005** |

**Movements in Ordinary Shares**

| | | 2009 $ | 2008 $ |
|---|---|---|---|
| Opening Balance | | 5,349,061 | 5 |
| Shares issued during year | | | |
| -1 July 2007 | Promoter Allotment | - | 1,800,000 |
| -1 July 2007 | Seed capital allotment | - | 2,000,000 |
| -24 September 2007 | Director allotment | - | 300,000 |
| -24 September 2007 | IPO allotment | - | 1,350,000 |
| -12 October 2007 | Tenement Allotment | - | 50,000 |
| -11 January 2008 | Tenement Allotment | - | 50,000 |
| -20 March 2008 | Tenement Allotment | - | 50,000 |
| -5 March 2009 | Tenement Allotment | 50,000 | - |
| Cost of capital raising | | - | (250,944) |
| **Closing Balance** | | **5,399,061** | **5,349,061** |

Holders of ordinary shares are entitled to participate in dividends when declared and are entitled to one vote per share, either in person or by proxy, at shareholder meetings. In the vent of winding up the company, ordinary shareholders are ranked after all other creditors and are entitled to any proceeds of liquidation in proportion to the number of an amount paid on the shares held.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 15: RESERVES**

| | | 2009 | 2008 |
|---|---|---|---|
| | | **$** | **$** |
| **Options Reserve** | | | |
| 26,230,017 (2008:26,230,017) options | | 249,628 | 249,628 |
| At the beginning of reporting period | | 26,230,017 | - |
| Options issued during year | | | |
| - 5 December 2007 | | | 26,230,017 |
| **At reporting date** | | **26,230,017** | **26,230,017** |
| **Movements in Options** | | | |
| Opening balance | | 249,628 | - |
| Options issued during year | | | |
| - 5 December 2007 | Entitlements Issue | | 262,300 |
| Cost of capital raising | | | (12,672) |
| **Closing balance** | | **249,628** | **249,628** |

**NOTE 16: COMMITMENTS AND CONTINGENCIES**

**Tenement expenditure commitments**

The company has a portfolio of tenements located in Western Australia, South Australia and Northern Territory. These have a requirement for a certain level of expenditure each year. Further detail on each tenement is shown in Note 21.

At30 June, 2009 annual expenditure commitments in respect of exploration assets amounted to $351,100 (2008: $557,660). These commitments are subject to the provision of legislation governing the granting of mineral exploration licences. Commitments may vary in accordance with the provisions of governing regulations.

| | 2009 | 2008 |
|---|---|---|
| | **$** | **$** |
| Notlaterthan1year | 351,100 | 557,660 |
| Later than 1 year, but not later than 5 years | 1,404,400 | 2,230,640 |
| | **1,755,500** | **2,788,300** |

**Capital expenditure commitments**

At 30 June, 2009 the company had no capital commitments (2008: $0)

**Contingencies**

At 30 June, 2009 the company had contingent liabilities of $10,000 in respect of guarantees provided (2008: $10,000).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 17: SEGMENT REPORTING

The company's activities relate to the exploration for mineral deposits in Australia only.

### NOTE 18: CASH FLOW INFORMATION

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| a **Reconciliation of Cash Flow from Operations with Profit after Income Tax** | | |
| Profit/(loss) after income tax | (1,245,134) | (2,420,778) |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit | | |
| Depreciation | 7,074 | 3,627 |
| Share based payments expensed | - | 2,100,000 |
| Formation costs written off | - | 998 |
| Capitalised exploration expenses written off | 207,157 | - |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | 12,581 | (31,491) |
| (Increase)/decrease in prepayments | (2,370) | 11,000 |
| Increase/(decrease) in trade payables and accruals | (94,703) | 180,486 |
| Increase/(decrease) in provisions | (504) | 4,528 |
| **Cash flow from operations** | **(1,115,899)** | **(151,630)** |

### NOTE 19: EVENTS AFTER THE BALANCE SHEET DATE

On 8 July, 2009 the company closed its Takeover Offer for Hampton Mining Limited ("Hampton"), achieving 36.5% of the shares of Hampton. On 29 July, 2009, the company issued 303,690,732 shares in consideration for the Hampton shares acquired.

On 18 September 2009, the company signed an option agreement with Junior Investment Company ("JIC") giving the company the right to acquire all of JIC's 31.9% shareholding in Hampton. If the company exercises the option it can increase its shareholding in Hampton from 36.5 % to 53.6% if other Hampton shareholders exercise their pre-emption right, or increase shareholding in Hampton to 68.4% if no pre-emption rights are exercised by other Hampton shareholder. The company paid US$700,000 to obtain the option agreement with the right to exercise maturing in four months. The period can be extended for another month by payment of a further US$100,000 and extended for another month by payment of another US$200,000. If the company exercises its option to acquire JIC's shares in Hampton; it must pay JIC US$0.18074 and issue two MNC ordinary shares for every JIC share in Hampton that is acquired.

On 24 September 2009 the company completed a successful capital raising of $2,500,000 by issue of 16,666,666 ordinary shares at an issue price of $0.15 to sophisticated and professional investors. These funds will be applied to meet JIC option fees, working capital and increase cash reserves.

On 17 July, 2009 the company appointed as non executive directors William Howe, William Etheridge and Phillip Wing. Mr. Howe and Dr. Wing are current directors of Hampton and Mr. Etheridge is a recently retired director of Hampton. These appointments are as a result of the recent takeover offer of Hampton and bring to the Board significant experience to assist in the future developments of the company.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

## NOTE 20: RELATED PARTY TRANSACTIONS

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

| Transactions with related parties: | 2009<br>$ | 2008<br>$ |
|---|---|---|
| (a) Key Management Personnel | | |
| Legal fees paid to J. A. Fillmore and Co. | 51,569 | 12,000 |
| Accounting fees paid to Shane Turner & Associates. | 48,429 | 1,000 |

## NOTE 21: CAPITAL & FINANCIAL RISK MANAGEMENT

### Capital Risk Management Policies

When managing capital, Management's objectives are to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintains a capital structure that ensures the lowest cost of capital available to the company.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell shares.

The company does not have a defined share buy-back plan.

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The company is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget.

### Financial Risk Management Policies

The company's financial instruments consist mainly of deposits with banks and accounts payable.

(i) **Financial Risk Exposures and Management**

The main risks the company is exposed to through its financial instruments are market risks, interest rate risks, liquidity risks and credit risks.

**Market risk**

The company is subject to normal economic factors including volatility of stock market prices and interest rates, both of which impact on the availability of equity and debt capital..

**Interest rate risk**

The company is exposed to interest rate risk through primary financial assets and financial liabilities. The company continually monitors interest rates and financial markets for the company's cash at deposit and regularly reviews future cash flow requirements. The table below summarises the interest rate risk for the company, together with the effective weighted average interest rate for each class of financial assets and liabilities.

**Liquidity Risk**

The company is exposed to liquidity risk by having to maintain sufficient cash reserves to close out market positions in a timely manner and manages this risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows. The company aims at maintaining flexibility in funding by having plans in place to source additional capital as required.

**Credit Risk**

The company trades only with recognised, creditworthy third parties. The company does not have any exposure to debtors.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

(ii) **Financial Instrument Composition and Maturity Analysis**

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period of all other financial instruments. As such the amounts may not reconcile to the balance sheet.

| | Weighted Average Effective Interest Rate % | | Floating Interest Rate $ | | Fixed Interest Rate Maturing Within 1 Year $ | | 1 to 5 Years $ | |
|---|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** | **2009** | **2008** |
| **Financial Assets:** | | | | | | | | |
| Cash and cash equivalents | 6.00 | 7.05 | 488,380 | 2,516,777503,333 | | - | - | - |
| **Total Financial Assets** | | | 488,380 | 2,516,777503,333 | | - | - | - |

| | Non Interest Bearing 2009 $ | Non Interest Bearing 2008 $ |
|---|---|---|
| **Financial Liabilities:** | | |
| Trade and other Payables | 107,827 | 202,530 |
| **Total Financial Liabilities** | **107,827** | **202,530** |

(iii)**Sensitivity Analysis**

The company has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June 2009, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

| | **$** |
|---|---|
| **Change in Profit** | |
| Increase in interest rate by 1% | 9,917 |
| Decrease in interest rate by 1% | (9,917) |
| **Change in Equity** | |
| Increase in interest rate by 1% | 9,917 |
| Decrease in interest rate by 1% | (9,917) |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**NOTE 22: INTEREST IN TENEMENTS**

Currently, the company has interests in tenements as follows:

| Project Area | Location | Company's % Interest |
|---|---|---|
| Angelo | Halls Creek, Western Australia | 0% |
| (Company earning up to 70%) | | |
| Grants Creek | Halls Creek, Western Australia | 0% |
| (Company earning up to 70%) | | |
| Wilsons Reef | Halls Creek, Western Australia | 100% |
| Sophie Downs | Halls Creek, Western Australia | 100% |
| Mulgul | Meekatharra, Western Australia | 100% |
| West Lake Eyre | William Creek, South Australia | 100% |
| King River | Katherine, Northern Territory | 100% |

**NOTE 23: COMPANY DETAILS**

The registered office of the company is:

Level 2
224 Queen Street
Melbourne VIC 3000

The principal places of business are:

METMINCO LIMITED
Level 2
224 Queen Street
Melbourne VIC 3000

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 19 to 40, are in accordance with the *Corporations Act 2001* and:
   a. comply with Accounting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director John Fillmore

30 September 2009

Grant Thornton
ABN 13871 256 387

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215 Spring Street
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Melbourne Victoria 3001

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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, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 providea basis for our audit opinions.

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

**Auditor's opinion**
In our opinion:

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

  i giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**
We have audited the Remuneration Report included in pages 14 to15 of the directors' report for the year ended 30 June 2009. 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**

In our opinion the Remuneration Report of Metminco Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON
Chartered Accountants

B L Taylor
Partner

Melbourne, 30 September 2009

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. **Shareholding**

a **Distribution of Shareholders**

| Category (size of holding) | Number Ordinary |
|---|---|
| 1–1,000 | 5 |
| 1,001–5,000 | 55 |
| 5,001 – 10,000 | 107 |
| 10,001 – 100,000 | 198 |
| 100,001 – and over | 124 |
| **Total** | **489** |

b. The number of shareholdings held in less than marketable parcels is 25.

c. The names of the substantial shareholders listed in the holding company's register as at 25 September 2009 are:

| | Number | |
|---|---|---|
| Shareholder | **Ordinary** | **Preference** |
| Mining Investment Services Pty Ltd (WSE S/F a/c) | 49,600,000 | - |
| Tangarry Pty Ltd | 41,066,664 | - |
| N.J. & W.J. Howe (Howe S/F a/c) | 30,800,000 | - |
| Wilnic Pty Ltd (Wilnic Fam a/c) | 19,066,668 | - |

**d. Voting Rights**

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

Ordinary shares

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

e. **20 Largest Shareholders — Ordinary Shares**

| | **Name** | **Number of Ordinary Fully Paid Shares Held** | **% Held of Issued Ordinary Capital** |
|---|---|---|---|
| 1. | Mining Investment Services Pty Ltd (WSE S/F a/c) | 49,600,000 | 13.90% |
| 2. | TangarryPtyLtd | 41,066,664 | 11.51% |
| 3. | N.J. & W.J. Howe (Howe S/F a/c) | 30,800,000 | 8.63% |
| 4. | Wilnic Pty Ltd (Wilnic Fam a/c) | 19,066,668 | 5.34% |
| 5. | Eureka Investors Pty Ltd | 17,842,860 | 4.99% |
| 6. | M.J. Green | 15,600,000 | 4.37% |
| 7. | Mining Investment Services Pty Ltd | 12,800,000 | 3.59% |
| 8. | Beatinvest Pty Ltd | 12,469,850 | 3.49% |
| 9. | Monetti Pty Ltd | 10,561,908 | 2.96% |
| 10. | M.J. & R. L. Green (Green S/F a/c) | 10,400,000 | 2.91% |
| 11. | Chile Copper Mine Pty Ltd | 10,266,668 | 2.88% |
| 12. | Villaret Holdings Pty Ltd (Philipsohn Unit a/c) | 7,393,336 | 2.07% |
| 13. | Hammerfest Inv Pty Ltd | 5,566,668 | 1.56% |
| 14. | N. J. Katz | 5,280,952 | 1.48% |
| 15. | M.H.J. & M. Cowie (MHJ Cowie PvtS/F a/c) | 4,500,000 | 1.26% |
| 16. | GDEHInvPtyLtd | 4,195,704 | 1.18% |
| 17. | M. Cowie | 4,000,000 | 1.12% |
| 18. | V. Ignazzi | 4,000,000 | 1.12% |
| 19. | Wood Park Aust. Pty Ltd (Wood Park S/F a/c) | 3,949,836 | 1.11% |
| 20. | Sanarra Pty Ltd (Keating Fam a/c) | 3,471,632 | 0.97% |
| | **Total** | **272,832,746** | **76.45%** |
| | **Ordinary shares quoted on ASX** | **355,940,737** | |
| | **Ordinary shares subject to escrow** | **1,000,000** | |
| | **Total ordinary shares** | **356,940,737** | |

2. The name of the company secretary is Shane Turner. Telephone 03 5332 8526.
3. The address of the principal registered office in Australia is Level 2, 224 Queen Street, Melbourne Victoria 3000. Telephone 03 9670 8896
4. Registers of securities are held at Security Transfer Registrars Pty Ltd at the following address

   Western Australia 770 Canning Highway, Applecross 6153. Telephone 08 9315 2333

**5. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares (MNC) and options (MNCO) of the company on all Member Exchanges of the Australian Stock Exchange Limited.

# HAMPTON MINING LIMITED

ABN 55 103 712 385
AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
30 JUNE 2009

## CONTENTS



This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2008 and any public announcement made by Hampton Mining Limited ("Hampton") during the interim reporting period.

## DIRECTORS’ REPORT

The directors present their report together with the consolidated financial report for the six months ended 30 June 2009.

## DIRECTORS

The names of the Directors in office throughout the half year were: -

Dr Phillip J Wing (Non Executive Chairman)
Mr William J Howe (Managing Director)
Mr Rodney T Hudspeth (Non Executive Director)
Mr William S Etheridge (Executive Director)

The following changes to the Board of Hampton occurred on 21 July 2009 after balance date:

Mr William Etheridge resigned as an Executive Director
Dr Phillip J Wing resigned as Chairman but remains a Non-Executive Director
Mr Antonio Ortuzar was appointed a Non Executive and Chairman , and,
Mr Federico Rodriguez was appointed Non Executive Director.

## COMPANY SECRETARY

The name of the company secretary in office at the date of this report and throughout the half year is Mr Philip W Killen.

## REVIEW OF OPERATIONS

The Consolidated Entity continued to advance its exploration projects located in Peru and Chile focussing on its Los Calatos Project in Peru, and its Mollacas and Vallecillo Projects located in Chile. Further information on the Consolidated Entity, in particular information on resources and corporate activities was disclosed to shareholders in Shareholder Updates.

William J Howe
Director

Sydney, 13 February 2010

## *CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*

For the six months ended 30 June 2009

| | NOTE | CONSOLIDATED 30 JUNE 2009 $ | CONSOLIDATED 30 JUNE 2008 $ |
|---|---|---|---|
| **Revenue** | | | |
| **Interest income** | | 16,192 | 57,874 |
| **Equity investment gain** | 2 | 4,076 | – |
| **Total revenue** | | 20,268 | 57,874 |
| | | | |
| **Expenses** | | | |
| **Administrative and corporate expenses** | | 417,498 | 622,659 |
| **Employee and Directors expense** | | 470,111 | 249,304 |
| **Occupancy expenses** | | 84,682 | 14,296 |
| **Exploration and evaluation expenditure written off** | 6 | 721,685 | – |
| **Depreciation expense** | | 3,450 | 1,544 |
| **Foreign exchange loss** | | 923,341 | 203,755 |
| Loss on sale of assets | | 6,230 | – |
| **Equity investment loss** | 2 | – | 7,734 |
| Other expenses from ordinary activities | | 16,343 | 8,298 |
| **Total expenses** | | 2,643,340 | 1,107,590 |
| | | | |
| **Loss before income tax expense** | | (2,623,072) | (1,049,716) |
| Income tax expense | | – | – |
| **Net loss** | | (2,623,072) | (1,049,716) |
| | | | |
| **Total Comprehensive Income for the period:** | | | |
| Profit attributable to: | | | |
| Members of the parent entity | | (2,623,072) | (1,049,716) |
| Non controlling interests | | – | – |
| | | (2,623,072) | (1,049,716) |

The accompanying notes form part of this financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

| | NOTE | CONSOLIDATED 30 JUNE 2009 | CONSOLIDATED 31 DECEMBER 2008 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | | 7,271,049 | 12,928,235 |
| Trade and other receivables | | 275,196 | 262,916 |
| Other current assets | | 190,808 | 190,560 |
| TOTAL CURRENT ASSETS | | 7,737,053 | 13,381,711 |
| NON-CURRENT ASSETS | | | |
| Receivables | | 1,909,212 | 1,677,046 |
| Investment accounted for using the equity method | | 1,692,158 | 1,975,384 |
| Property, plant and equipment | | 954,316 | 1,110,288 |
| Exploration and evaluation expenditure | | 22,365,978 | 23,663,249 |
| TOTAL NON-CURRENT ASSETS | | 26,921,664 | 28,425,967 |
| TOTAL ASSETS | | 34,658,717 | 41,807,678 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 671,475 | 1,531,986 |
| **TOTAL CURRENT LIABILITIES** | | 671,475 | 1,531,986 |
| **TOTAL LIABILITIES** | | 671,475 | 1,531,986 |
| | | | |
| **NET ASSETS** | | 33,987,242 | 40,275,692 |
| **EQUITY** | | | |
| Issued capital | 3 | 35,766,103 | 35,467,770 |
| Reserves | | 993,234 | 4,956,945 |
| Accumulated losses | | (2,772,095) | (149,023) |
| **TOTAL EQUITY** | | 33,987,242 | 40,275,692 |

The accompanying notes form part of this financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

| | Issued Capital | Accumulated Losses | Option Reserve | Foreign Currency Reserves | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Balance as at 1 January 2009 | 35,467,770 | (149,023) | 52,000 | 4,904,945 | 40,275,692 |
| Total comprehensive loss for the period | – | (2,623,072) | – | – | (2,623,072) |
| Total recognised income and expenses for the period | – | (2,623,072) | – | – | (2,623,072) |
| Adjustments from foreign exchange translation of controlled entities | – | – | – | (3,963,711) | (3,963,711) |
| | 35,467,770 | (2,772,095) | 52,000 | 941,234 | 33,688,909 |
| Shares issued during the period | 298,333 | – | – | – | 298,333 |
| **Balance as at 30 June 2009** | **35,766,103** | **(2,772,095)** | **52,000** | **941,234** | **33,987,242** |
| Balance as at 1 January 2008 | 13,001,363 | (1,432,500) | 52,000 | 235,013 | 11,855,876 |
| Total comprehensive loss for the period | – | (1,049,716) | – | – | (1,049,716) |
| Total recognised income and expenses for the period | – | (1,049,716) | – | – | (1,049,716) |
| Adjustments from foreign exchange translation of controlled entities | – | – | – | (2,010,427) | (2,010,427) |
| | 13,001,363 | (2,482,216) | 52,000 | (1,775,414) | 8,795,733 |
| Shares issued during the period | 22,695,688 | – | – | – | 22,695,688 |
| Transaction costs | (604,281) | – | – | – | (604,281) |
| **Balance as at 30 June 2008** | **35,092,770** | **(2,482,216)** | **52,000** | **(1,775,414)** | **30,887,140** |

The accompanying notes form part of this financial report.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## For the half year ended 30 June 2009

| | CONSOLIDATED 30 JUNE 2009 $ | CONSOLIDATED 30 JUNE 2008 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | (1,273,804) | (902,723) |
| Interest received | 16,192 | 57,874 |
| **Net cash used in operating activities** | (1,257,612) | (844,849) |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (8,962) | (181,603) |
| Payments for exploration expenditure | (3,787,736) | (1,833,068) |
| Payments to other entities in respect to acquisition of exploration properties | – | (1,324,239) |
| **Net cash used in investing activities** | (3,796,698) | (3,338,910) |
| **Cash flows from financing activities** | | |
| Proceeds from share issues | 298,333 | 22,695,688 |
| Share issue costs | – | (529,281) |
| Proceeds from asset sales | 22,132 | – |
| **Net cash provided by financing activities** | 320,465 | 22,166,407 |
| **Net increase/ (decrease) in cash held** | (4,733,845) | 17,982,648 |
| Cash at 1 January | 12,928,235 | 738,698 |
| Loss on opening balance held in foreign currency | (923,341) | (203,755) |
| **CASH AT 30 JUNE** | 7,271,049 | 18,517,591 |

The accompanying notes form part of this financial report.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

### Basis of preparation

This general purpose financial report for the six months ended 30 June 2009 has been prepared in accordance with AASB 134 Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial report intended to provide users with an update on the latest annual financial statements of Hampton and its controlled entities ("the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2009, together with any public announcements made during the half-year.

The interim financial report is to be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

### Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

*Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement4/single statement4 approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

### Going concern basis of accounting

This interim financial report has been prepared on a going concern basis. In the opinion of the Directors, the Hampton Group currently has sufficient funds to pay its debts as and when they fall due.

However, Hampton will need to raise additional capital to undertake planned work programs in the second quarter of the 2010 year and to exercise its option to acquire the Los Calatos tenements the subject of the North Hill Agreement (refer Note 7 b) .

The Directors believe that the Company will be able to source the additional funds required by Hampton to exercise its option to acquire the Los Calatos tenements, maintain its exploration properties in good standing and to meet its overheads for the next 12 months.

The Directors consider it is appropriate to prepare the consolidated financial report on a going concern basis and hence no adjustments have been made in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the consolidated entity does not continue as a going concern.

*NOTE 2: EQUITY INVESTMENT LOSS*

Hampton Minera Chile Limitada's , a wholly subsidiary of Hampton Mining Limited, jointly owns and controls with MN Ingenieros (an unrelated entity) Sociedad Contractual Minera Ovaille Limitada's which holds the Mollacas, Valleclillio and Loica projects.

Hampton Mining Limited equity accounts for its interest in Sociedad Contractual Minera Ovaille Limitada.

*NOTE 3: CONTRIBUTED EQUITY*

| | CONSOLIDATED 30 June 2009 | | CONSOLIDATED 30 June 2008 | |
|---|---|---|---|---|
| | Number | $ | Number | $ |
| Balance at beginning of period | 205,607,051 | 35,467,770 | 124,215,801 | 13,001,363 |
| Shares issued: | | | | |
| - capital raising costs | – | – | – | (75,000) |
| - placement to sophisticated investor at $0.32 per share | – | – | 66,393,750 | 21,246,000 |
| - capital raising costs | – | – | – | (529,281) |
| – exercise of options Jan and Jun 09 Options at $0.10 per share | – | – | 2,000,000 | 200,000 |
| - exercise of options Mar 09 Options at $0.125 per share | – | – | 9,997,500 | 1,249,688 |
| - exercise of options Mar 09 Options at $0.125 per share | 2,386,667 | 298,333 | – | – |
| | 207,993,718 | 35,766,103 | 202,607,051 | 35,092,770 |

**NOTE 4: OPTIONS**

| Expiry Date | Exercise Price $ | Outstanding at 31 Dec 2008 | Lapsed during year | Exercised during year | Outstanding at 30 Jun 2009 |
|---|---|---|---|---|---|
| **Unlisted** | | | | | |
| 30 March 2009 | 0.125 | 12,100,000 | 9,713,333 | 2,386,667 | – |
| 28 April 2009 | 0.32 | 20,000,000 | 20,000,000 | – | – |
| | | 32,100,000 | 29,713,333 | 2,386,667 | – |

**NOTE 5: SEGMENT INFORMATION**

***The Group is conducting exploration activities in South America. Each area of interest has been aggregated and therefore the operations of the Group present one reporting segment under AASB 8 Operation Segments.***

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the interim financial report.

*NOTE 6: IMPAIRMENT OF EXPLORATION AND EVALUATION ASSET*

The Board of Directors decided to discontinue its option to acquire the Victoria tenements when the option agreement expired 7 September 2009. The recoverable amount of the asset is nil therefore an impairment of $717,774 has been recognised to reduce to the carrying value of exploration and evaluation in relation Victoria tenements to nil. The remaining $3,911 relates to other properties in Chile which have been discontinued and have a nil value.

*NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES*

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

(b) During July 2007 the Company entered into an option to purchase a 100% interest in exploration properties known as Los Calatos located in Peru by paying North Hill A$285,000 (US$250,000). The Company has met all its commitments under the option agreement as at the date of this report to date. To earn the right to acquire the 100% interest Hampton must pay two further annual instalments each of US$500,000 on or before 1 August 2009 and 1 August 2010, respectively, complete a further 2,700 meters of drilling and meet license fee obligations. To exercise the option Hampton must pay North Hill US$ 0.005 per lb copper equivalent in proven and probable reserves as defined by a Scoping Study. A bonus payment of $A1,850,000 (US$1,500,000) is payable on a decision to mine and a royalty of 2% Net Smelter Return ('NSR') is payable on production.

(c) On 23 August 2007 Minera Hampton Chile Limitada entered into an option to purchase 100% of the Genesis Property located in the Vicuna area of Chile. To exercise its right to acquire the Genesis Property, Minera Hampton Chile Limitada must pay monthly instalments of A$12,000 (US$10,000) for a further 14 months (22 months to 30 June 2009 already paid) and complete an independent scoping study which will determine the resources and reserves on the Genesis Property. An additional US$0.005 (half a cent of dollar) per pound copper equivalent is payable on resources identified by the scoping study, or a bankable feasibility study if such a study is completed prior to acquisition. Minera Hampton Chile Limitada has met its commitments under the option agreement as at the date of this report.

(d) On 25 February 2008 Minera Hampton Chile Limitada entered into an option agreement to acquire 100% interest in the Santa Berta tenements located in the Isidro area, Chile for A$9,000 (US$7,000) per month for 3 years. An acquisition price of US$0.005 per lb copper in proven and probable reserves is payable on exercise of the option. Minera Hampton Chile Limitada has met its commitments under the option agreement as at the date of this report.

## NOTE 8: EVENTS SUBSEQUENT TO BALANCE DATE

Matters that have arisen in the interval between 30 June 2009 and the date of this report of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Hampton Group, the results of those operations, or the state of affairs of the Hampton Group, in future financial years follow:

- On 1 July 2009, Metminco Limited (Metminco) announced that its offer of 4 Metminco fully paid ordinary shares for each fully paid ordinary share in the Company was unconditional (Offer) freeing the Offer from all of the conditions contained in Section 12 of Metminco's Bidder Statement and that the Offer would close at 7pm on 8 July 2009.

- On 9 July 2009, Metminco announced that the Offer closed on 8 July 2009 with Metminco holding a relevant interest in 75,922,683 ordinary shares in Hampton which represents 36.5% of the ordinary shares on issue.

- On 22 July 2009, Hampton paid North Hill Holding Inc US$500,000 in respect of the Los Calatos option payment due on or before 1 August 2009 (refer Note 7 b) above).

- On 7 September 2009, Minera Hampton Chile Limitada relinquished its option to acquire the Victoria property adjacent to the Loica property and located approximately 100km south east of Ovalle, Chile. Minera Hampton Chile Limitada has no further obligations in respect of the Victoria property.

- In Novemeber 2009 Minera Hamton Chile Limitada commenced a Phase 2 Drilling Program at Los Calatos and as at the date of this report had drilled more than the required 2,700 metres (refer Note 7 b) above) and in so doing has now satisfied its obligation under its agreement with North Hill to drill a total of 9,000 metres.

- On 22 January 2010 Hampton announced a rights issue to raise up to A$ 1.4 million through a pro-rata offer to existing shareholders of 5,000,000 fully paid ordinary shares ("New Shares") at an offer price of A$ 0.28 per New Share. The pro rata Offer will be One (1) New Share for every 41.598 fully paid ordinary shares held in the Company as at 22 January 2010, the Offer to open 25 January 2010 and close at 5pm on 12 February 2010 (Sydney time) ("Offer"). .

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

## DIRECTORS' DECLARATION

In the opinion of the directors of Hampton Mining Limited ('the Group"):

2. the financial statements and notes set out on pages 4 to 186 are in accordance with AASB 134: Interim Financial Reporting including giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors. This financial report of the Company for the six months ended 30 June 2009 was authorised for issuance as of the date of this declaration.

William J Howe
Director
Sydney, 13 February 2010

**Independent Auditor's Review Report**
**To the Members of Hampton Mining Pty Limited**

We have reviewed the accompanying half-year financial report of Hampton Mining Pty Limited (the Company) which comprises the consolidated financial report being the statement of financial position as at 30 June 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the company and the entities it controlled at the half-year's end or from time to time during the half-year.

**Directors' responsibility for the half-year financial report**

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagement ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hampton Mining Pty Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Australian Professional and Ethical Standards Board.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hampton Mining Pty Limited does not:

1 Presents fairly in all respects the consolidated entity's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and

2 Comply with Accounting Standard AASB 134: Interim Financial Reporting.

**Significant uncertainty regarding carrying value of exploration expenditure**

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the financial report which indicates the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to raise sufficient capital to undertake planned work programs and exercise an option to acquire the Los Calatos project and therefore the carrying value of the exploration and evaluation expenditure in relation to this area of interest. The consolidated entity therefore may require a write down of the value of this area of interest to the extent of $3.7 million

Grant Thornton NSW

GRANT THORNTON NSW

Chartered Accountants

A G Rigele

Partner

Sydney, 13 February 2010

# HAMPTON MINING LIMITED

ABN 55 103 712 385

AND ITS CONTROLLED ENTITIES

## ANNUAL REPORT FOR YEAR ENDED

## 31 DECEMBER 2008

The Directors present their report together with the financial report of Hampton Mining Limited (the Company) and the Group or Hampton Group being the Company and its controlled entities, for the financial year ended 31 December 2008.

## Directors

The names of the Directors in office at any time during the year or since the end of the year are: -

- Dr Phillip J Wing (Non Executive Chairman)
- Mr William J Howe (Managing Director)
- Mr Rodney T Hudspeth (Non Executive Director)
- Mr William S Etheridge (Executive Director)
- Mr Hector A Alegria-Olate (Non Executive Director – appointed 21 November 2008)

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

## Company Secretary

The name of the company secretary in office at the date of this report and throughout the year is Mr Philip W Killen.

## Principal Activity

The principal activities of the Hampton Group were exploration for copper, gold and other minerals. There were no significant changes in the nature of principal activities of the Hampton Group during the year.

Hampton Mining Limited is a public company incorporated and domiciled in Australia. During the financial year Hampton Peru SAC, a wholly owned subsidiary was incorporated.

## Trading Results

The consolidated profit of the Hampton Group after tax for the financial year ended 31 December 2008 was $1,283,477 (2007: loss of $567,930).

## Review of Operations

During the financial year the Hampton Group continued exploration activities in Chile and Peru further advancing a number of the Projects in its portfolio. A summary of these activities follows.

**Los Calatos (Peru)**
A 16 hole / 6,800 metre drill program was completed December 2008.

Hampton has a right to acquire 100% of the Los Calatos Project. To exercise this right, Hampton must comply with various obligations including payment of US$500,000 on or before 1 August 2009 and US$500,000 plus a resource based payment of US$ 0.005 per lb copper equivalent in proven and probable reserves as defined by a scoping study, on or before 1 August 2010. Refer 20 (c) of the Notes To The Financial Statements below.

**Vallecillo (Chile)**
In August 2008, a second phase drilling program, comprising 5,780 metres in 17 diamond core holes, was completed.

**Mollacas (Chile)**
In November 2008, a 3,970 metre infill drilling program was completed, firstly to upgrade the resource classification from Inferred to Measured and Indicated, and secondly to provide material for further detailed leach testing.

Hampton acquired a 50% joint venture interest in this project during 2008.

**Loica – Victoria (Chile)**
An initial drill program at Victoria, comprising 2,395 metres in 6 core holes, was completed mid January 2009.

Hampton acquired a 50% joint venture interest in the Loica property during 2008.

Hampton has a right to acquire a 50% to 100% interest of Victoria, by meeting various obligations including payments totaling US$ 5 million prior to September 2010 and subject to exercise of participation rights by its joint venture partner MN Ingenieros. Refer 20 (b) of the Notes To The Financial Statements below.

**Camaron (Chile)**
Surface sampling and geological mapping at the Camaron Project during 2008 has identified a number of gold anomalies, for which a drill testing program is being prepared.

Hampton has a 100% in a number of the Camaron tenements and has the right to acquire a 100% interest in the remaining tenements. Refer 20 (d) of the Notes To The Financial Statements below.

**Isidro (Chile)**
Early 2008 Hampton entered into option to purchase agreements in respect of the Cerro Plata properties and Santa Berta properties. In August 2008 Hampton purchased a 50% interest in the San Lorenzo property for US$ 3 million. In addition, Hampton was granted exploration rights over a number of tenements which also form part of the Isidro project.

The Hampton Group relinquished its option in respect of the Cerro Plata properties late January 2009 in light of the results from field work on these properties, the cost of maintaining and ultimately exercising the option to purchase, and, finally, an assessment of Cerro Plata's potential compared with other properties in Hampton's portfolio of projects.

**Other Projects (Chile).**
In accord with Hampton's strategy of tailoring its project portfolio to fit its financial and technical capacity to advance the projects collectively in an optimal way, the Hampton Group relinquished the Maria and Atun tenements and declined to proceed further with the Kamikaze option agreement.

For further information on the Hampton Group's interests in exploration and potential development projects refer to the Company's Shareholder Updates.

## Corporate

In April 2008 the Company raised US$20 million through placement of 66,393,750 fully paid ordinary shares in the Company at an issue price of A$0.32 per share. A further A$1.825 million was raised between May and July 2008 through the exercise of options by existing shareholders.

In July 2008 the Company lodged a Prospectus with ASIC seeking to raise A$1.75 million (gross), and to achieve a public listing on the ASX, through an offer of 5,000,000 fully paid shares in the Company at an issue price of A$0.35 per share. This offer was withdrawn in October 2008.

In December 2008, Metminco Limited, an ASX listed entity, made a takeover offer to acquire all the issued capital in Hampton Mining Limited. The terms of this offer were amended February 2009. Refer Subsequent Events below.

## Dividends

No dividends were paid or declared during the year by the Company and no recommendation is made as to dividends.

## State of Affairs

There were no significant changes in the state of affairs of the Hampton Group during the financial year ended 31 December 2008 other than as referred to in this report and the Financial Statements or notes thereto.

## Share Performance and Shareholder Wealth

The Company is unlisted and shares are not readily tradeable. There was no return of capital to shareholders.

## Non-audit Services

During the year Grant Thornton provided non audit services to the Consolidated Entity amounting to $118,264 (2007: $34,550). The directors are satisfied that provision of non audit services does not compromise audit independence.

## Events Subsequent To Balance Date

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

- On 28 January 2009, Minera Hampton Chile Limitada relinquished its option to acquire the Cerro Plata properties located approximately 85 km from La Serena, Chile. Minera Hampton Chile Limitada has no further obligations in respect of the Cerro Plata properties.

- On 2 February 2009 Metminco Limited (Metminco) revised its offer to acquire all the issued capital in the Company (Offer). The Offer is 4 Metminco fully paid ordinary shares for each fully paid ordinary share in the Company, 1.875 Metminco fully paid ordinary shares for each option to acquire one fully paid ordinary share in the Company at an exercise price of $0.125 per share on or before 30 March 2009 (March 09 Options) and 0.9 Metminco fully paid ordinary shares for each option to acquire one fully paid ordinary share in the Company at an exercise price of $0.32 per share on or before 28 April 2009 (April 09 Options). The Offer, which closed 8 July 2009, has lapsed in respect of the March 09 and April 09 Options.
- On 19 June 2009, Metminco announced that it had received acceptances from Hampton Shareholders for 72,381,611 shares, or 34.8% of the issued capital of Hampton and accordingly has a relevant interest in those Hampton securities.
- On 1 July 2009, Metminco announced that the Offer was unconditional freeing the Offer from all of the conditions contained in Section 12 of Metminco's Bidder Statement and that the Offer would close at 7pm on 8 July 2009.
- On 9 July 2009, Metminco announced that the Offer closed on 8 July 2009 with Metminco holding a relevant interest in 75,922,683 ordinary shares in Hampton which represents 36.5% of the ordinary shares on issue.
- On 4 March 2009, Minera Hampton Chile Limitada relinquished its option to acquire the Kamikaze property located north of Copiapo, Chile. Minera Hampton Chile Limitada has no further obligations in respect of the Kamikaze property
- During February and March 2009, option holders exercised March 09 Options to acquire 2,386,667 fully paid ordinary shares in the Company raising $298,333. The remaining 9,713,333 March 2009 outstanding as at 31 December 2008 lapsed unexercised.
- On 28 April 2009, 20,000,000 April 09 Options exercisable on or before 28 April 2009 at an exercise price of $0.32 per share lapsed unexercised.
- Since balance date the AUD/USD exchange rate has strengthened from 0.6907 as at 31 December 2008 to 0.7794 as at report date resulting in foreign currency losses on USD denominated bank balances.

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

## Likely Future Developments

The Hampton Group will continue to focus on exploration activities and further advancement of mineralised deposits in Chile and Peru.
No other likely developments of the Hampton Group are included in this report as the Directors believe, on reasonable grounds, that inclusion of such information would be likely to result in unreasonable prejudice to the Hampton Group.

## Environmental Regulations

The Hampton 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 financial 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).

## 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 not paid any premiums to insure the Directors and Officers (2007: Nil).

## 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.

## Information on Directors

*Dr Phillip Wing* *Non-Executive Chairman*

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

*William Howe Managing Director*
Mr Howe (B.Sc. FAusIMM) Hampton Mining founder, has over 29 years experience in the mining industry and has worked in Southern and West Africa, Asia, Australia and the USA. He has been instrumental in the development of a number of new mining operations in Australia and Indonesia including the development and management of the first copper heap leach Project in Australia, and an open pit coal mine in South East Kalimantan in Indonesia. He specializes in optimising existing operations and the development of new operations in both underground and open pit mining environments and has extensive experience in mine development, mine management and corporate management. He has worked in many geological and mining environments in several countries around the world and in such commodities as gold, coal, copper, uranium, antimony, chrome and tin. Mr Howe was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL and Selwyn Mines Limited.

*Rodney Hudspeth Non Executive Director*
Mr Hudspeth's principle expertise is in the financial and commercial business environment, including extensive experience within the mineral resources industry. He has significant global corporate experience having been directly involved as Chairman/CEO and founder/shareholder, in a broad range of diversified business activities. For over twenty years Mr Hudspeth has been associated with a number of mining companies, his functions including the provision of early risk capital investment, direct management involvement in exploration and development activities through to the arrangement of financing for projects.
In addition to his other diversified business interests, Mr Hudspeth is Chairman and CEO of Takoradi Limited, a mineral resources and investment company which is also a substantial shareholder in Hampton Mining Limited.

*William Etheridge Executive Director*
Mr Etheridge (B.Eng, MA (Cantab)) has over 30 years experience in the mining and mining finance industry, based mainly in Sydney and London. He worked as a mining engineer with Hamersley Iron, and as an economist for mining companies in London (Consolidated Gold Fields) and Sydney (Renison Goldfields Consolidated). He has also worked within mining companies (including Hargraves Resources and Selwyn Mines Limited) focusing on mining project scoping, analysis and appraisal, valuation of internal and external opportunities, cut-off grade analysis, project administration, preparation of company reports, and investor relations. He has also worked in stockbroking (including Merrill Lynch, ABS White and HSBC James Capel) as a resources analyst, covering a range of mining companies, and including experience in research & equity raising. He has consulted on mining investment opportunities in coal, copper, gold, nickel, zinc and vanadium, and has undertaken detailed analysis of a number of mineral commodities, both metals and energy.

*Hector Alegria-Olate Non-Executive Director*
Mr Alegria-Olate (Geologist - Universidad de Chile) is a geologist with over 22 years experience in production, exploration and evaluation of mineral deposits. He has held a number of senior positions with international mining companies located in South America, Asia, Europe and Australia including Manager of Mining Resources and Exploration for Codelco North - Chile, one of the major copper mining producers in the world. He was the Exploration Vice President of Andina Minerals Inc when Adina's gold resources increased from 1.8 million ozs to 7.5 million ozs. Mr Alegría – Olate was also Exploration Manager-Argentina for Normandy Mining Limited an Australian mining company which was merged into Newmont. During the last 9 years Mr Alegria-Olate has managed the transition of a number projects from advanced exploration status into feasibility status. He is currently Exploration Manager of Minera Fuego Ltda, a related entity of Junior Investment Company which is also a substantial shareholder in Hampton Mining Limited.

## Information on Company Secretary

*Philip Killen Chief Financial Officer/Company Secretary*
Mr Killen (B.Maths/B.Commerce, CPA) is a finance professional with over 15 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.

### 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 2008 is set out on page 8.

### Proceedings on Behalf of 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.

### Meetings of the Board

The Board of Directors held nine meetings during the year ended 31 December 2008. Attendances of Directors at these meetings are shown in the table below:

| **Chairman / Director** | **Meetings Attended** | **Eligible to attend Board meetings** |
|---|---|---|
| Dr P J Wing | 9 | 9 |
| Mr W J Howe | 9 | 9 |
| Mr R T Hudspeth | 9 | 9 |
| Mr W S Etheridge | 9 | 9 |
| Mr H A Alegria-Olate (only one Board meeting since appointment as a Director) | 1 | 1 |

### Meetings of the Remuneration Committee

The Remuneration Committee held one meeting during the year ended 31 December 2008. Attendances of Directors at these meetings are shown in the table below:

| **Chairman / Director** | **Meetings Attended** | **Eligible to attend meetings** |
|---|---|---|
| Dr P J Wing | 1 | 1 |
| Mr R T Hudspeth | 1 | 1 |

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Phillip J. Wing

Dr Phillip J Wing
CHAIRMAN

Mr William J Howe
MANAGING DIRECTOR

15 July 2009
SYDNEY

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## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF HAMPTON MINING LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Hampton Mining Pty Limited for the year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

A G Rigele
Partner

Sydney, 15 July 2009

**HAMPTON MINING LIMTED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**INCOME STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2008**

| | Note | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|---|
| | | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
| Foreign exchange gain/(loss) | | 4,414,999 | 68,216 | 9,806,283 | (625,033) |
| Other income | 2 | 279,750 | 11,340 | 279,750 | 11,340 |
| Expenses/ impairment from continuing operations | 3 | (3,411,272) | (647,486) | (3,431,311) | (204,156) |
| Profit/ (loss) before income tax | | 1,283,477 | (567,930) | 6,654,722 | (817,849) |
| Income tax expense relating to ordinary activities | 5 | – | – | – | – |
| Net profit /(loss) for the year | | 1,283,477 | (567,930) | 6,654,722 | (817,849) |
| | | | | | |
| Basic earnings/(loss) per share (cents per share) | 4 | 0.72 | (0.57) | | |
| Diluted earnings/(loss) per share (cents per share) | 4 | 0.72 | (0.57) | | |

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

# HAMPTON MINING LIMITED
# ABN 55 103 712 385
# AND CONTROLLED ENTITIES
# BALANCE SHEET
# AS AT 31 DECEMBER 2008

| | Note | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|---|
| | | 2008<br>$ | 2007<br>$ | 2008<br>$ | 2007<br>$ |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 7 | 12,928,235 | 738,698 | 12,313,980 | 627,871 |
| Trade and other receivables | 8 | 262,916 | 25,926 | 20,815 | 25,926 |
| Other current assets | 9 | 190,560 | 281,167 | – | 278,390 |
| TOTAL CURRENT ASSETS | | 13,381,711 | 1,045,791 | 12,334,795 | 932,187 |
| | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Receivables | 10 | 1,677,046 | 640,775 | – | – |
| Financial assets | 11 | – | – | 28,218,732 | 10,429,465 |
| Investments accounted for using equity method | 12 | 1,975,384 | 1,508,577 | – | – |
| Property, plant and equipment | 13 | 1,110,288 | 36,520 | 13,822 | 4,382 |
| Exploration and evaluation expenditure | 14 | 23,663,249 | 8,920,593 | – | – |
| TOTAL NON-CURRENT ASSETS | | 28,425,967 | 11,106,465 | 28,232,554 | 10,433,847 |
| **TOTAL ASSETS** | | **41,807,678** | **12,152,256** | **40,567,349** | **11,366,034** |
| | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 15 | 1,531,986 | 296,380 | 291,657 | 211,471 |
| TOTAL CURRENT LIABILITIES | | 1,531,986 | 296,380 | 291,657 | 211,471 |
| **TOTAL LIABILITIES** | | **1,531,986** | **296,380** | 291,657 | 211,471 |
| | | | | | |
| **NET ASSETS** | | **40,275,692** | **11,855,876** | **40,275,692** | **11,154,563** |
| | | | | | |
| EQUITY | | | | | |
| Issued capital | 16 | 35,467,770 | 13,001,363 | 35,467,770 | 13,001,363 |
| Reserves | 18 | 4,956,945 | 287,013 | 52,000 | 52,000 |
| Accumulated losses | 19 | (149,023) | (1,432,500) | 4,755,922 | (1,898,800) |
| **TOTAL EQUITY** | | **40,275,692** | **11,855,876** | **40,275,692** | **11,154,563** |

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

**HAMPTON MINING LIMITED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 DECEMBER 2008**

| | *Issued Capital* | *Accumulated Losses* | *Option Reserve* | *Foreign Currency Reserves* | *Total* |
|---|---|---|---|---|---|
| CONSOLIDATED | $ | $ | $ | $ | $ |
| Total equity as at 1 January 2007 | 6,174,431 | (864,570) | 52,000 | (216,381) | 5,145,480 |
| Loss attributable to members | – | (567,930) | – | – | (567,930) |
| Adjustments from foreign exchange translation of controlled entities | – | – | – | 451,394 | 451,394 |
| Sub-total | 6,174,431 | (1,432,500) | 52,000 | 235,013 | 5,028,944 |
| Shares issued during the period | 6,826,932 | – | – | – | 6,826,932 |
| Balance as at 31 December 2007 | 13,001,363 | (1,432,500) | 52,000 | 235,013 | 11,855,876 |
| | | | | | |
| Total equity as at 1 January 2008 | 13,001,363 | (1,432,500) | 52,000 | 235,013 | 11,855,876 |
| Profit attributable to members | – | 1,283,477 | – | – | 1,283,477 |
| Adjustments from foreign exchange translation of controlled entities | – | – | – | 4,669,932 | 4,669,932 |
| Sub-total | 13,001,363 | (149,023) | 52,000 | 4,904,945 | 17,809,285 |
| Shares issued during the period | 23,070,688 | – | – | – | 23,070,688 |
| Transaction costs | (604,281) | – | – | – | (604,281) |
| Balance as at 31 December 2008 | 35,467,770 | (149,023) | 52,000 | 4,904,945 | 40,275,692 |
| | | | | | |
| COMPANY | | | | | |
| Total equity as at 1 January 2007 | 6,174,431 | (1,080,951) | 52,000 | – | 5,145,480 |
| Loss attributable to members | – | (817,849) | – | – | (817,849) |
| Sub-total | 6,174,431 | (1,898,800) | 52,000 | – | 4,327,631 |
| Shares issued during the period | 6,826,932 | – | – | – | 6,826,932 |
| Balance as at 31 December 2007 | 13,001,363 | (1,898,800) | 52,000 | – | 11,154,563 |
| | | | | | |
| Total equity as at 1 January 2008 | 13,001,363 | (1,898,800) | 52,000 | – | 11,154,563 |
| Profit attributable to members | – | 6,654,722 | – | – | 6,654,722 |
| Sub-total | 13,001,363 | 4,755,922 | 52,000 | – | 17,809,285 |
| Shares issued during the period | 23,070,688 | – | – | – | 23,070,688 |
| Transaction costs | (604,281) | – | – | – | (604,281) |
| Balance as at 31 December 2008 | 35,467,770 | 4,755,922 | 52,000 | – | 40,275,692 |

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

**HAMPTON MINING LIMITED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**CASH FLOW STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2008**

| | **Note** | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|---|
| | | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Payments to suppliers and employees | | (2,005,517) | (364,586) | (1,022,344) | (274,018) |
| Interest received | | 279,750 | 11,340 | 279,750 | 11,340 |
| Net cash used in operating activities | 25(b) | (1,725,767) | (353,246) | (742,594) | (262,678) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of property, plant and equipment | | (1,112,536) | (9,370) | (13,314) | (3,693) |
| Payments for exploration expenditure | | (10,612,145) | (6,459,245) | – | (358,632) |
| Advances to other entities in respect to acquisition of exploration properties | | (134,697) | (315,773) | – | – |
| Advances to Controlled Entity | | – | – | (14,676,676) | (6,431,915) |
| Chilean & Peruvian VAT receivable | | (1,036,271) | – | – | – |
| Net cash used in investing activities | | (12,895,649) | (6,784,388) | (14,689,990) | (6,794,240) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from issue of shares | | 23,070,688 | 6,826,932 | 23,070,688 | 6,826,932 |
| Payments in respect to capital raisings | | (604,281) | (278,391) | (604,281) | (278,391) |
| Net cash provided by financing activities | | 22,466,407 | 6,548,541 | 22,466,407 | 6,548,541 |
| Net increase/ (decrease) in cash held | | 7,844,991 | (589,093) | 7,033,824 | (508,377) |
| Cash and cash equivalents at 1 January 2008 | | 738,698 | 1,327,791 | 627,871 | 1,136,248 |
| Foreign exchange gain on opening balance | | 4,344,546 | – | 4,652,285 | – |
| Cash and cash equivalents at 31 December 2008 | 25(a) | 12,928,235 | 738,698 | 12,313,980 | 627,871 |

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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Hampton Mining Limited and controlled subsidiaries for the year ended 31 December 2008 ("Consolidated Entity" or "Hampton Group") and the separate financial statements and notes of Hampton Mining Limited as an individual parent entity ("Parent Entity" or "Company") for the year ended 31 December 2008.

### a. 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. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the Australian Accounting Standards Board, being Australian equivalents to IFRS ("AIFRS"). The financial reports of the Consolidated Entity and the Company also comply with IFRS and interpretations adopted by the International Accounting Standards Board adopted in their entirety.

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

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects the Consolidated Entity during that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1l below.

There have been new Australian Accounting Standards and Australian Accounting Interpretations issued or amended and are applicable to the Company but are not yet effective. The Company's assessment of the impact of these new standards and interpretations has been completed with no material effect on the Company's financial report. They have not been adopted in the preparation of the financial report at reporting date.

The accounting policies have been applied consistently by consolidated entities.

### b. Basis of consolidation

***Controlled Entities***

The financial statements of Controlled Entities are included from the date control commences until the date control ceases. Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

***Joint ventures***

A joint venture is either an entity or operation that is jointly controlled by the Consolidated Entity.

*Jointly controlled entities*

In the consolidated financial statements, investments in joint venture entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's share of the joint venture entity's net profit or loss is recognised in the consolidated income statement from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly on consolidated reserves.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Jointly controlled operations and assets*

The Consolidated Entity's interest in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs and its share of income it earns from the sale of goods or services by the joint venture.

***Transactions eliminated on consolidation***

Unrealised gains and losses and intragroup balances resulting from transactions with or between Controlled Entities are eliminated in full on consolidation. Unrealised gains resulting from transactions with jointly controlled entities are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to jointly controlled entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

**c. Going concern basis of accounting**

The financial report has been prepared on the basis of a going concern. Both the Consolidated Entity and the Company had made operating profits for the financial year. However, this profit was due to A$ foreign exchange gains on US$ denominated deposits and the net cash position of the Hampton Group will continue to decrease due to the Consolidated Entity's exploration projects.

In the opinion of the Directors, the Hampton Group currently has sufficient funds to pay its debts and commitments as and when they fall due. However, Hampton will need to raise additional capital if Hampton exercises its option to acquire the Los Calatos property on or before 1 August 2010 and, subject to the success of its exploration activities, to fully exploit opportunities within its portfolio of projects.

**d. Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statements.

**e. Depreciation**

Depreciation is charged to the income statement. All assets have limited useful lives and are depreciated using the straight line method over their useful lives. Depreciation methods and useful lives, as well as residual values, are reassessed annually. Assets are depreciated from the date of acquisition.

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

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 20–40% |

**f. Derivative financial instruments**

The Consolidated Entity does not use derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

**g. Earnings per share**

*Basic Earnings per share*

Basic earnings per share is calculated by dividing net profit/(loss) after income tax attributable to members of the company, excluding any costs of servicing equity (other than ordinary shares), by the weighted average number of ordinary shares outstanding during the financial period.

*Diluted Earnings per share*

Diluted EPS earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### h. Employee benefits

***Wages, salaries, annual leave and sick leave***

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year end, represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on current remuneration and salary rates that the Consolidated Entity expects to pay as at the reporting date including related on-costs.

***Superannuation***

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the income statement as incurred.

***Long-term service benefits***

The Consolidated Entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Consolidated Entity's obligation.

### i. Exploration, evaluation and development expenditure

Pre-licence costs are recognised in the income statement as incurred.

Exploration, evaluation and development expenditure, including the costs of acquiring licences, are capitalised on a project by project basis. 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 which permits reasonable assessment of the existence of economically recoverable reserves.

Expenditure deemed to be unsuccessful is recognised in the income statement immediately.

Exploration, evaluation and development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount (refer Note 1l).

### j. Foreign Currency Translation

*Transactions*

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At reporting date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current on that date. Resulting exchange differences are recognised in determining the income statement.

*Hedging*

The Consolidated Entity has not entered into any specific, general or speculative hedging arrangements.

*Foreign controlled entities*

As the foreign controlled entities are integrated, their assets and liabilities are translated into Australian currency at rates of exchange current at reporting date, while its revenues and expenses are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are recognised directly in equity.

### k. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).
In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.
Receivables and payables are stated with the amount of GST included.
The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.
Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l. Impairment**

The carrying amounts of the Consolidated Entity's assets, other than deferred tax assets (refer note1m), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer Note 1l(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

*(i) Calculation of recoverable amount*

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*(ii) Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**m. Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**n. Investments**

***Controlled Entities***

Investments in Controlled Entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

*(i) Calculation of recoverable amount*

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(ii) Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**o. Leased assets**

Lease payments made under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are recognised in the income statement on a straight line basis over the term of the lease.

**p. Net financing costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividends on redeemable preference shares, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (refer Note 1f).

**q. Trade and other payables**

Trade and other payables are stated at cost.

**r. Property, plant and equipment**

All assets acquired including property, plant and equipment are stated at cost of acquisition at the date of acquisition less accumulated depreciation (refer note 1e) and any impairment losses (refer Note 1l).

**s. Provisions**

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**t. Revenue recognition**

The gross proceeds from asset sales are included as revenue of the Consolidated Entity. The profit or loss on disposal is brought to account at the date an unconditional contract of sale is signed.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

**u. Segment reporting**

A segment is a distinguishable component of the Consolidated Entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The business segments reported are precious mineral exploration in Australia, Chile and Peru.

**v. Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (refer Note 1l).

**w. Comparative figures**

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

| | CONSOLIDATED 2008 $ | CONSOLIDATED 2007 $ | COMPANY 2008 $ | COMPANY 2007 $ |
|---|---|---|---|---|
| **NOTE 2: OTHER INCOME** | | | | |
| Interest income | 279,750 | 11,340 | 279,750 | 11,340 |

**NOTE 3: PROFIT/LOSS FROM ORDINARY ACTIVITIES**

| | CONSOLIDATED 2008 $ | CONSOLIDATED 2007 $ | COMPANY 2008 $ | COMPANY 2007 $ |
|---|---|---|---|---|
| Expenses/ impairment from continuing operations | | | | |
| Provision /(reversal) of impairment of loan to Controlled Entity | – | – | 2,041,407 | (172,052) |
| Exploration expenditure written off | 805,533 | – | – | – |
| Share of (profit)/loss in equity investment loss (i) | (3,409) | 7,964 | – | – |
| Administrative costs | 1,774,221 | 259,700 | 962,574 | 110,218 |
| Depreciation and amortisation expense | 112,965 | 115,206 | 3,874 | 1,372 |
| Employee and Director benefits expense | 484,318 | 197,240 | 390,419 | 197,240 |
| Other expenses from ordinary activities | 237,644 | 67,376 | 33,037 | 67,378 |
| | 3,411,272 | 647,486 | 3,431,311 | 204,156 |

(i) Hampton Minera Chile Limitada's 50% share of Societe Contractual Minera Ovalle Limitada's loss for the period ended 31 December 2008.

**NOTE 4: EARNINGS/LOSS PER SHARE**

| | NUMBER OF SHARES | NUMBER OF SHARES |
|---|---|---|
| Basic and diluted earnings/( loss) per share (cents per share) | | |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings/(loss) per share | 177,813,301 | 98,906,645 |

12,100,000 options at an exercise price of $0.125 per share and 20,000,000 options at an exercise price of $0.32 per share have not been considered in diluted EPS as these options would have an anti-dilutive impact on EPS for the period.

**NOTE 5: INCOME TAX EXPENSE**

**Numerical reconciliation between tax benefit and pre-tax net loss**

| | CONSOLIDATED 2008 $ | CONSOLIDATED 2007 $ | COMPANY 2008 $ | COMPANY 2007 $ |
|---|---|---|---|---|
| Profit/(Loss) before tax | 1,283,477 | (567,930) | 6,654,722 | (817,849) |
| Total income tax benefit calculated at 30% (2007: 30%) | 385,043 | (170,379) | 1,996,417 | (245,355) |
| Increase/(decrease) in income tax expense due to: | | | | |
| – impairment of loan to Controlled Entity | – | – | 612,422 | (51,616) |
| – foreign exchange losses/(gains) | (1,324,500) | – | (2,941,885) | 187,510 |
| – write off exploration expenditure | 241,660 | – | – | – |
| – other non-allowable items | 109,571 | (554) | 108,548 | (553) |
| – other allowable items | (123,308) | – | (123,308) | – |
| | (711,534) | (170,933) | (347,806) | (110,014) |
| Deferred tax asset not brought to account | 711,534 | 170,933 | 347,806 | 110,014 |
| Income tax expense on pre-tax profit/(loss) | – | – | – | – |
| Applicable weighted average effective tax rate | 0% | 0% | 0% | 0% |
| **Deferred tax asset not taken to account** | | | | |
| Tax losses carried forward: | | | | |
| – revenue losses carried forward | 1,102,217 | 390,683 | 634,788 | 286,982 |

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 probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits there from.

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2008<br>$ | 2007<br>$ | 2008<br>$ | 2007<br>$ |
| **NOTE 6: AUDITORS' REMUNERATION** | | | | |
| Audit services | | | | |
| Parent | 33,659 | 37,225 | 33,659 | 37,225 |
| Subsidiaries | | | | |
| Chile | 28,993 | 13,308 | – | – |
| Peru | 8,041 | – | – | – |
| | 70,693 | 50,533 | 33,659 | 37,225 |
| Other services | | | | |
| Experts reports and professional services | 118,264 | 34,550 | 118,264 | 34,550 |

**NOTE 7: CASH AND CASH EQUIVALENTS**

| | | | | |
|---|---|---|---|---|
| Cash at bank | 12,928,235 | 738,698 | 12,313,980 | 627,871 |
| | 12,928,235 | 738,698 | 12,313,980 | 627,871 |

**NOTE 8:TRADE AND OTHER RECEIVABLES**

| | | | | |
|---|---|---|---|---|
| Other receivables | 262,916 | 25,926 | 20,815 | 25,926 |
| | 262,916 | 25,926 | 20,815 | 25,926 |

No other receivables are past due or considered impaired.

**NOTE 9: OTHER CURRENT ASSETS**

| | | | | |
|---|---|---|---|---|
| Prepayments | 190,560 | 281,167 | – | 278,390 |
| | 190,560 | 281,167 | – | 278,390 |

**NOTE 10: NON CURRENT RECEIVABLES**

| | | | | |
|---|---|---|---|---|
| Chilean & Peruvian VAT receivables | 1,677,046 | 640,775 | – | – |
| | 1,677,046 | 640,775 | – | – |

**NOTE 11: FINANCIAL ASSETS**

| | | | | |
|---|---|---|---|---|
| *Investments in Controlled Entities:* | | | | |
| – Shares at cost in subsidiary | – | – | 1,376,054 | 1,259,572 |
| – Advances to subsidiary | – | – | 28,884,085 | 9,169,893 |
| – Provision for impairment | – | – | (2,041,407) | – |
| | – | – | 28,218,732 | 10,429,465 |

Advances from Hampton Mining Limited to Minera Hampton Chile Limitada (2008: $A 26,336,628, 2007: $A 8,811,261) and Hampton Peru SAC (2008: $A 3,923,511, 2007: Nil) are in USD and are non interest bearing with no fixed repayment terms. The Company has provided for impairment in respect of these advances as a result of a deficit between the net assets of the controlled entities and the carrying value of the investments.

**NOTE 12: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

| | | | | |
|---|---|---|---|---|
| *Investments in Associated Entities:* | | | | |
| Advances to associated entities | 134,697 | – | – | – |
| Equity accounted investments in associated entities | 1,840,687 | 1,508,577 | – | – |
| | 1,975,384 | 1,508,577 | – | – |

**NOTE 12: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)**

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
| *Movements during the year in equity accounted investment in associated entities:* | | | | |
| Balance as at the beginning of the financial year | 1,508,577 | – | – | – |
| Add new investment during the year | – | 1,516,541 | – | – |
| Movement in exchange rate on USD investment | 328,701 | – | – | – |
| Share of associated entity's profit/ (loss) after tax | 3,409 | (7,964) | – | – |
| Balance as at the end of the financial year | 1,840,687 | 1,508,577 | – | – |
| *Equity accounted profits/(losses) of associates are broken down as follows:* | | | | |
| Share of associated entity's profit/(loss) before income tax | 3,409 | (7,964) | – | – |
| Share of associated entity's income tax expense | – | – | – | – |
| Share of associated entity's profit/(loss) after income tax (50% interest). | 3,409 | (7,964) | – | – |
| *Summarised presentation of aggregate assets, liabilities and performance of associates* | | | | |
| Current assets | 3,561 | 2,512 | – | – |
| Non-current assets | 1,909,029 | 1,541,039 | – | – |
| Total assets | 1,912,590 | 1,543,551 | – | – |
| Current liabilities | 67,349 | 27,010 | – | – |
| Total liabilities | 67,349 | 27,010 | – | – |
| Net assets | 1,845,241 | 1,516,541 | – | – |
| Accumulated share of associated entity's loss after income tax | (4,555) | (7,964) | – | – |

In July 2008 Minera Hampton Chile Limitada (a wholly owned subsidiary of Hampton Mining Limited) and MN Ingenerious (an unrelated entity) formed a jointly owned and controlled (ie each party holding 50% of the equity) Chilean company, Sociedad Contractual Minera Ovalle. Under the terms of an option agreement between Minera Hampton Chile Limitada and MN Ingenerious, MN Ingenieros transferred title of the Mollacas, Vallecillo and Loica exploration properties to Sociedad Contractual Minera Ovalle. Sociedad Contractual Minera Ovalle's profit was A$6,817 (2007: loss of A$15,928). (Minera Hampton Chile Limitada's share being A$3,409 (2007: loss of A$7,924).

Advances by Minera Hampton Chile Limitada (2008: A$134,697, 2007: Nil) to Sociedad Contractual Minera Ovalle are in USD and are non interest bearing with no fixed repayment terms

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
| **NOTE 13: PROPERTY, PLANT AND EQUIPMENT** | | | | |
| Plant and equipment | | | | |
| At cost | 695,721 | 137,879 | 20,911 | 7,596 |
| Accumulated depreciation | (47,618) | (101,359) | (7,089) | (3,214) |
| Total plant and equipment | 648,103 | 36,520 | 13,822 | 4,382 |
| Land at cost | 462,185 | – | – | – |
| Total property, plant and equipment | 1,110,288 | 36,520 | 13,822 | 4,382 |
| **Reconciliations** | | | | |
| Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below: | | | | |
| Plant and equipment | | | | |
| Carrying amount at beginning of year | 36,520 | 3,833 | 4,382 | 2,061 |
| Additions | 650,351 | 9,370 | 13,314 | 3,693 |
| Transfer from Exploration and Evaluation | – | 91,630 | – | – |
| Depreciation | (38,768) | (68,313) | (3,874) | (1,372) |
| Carrying amount of plant and equipment at end of year | 648,103 | 36,520 | 13,822 | 4,382 |
| Land and water rights | | | | |
| Additions | 462,185 | – | – | – |
| Carrying amount of land and water rights at end of year | 462,185 | – | – | – |
| Carrying amount at end of year | 1,110,288 | 36,520 | 13,822 | 4,382 |
| **NOTE 14: EXPLORATION AND EVALUATION EXPENDITURE** | | | | |
| Costs carried forward in respect of areas of interest in: | | | | |
| – exploration and evaluation phases | 23,663,249 | 8,920,593 | – | – |
| **Reconciliations** | | | | |
| Carrying amount at the beginning of year | 8,920,593 | 3,730,710 | – | – |
| Expenditure incurred during current year | 13,963,156 | 5,328,406 | – | – |
| Impact of foreign exchange movement on balance at beginning of year | 1,659,230 | – | – | – |
| Transfer to plant and equipment | – | (91,630) | – | – |
| Exploration written off (i) | (805,533) | – | – | – |
| Less amortization on roads | (74,197) | (46,893) | – | – |
| Carrying amount at the end of year | 23,663,249 | 8,920,593 | – | – |

(i) Exploration expenditure in respect of Cerro Plata and Kamikaze properties was written off as the Hampton Group decided to discontinue its option to acquire these properties.

| | CONSOLIDATED 2008 $ | CONSOLIDATED 2007 $ | COMPANY 2008 $ | COMPANY 2007 $ |
|---|---|---|---|---|
| **NOTE 15: TRADE AND OTHER PAYABLES** | | | | |
| Trade payables | 1,165,721 | 85,556 | 28,120 | 46,932 |
| Other payables | 366,265 | 210,824 | 263,537 | 164,539 |
| | 1,531,986 | 296,380 | 291,657 | 211,471 |

## NOTE 16: CONTRIBUTED EQUITY

| | CONSOLIDATED 2008 $ | CONSOLIDATED 2007 $ | COMPANY 2008 $ | COMPANY 2007 $ |
|---|---|---|---|---|
| 205,607,051 (2007: 124,215,801) fully paid ordinary shares | 35,467,770 | 13,001,363 | 35,467,770 | 13,001,363 |
| **Movements in ordinary share capital** | | | | |
| Balance at beginning of year | 13,001,363 | 6,174,431 | 13,001,363 | 6,174,431 |
| ***Shares issued*** | | | | |
| – early exercise Jun 07 options to subscribe for 25,172,500 fully paid shares issued at 10 cents per share | – | 2,517,250 | – | 2,517,250 |
| – early exercise Jul 07 options to subscribe for 12,472,500 fully paid shares issued at 10 cents per share | – | 1,247,250 | – | 1,247,250 |
| – early exercise Jul 07 options to subscribe for 12,500,000 fully paid shares issued at 12.5 cents per share | – | 1,562,500 | – | 1,562,500 |
| – 4,285,599 fully paid shares issued at 35 cents per share | – | 1,499,932 | – | 1,499,932 |
| - capital raising costs | (75,000) | – | (75,000) | – |
| - placement of 66,393,750 fully paid shares to sophisticated investor at $0.32 per share | 21,246,000 | – | 21,246,000 | – |
| - capital raising costs | (529,281) | – | (529,281) | – |
| – exercise of 2,000,000 options Jan and Jun 09 Options at $0.10 per share | 200,000 | – | 200,000 | – |
| - exercise of 9,997,500 Mar 09 Options at $0.125 per share | 1,249,688 | – | 1,249,688 | – |
| – exercise of 3,000,000 options Jul 09 Options at $0.125 per share | 375,000 | – | 375,000 | – |
| | 35,467,770 | 13,001,363 | 35,467,770 | 13,001,363 |

Holders of ordinary shares are entitled to receive dividends as declared from time to time irrespective of the amounts paid or credited as paid on the shares. Holders of fully paid ordinary shares are entitled on a show of hands to one vote for each fully paid share held.
In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

## NOTE 17: OPTIONS

| Expiry Date | Exercise Price $ | Outstanding at 31 Dec 2007 | Issued during year | Exercised during year | Lapsed during year | Outstanding at 31 Dec 2008 |
|---|---|---|---|---|---|---|
| **Unlisted** | | | | | | |
| 5 January 2009 | 0.10 | 1,000,000 | – | 1,000,000 | – | – |
| 10 January 2009 | 0.10 | 500,000 | – | 500,000 | – | – |
| 14 June 2009 | 0.10 | 500,000 | – | 500,000 | – | – |
| 30 March 2009 | 0.125 | 25,097,500 | – | 12,997,500 | – | 12,100,000 |
| 28 April 2009 | 0.32 | – | 20,000,000 | – | – | 20,000,000 |
| | | 27,097,500 | 20,000,000 | 14,997,500 | – | 32,100,000 |

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| **NOTE 18: RESERVES** | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
| Share and foreign currency translation reserve: | | | | |
| Balance at beginning of the year | 287,013 | (164,381) | 52,000 | 52,000 |
| Reconciliation adjustment | 65 | – | – | – |
| Current year foreign exchange translation differences | 4,669,867 | 451,394 | – | – |
| Balance of end of the year | 4,956,945 | 287,013 | 52,000 | 52,000 |

The foreign currency reserve arises from conversion of Chilean and Peruvian assets and liabilities held by controlled entities Minera Hampton Chile Limitada and Hampton Peru SAC into Australian dollars at period end exchange rates.

**NOTE 19: ACCUMULATED PROFITS (LOSSES)**

| | | | | |
|---|---|---|---|---|
| Accumulated profits (losses) at beginning of the year | (1,432,500) | (864,570) | (1,898,800) | (1,080,951) |
| Reconciliation adjustment | (65) | – | – | – |
| Net profit /(loss) for the year | 1,283,477 | (567,930) | 6,654,722 | (817,849) |
| Accumulated profits /(losses) at end of the year | (149,023) | (1,432,500) | 4,755,922 | (1,898,800) |

**NOTE 20: COMMITMENTS AND CONTINGENT LIABILITIES**

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

(f) On 7 September 2007, Minera Hampton Chile Limitada, a wholly owned subsidiary of the Company, entered into an option agreement to purchase a 100% interest of the Victoria tenements, adjacent to its Loica tenements, by paying A$7,240,000 (US$5,000,000) on or before 7 September 2009. MN Ingenieros, the Consolidated Entity's Loica joint venture partner has a right to participate in the Victoria project on a quid pro quo basis. Minera Hampton Chile Limitada may elect on or before 7 September 2009 to pay A$1,450,000 (US$1,000,000) to extend the option for another year and must pay the difference A$5,790,000 (US$4,000,000) by 7 September 2010 to acquire the Victoria tenements.

(g) During July 2007 the Company entered into an option to purchase a 100% interest in exploration properties known as Los Calatos located in Peru by paying North Hill A$285,000 (US$250,000). The Company has met all its commitments under the option agreement as at the date of this report to date. To earn the right to acquire the 100% interest the Company must pay two further annual installments each of A$720,000 (US$ 500,000) on or before 1 August 2009 and 1 August 2010, respectively, complete a further 2700 meters of drilling and meet license fee obligations. To exercise the option Hampton must pay North Hill US$ 0.005 per lb copper equivalent in proven and probable reserves as defined by a Scoping Study. A bonus payment of $A2,200,000 (US$1,500,000) is payable on a decision to mine and a royalty of 2% Net Smelter Return ('NSR') is payable on production.

(h) On 23 August 2007 Minera Hampton Chile Limitada entered into an option to purchase 100% of the Genesis Property located in the Vicuna area of Chile. To exercise its right to acquire the Genesis Property, Minera Hampton Chile Limitada must pay monthly installments of A$15,000 (US$10,000) for a further 20 months (16 months to 31 December 2008 already paid) and complete an independent scoping study which will determine the resources and reserves on the Genesis Property. An additional US$0.005 (half a cent of dollar) per pound copper equivalent is payable on resources identified by the scoping study, or a bankable feasibility study if such a study is completed prior to acquisition. Minera Hampton Chile Limitada has met its commitments under the option agreement as at the date of this report.

(i) On 25 February 2008 Minera Hampton Chile Limitada entered into an option agreement to acquire 100% interest in the Santa Berta tenements located in the Isidro area, Chile for A$10,000 (US$7,000) per month for 3 years. An acquisition price of US$0.005 per lb copper in proven and probable reserves is payable on exercise of the option. Minera Hampton Chile Limitada has met its commitments under the option agreement as at the date of this report.

**NOTE 21. SEGMENT INFORMATION**

During the year the Consolidated Entity operated predominantly in one business segment being precious mineral exploration in two geographical segments being Australia and Chile/Peru (South America).

| | AUSTRALIA | | SOUTH AMERICA | | ELIMINATIONS | | CONSOLIDATED | |
|---|---|---|---|---|---|---|---|---|
| | 2008 $ | 2007 $ | 2008 $ | 2007 $ | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
| Foreign exchange gains/(losses) | 9,806,283 | (625,033) | (307,739) | 68,784 | (5,083,545) | 624,465 | 4,414,999 | 68,216 |
| Segment Revenue | 279,750 | 11,340 | – | – | – | – | 279,750 | 11,340 |
| Segment Result | | | | | | | | |
| Profit /(loss) before tax | 6,654,722 | (817,849) | (2,332,517) | (194,532) | (3,038,728) | 444,451 | 1,283,477 | (567,930) |
| Income Tax | – | – | – | – | – | – | – | – |
| Net profit/(loss) | 6,654,722 | (817,849) | (2,332,517) | (194,532) | (3,038,728) | 444,451 | 1,283,477 | (567,930) |
| Depreciation | 3,874 | 1,372 | 109,091 | 113,834 | – | – | 112,965 | 115,206 |
| Exploration expenditure written off | – | – | 805,533 | – | – | – | 805,533 | – |
| Segment Assets | 40,567,349 | 11,366,034 | 26,775,288 | 10,427,578 | (25,534,959) | (9,641,356) | 41,807,678 | 12,152,256 |
| Segment Liabilities | 291,657 | 211,471 | 27,521,892 | 10,900,598 | (26,281,563) | (10,815,689) | 1,531,986 | 296,380 |
| Capital expenditure | 13,314 | 3,693 | 1,099,222 | 5,677 | – | – | 1,112,536 | 9,370 |

**NOTE 22. CONTROLLED ENTITIES**

| Particulars in relation to Controlled Entities | Country of Incorporation | Percentage Owned | |
|---|---|---|---|
| | | 2008 % | 2007 % |
| **Parent Entity** | | | |
| Hampton Mining Limited | Australia | | |
| **Directly Controlled Entities** | | | |
| Minera Hampton Chile Limitada | Chile | 100 | 100 |
| Hampton Minera Peru S.A.C | Peru | 100 | - |

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2008 % | 2007 % | 2008 % | 2007 % |

**NOTE 23: INTEREST IN JOINT VENTURE OPERATIONS**

As at 31 December 2008 Controlled Entities had interests in the following exploration joint ventures:

| | | | | |
|---|---|---|---|---|
| Sociedad Contractual Minera Ovalle owner of the following properties: | 50% | | | |
| Vallecillo Properties | | (Earning 50%) | | |
| Mollacas Properties | | (Earning 50%) | | |
| Loica Properties | | (Earning 50%) | | |
| San Lorenzo Properties | 50% | | | |

Included in the assets and liabilities of the Consolidated Entity are the following items which represent the Consolidated Entity's interest in the assets and liabilities employed in the joint venture

| Non-Current Assets | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
|---|---|---|---|---|
| Exploration and evaluation expenditure | 9,802,681 | 5,328,406 | – | – |

**NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE**

(a) On 28 January 2009, Minera Hampton Chile Limitada relinquished its option to acquire the Cerro Plata properties located approximately 85 km from La Serena, Chile. Minera Hampton Chile Limitada has no further obligations in respect of the Cerro Plata properties.

(b) On 2 February 2009 Metminco Limited (Metminco) revised its offer to acquire all the issued capital in the Company. (Metminco Offer). The Metminco Offer is 4 Metminco fully paid ordinary shares for each fully paid ordinary share in the Company, 1.875 Metminco fully paid ordinary shares for each option to acquire one fully paid ordinary share in the Company at an exercise price of $0.125 per share on or before 30 March 2009 (March 09 Options) and 0.9 Metminco fully paid ordinary share for each option to acquire one fully paid ordinary share in the Company at an exercise price of $0.32 per share on or before 28 April 2009 (April 09 Options). The Metminco Offer, which as at the date of this report closes 8 July 2009, has lapsed in respect of the March 09 and April 09 Options.

On 19 June 2009, Metminco announced that it had received acceptances from Hampton Shareholders for 72,381,611 shares, or 34.8% of the issued capital of Hampton and accordingly has a relevant interest in those Hampton securities.

On 1 July 2009, Metminco announced that the Offer was unconditional freeing the Offer from all of the conditions contained in Section 12 of Metminco's Bidder Statement and that the Offer would close at 7pm on 8 July 2009.

On 9 July 2009, Metminco announced that the Offer closed on 8 July 2009 with Metminco holding a relevant interest in 75,922,683 ordinary shares in Hampton which represents 36.5% of the ordinary shares on issue.

(c) On 4 March 2009, Minera Hampton Chile Limitada relinquished its option to acquire the Kamikaze property located north of Copiapo, Chile. Minera Hampton Chile Limitada has no further obligations in respect of the Kamikaze property.

(d) During February and March 2009, option holders exercised March 09 Options to acquire 2,386,667 fully paid ordinary shares in the Company raising $298,333. The remaining 9,713,333 March 2009 outstanding as at 31 December 2008 lapsed unexercised.

(e) On 28 April 2009, 20,000,000 April 09 Options exercisable on or before 28 April 2009 at an exercise price of $0.32 per share lapsed unexercised.

(f) Since balance date the AUD/USD exchange rate has strengthened from 0.6907 as at 31 December 2008 to 0.7794 as at report date resulting in foreign losses on USD denominated bank balances.

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

| | CONSOLIDATED 2008 $ | CONSOLIDATED 2007 $ | COMPANY 2008 $ | COMPANY 2007 $ |
|---|---|---|---|---|
| **NOTE 25: NOTES TO THE CASH FLOW STATEMENT** | | | | |
| (a). Reconciliation of Cash | | | | |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | | | |
| Cash at bank | 12,928,235 | 738,698 | 12,313,980 | 627,871 |
| | 12,928,235 | 738,698 | 12,313,980 | 627,871 |
| (b). Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities | | | | |
| Profit/ (loss) from ordinary activities after income tax | 1,283,477 | (567,930) | 6,654,722 | (817,849) |
| Add/(less) non-cash items: | | | | |
| Depreciation and amortisation | 112,965 | 115,206 | 3,874 | 1,372 |
| Impairment of advance to Controlled Entity | – | – | 2,041,407 | (172,052) |
| Share of associated entity's profit/ (loss) after income tax | (3,409) | 7,964 | – | – |
| Exchange loss/ (gains) | (4,415,163) | – | (9,806,282) | 625,033 |
| Write off of exploration properties | 805,533 | – | – | – |
| Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year: | | | | |
| Decrease/(Increase) in receivables | 34,223 | (17,846) | 30,317 | (17,846) |
| Decrease/(Increase) in prepayments | 278,391 | (2,776) | 278,391 | – |
| Decrease/(Increase in payables | 178,216 | 112,136 | 54,977 | 118,664 |
| Net cash used in operating activities | (1,725,767) | (353,246) | (742,594) | (262,678) |

## NOTE 26: FINANCIAL INSTRUMENTS

### a) Interest rate and foreign exchange risk

The consolidated entity is exposed to interest rate and foreign exchange risk through cash assets held as at balance date. Interest earned on cash deposit was approximately 2.3% (2007: 4.0%).

| | CONSOLIDATED 2008 $ | CONSOLIDATED 2007 $ | COMPANY 2008 $ | COMPANY 2007 $ |
|---|---|---|---|---|
| Cash assets held in Australian dollars and subject to floating interest rate | 49,100 | 619,631 | 49,110 | 619,631 |
| Australian currency equivalent of cash assets held in USA currency and subject to floating interest rate | 12,879,135 | 119,067 | 12,264,870 | 8,240 |
| Total cash assets | 12,928,235 | 738,698 | 12,313,980 | 627,871 |

*Sensitivity Analysis*

The Hampton Group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

**NOTE 26: FINANCIAL INSTRUMENTS (Continued)**

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2008 $ | 2007 $ | 2008 $ | 2007 $ |
| **Interest Rate Sensitivity Analysis** | | | | |
| At 31 December 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows: | | | | |
| Change in profit | | | | |
| Increase in interest rate by 2% | 258,565 | 14,774 | 246,280 | 12,557 |
| Decrease in interest rate by 2% | (258,565) | (14,774) | (246,280) | (12,557) |
| Change in equity | | | | |
| Increase in interest rate by 2% | 258,565 | 14,774 | 246,280 | 12,557 |
| Decrease in interest rate by 2% | (258,565) | (14,774) | (246,280) | (12,557) |
| **Foreign Currency Risk Sensitivity Analysis** | | | | |
| At 31 December 2008, the effect on profit and equity as a result of changes in the in the value of the Australian dollar (AUD) compared to the US dollar (USD), with all other variables remaining constant would be as follows: | | | | |
| Change in profit | | | | |
| Improvement in AUD to USD by 5% | (643,956) | (5,953) | (1,955,377) | (458,907) |
| Decline in AUD to USD by 5% | 643,956 | 5,953 | 1,955,377 | 458,907 |
| Change in equity | | | | |
| Improvement in AUD to USD by 5% | (643,956) | (5,953) | (1,955,377) | (458,907) |
| Decline in AUD to USD by 5% | 643,956 | 5,953 | 1,955,377 | 458,907 |

**b) Credit Risk**
The maximum credit risk exposure of financial assets is represented by the carrying amounts of assets recognised in the balance sheet net of any allowance for diminution in value.

**c) Fair Values of Financial Asset and Liabilities**
The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their fair value.

**d) 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. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. Management intends to raise additional capital through equity raisings within the next 12 months.

## NOTE 27: RELATED PARTIES

### Directors

The names of each person holding the position of Director of Hampton Mining Limited during the financial year are:

Phillip Wing, William J Howe, William S Etheridge, Rodney Hudspeth and Mr Hector A Alegria-Olate (appointed 21 November 2008).

Details of Key Management Personnel remuneration are set out in Note 28.

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

### NOTE 27: RELATED PARTIES (Continued)

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

The aggregate interests of Directors and the Executive Officer of the reporting entity and their Director-related entities in shares and share options of entities within the Consolidated Entity at year end are set out below.

| **Fully paid ordinary shares** | HELD AT 1 JAN 2008 | ISSUE OF SHARES | EXERCISE OF OPTIONS | TRANSFERS | HELD AT 31 DEC 2008 |
|---|---|---|---|---|---|
| Directors | | | | | |
| Phillip Wing | 10,400,000 | – | 3,000,000 | (10,266,666) | 3,133,334 |
| William J Howe | 10,466,667 | – | 1,800,000 | – | 12,266,667 |
| Rodney T Hudspeth | 55,610,954 | – | 3,500,000 | – | 59,110,954 |
| William S Etheridge | 14,600,000 | – | 1,000,000 | – | 15,600,000 |
| Hector A Alegria-Olate | – | 66,393,750 | – | – | 66,393,750 |

| **Options** | HELD AT 1 JAN 2008 | ISSUE OF OPTIONS | EXERCISED | | HELD AT 31 DEC 2008 |
|---|---|---|---|---|---|
| Directors | | | | | |
| Phillip Wing | 3,000,000 | – | 3,000,000 | – | – |
| William J Howe | 2,000,000 | – | 1,800,000 | – | 200,000 |
| Rodney T Hudspeth | 13,000,000 | – | 3,500,000 | – | 9,500,000 |
| William S Etheridge | 3,000,000 | – | 1,000,000 | – | 2,000,000 |
| Hector A Alegria-Olate | – | 20,000,000 | – | – | 20,000,000 |

**Non-Director 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.

**Controlled Entities**

| | COMPANY | |
|---|---|---|
| | 2008 $ | 2007 $ |
| The Parent Company provided management and related services to Controlled Entities | 549,824 | 1,116,033 |
| Advances to Controlled Entities | 14,126,853 | 5,315,882 |
| Impairment of advances during the year | 2,041,407 | - |

All loans to Controlled Entities are unsecured and repayable on demand.

### NOTE 28: KEY MANAGEMENT PERSONNEL COMPENSATION

| | **Fees and salaries (incl superannuation)** | | **Equity** | | |
|---|---|---|---|---|---|
| | **Salary** | **Director's Fees** | **Value of Shares** | **Value of Options** | **Total** |
| | $ | $ | $ | $ | $ |
| 2008 | 692,152 | 165,052 | - | - | 857,205 |
| 2007 | 389,633 | 124,846 | - | - | 514,479 |

### NOTE 29: COMPANY DETAILS

Hampton Mining Limited is a company domiciled in Australia and its registered office is located at 119 Willoughby Rd Crows Nest, 2065 NSW, Australia. The Hampton Group's principal activities are exploration and development of mineral prospects primarily located in Chile and Peru, South America.

**HAMPTON MINING LIMITED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 9 to 29 are in accordance with the Corporations Act 2001 and:

   a) comply with Accounting Standards and Corporations Regulations 2001; and

   b) give a true and fair view of the financial position as at 31 December 2008 and the performance for the year ended that date of the company and consolidated group.

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

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

Phillip J. Wing.

Dr Phillip J Wing
Chairman

Dated 15 day of July 2009

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# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF HAMPTON MINING LIMITED

We have audited the accompanying financial report of Hampton Mining Limited, (the company) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HAMPTON MINING LIMITED (CONT)

### *Auditor's responsibility (cont)*

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 opinions.

### *Independence*

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

### *Auditor's opinion*

In our opinion:

a the financial report of Hampton Mining Limited and controlled entities is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in 1.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

A G Rigele
Partner

Sydney, 15 July 2009

# HAMPTON MINING LIMITED

# ABN 55 103 712 385

# AND CONTROLLED ENTITIES

# ANNUAL REPORT FOR YEAR ENDED

# 31 DECEMBER 2007

The Directors present their report together with the financial report of Hampton Mining Limited (the Company) and the Group being the Company and its subsidiaries, for the financial year ended 31 December 2007, and the Auditor's Report thereon.

## Directors

The names of the Directors in office at the date of this report and throughout the year are: -

Dr Phillip J Wing (Non Executive Chairman)
Mr William J Howe (Managing Director)
Mr Rodney T Hudspeth (Non Executive Director)
Mr William S Etheridge (Executive Director)

## Company Secretary

The name of the company secretary in office at the date of this report and throughout the year is Mr Philip W Killen.

## Principal Activity

The principal activities of the Consolidated Entity were exploration for copper, gold and other minerals. There were no significant changes in the nature principal activities of the Consolidated Entity during the year.

Hampton Mining Limited is a public company incorporated in Australia.

## Trading Results

The consolidated operating loss of the economic entity comprising Hampton Mining Limited ("Hampton") and its controlled entities after tax for the financial year ended 31 December 2007 was $567,930 (2006: $550,793).

## Review of Operations

Hampton Mining is entering an exciting phase in its development. Having secured several potentially large projects in Chile and Peru through an aggressive acquisition strategy over the last two years, Hampton Mining is now in the process of raising substantial new equity to fund a comprehensive exploration and development program during 2008 and beyond.

In January 2006, the Group signed an agreement with MN Ingeneiros ("MN") by which the Group could earn a 75% interest in three projects approximately 450 km north of Santiago, Chile. Since early 2007 the Group has expanded its portfolio of projects, adding the Los Calatos project in Peru and the Camaron, Isidro, Kamikaze and Maria projects in Chile. The Group and MN have also augmented their Loica porphyry project through an agreement to earn 100% of the Victoria deposit, contained within the Loica tenements.

Between March 2006 and April 2007 the Group drilled over 16,000 metres on the three projects subject to an agreement with MN, achieving JORC status mineral resources at Mollacas and Vallecillo, and demonstrating the Loica deposit is mineralized.

A Scoping Study at Mollocas, based on the on the Indicated & Inferred Resources, has indicated that at a copper price of US$ 2.50 /lb the project has an NPV of US$ 107 million (US$ 80.3 million for Hampton's 75% share).

Subject to the outcome of a planned feasibility study, and achieving permitting and funding, production could commence by end 2009 to mid 2010, at projected operating costs of approximately US$0.80 per lb copper. If the expected timetable is met then only 4 to 5 years would have elapsed from discovery to production, which is a relatively quick timeframe in the mining industry.

Subject to funding, the Company plans to complete a feasibility study on potential copper production from Mollacas, undertake drilling programs totaling 30,000 metres on the three main advanced exploration projects at Loica / Victoria, Los Calatos and Vallecillo and undertake further detailed surface geological work to refine targets for drilling at the large Camaron and Isidro Cu – Au projects, and on the magnetite project near Copiapo.

## Dividends

No dividends were paid or declared during the year by the Company and no recommendation is made as to dividends.

## State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year ended 31 December 2007 other than as referred to in the Financial Statements or notes thereto.

## Share Performance and Shareholder Wealth

The Company is unlisted and shares are not readily tradeable. There was no return of capital to shareholders.

## Non-audit Services

During the year Grant Thornton provided non audit services to the Consolidated Entity amounting to $34,550 (2006: Nil). The directors are satisfied that provision of non audit services does not compromise audit independence.

## Events Subsequent To Balance Date

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

- During March 2008 the Company entered into an option agreement to acquire 100% interest in tenements located approximately 70km from Copiapo, Chile from SCM Kamikaze for A$ 1,295,000 (US $1,100,000) payable over 3 years. A further payment of 1% of future insitu recovered iron is payable on completion of a bankable feasibility study. A royalty of A$ 0.18 (US$ 0.15) per tonne of recoverable iron and 2% NSR on recovered copper is payable on production.

- During March 2008 the Company entered into an option agreement to acquire 100% interest in the Santa Berta tenements located in the Isidro area for A$ 8,000 per month (US $7,000) for the 3 years. An acquisition price of A$ 0.006 (US$ 0.005) per lb copper in proven and probable reserves is payable on exercise of the option.

- On 6 March 2008 Hampton Mining Limited entered into a binding Heads of Agreement with Mr Isidoro Quiroga whereby the investor or his nominee would subscribe for fully paid ordinary shares in the Company at an issue price of A$0.32 per share equivalent to US$ 20 million (approximately A$22.8 million based on the exchange rate as at 31 December 2007) on 20 April 2008, or another date as agreed between the parties. Under this agreement the investor would also be granted 20 million options to subscribe for one fully paid share in the Company at an exercise price of A$0.32 per option expiring on the anniversary of the issue date of the subscription shares. A condition of the subscription agreement was that a majority of Hampton shareholders approve the share and option issue and provide a waiver of the takeover provisions that may apply should the investor exercise these options.

On 24 April 2008 shareholders approved the share and option issue to Junior Investment Company and granted a waiver of the takeover provisions that may apply should the investor exercise the options granted in accordance with the subscription agreement. On 29 April 2008 all conditions of the Subscription Agreement had been met by both parties including the receipt by the Company of the US$ 20 million (approximately A$21.2 million) in subscription monies

- Prior to 6 May 2008 existing shareholders exercised 4,121,500 of the options existing as at 31 December 2007 to provide interim funding of A$ 502,688.

## Likely Future Developments

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

## Environmental Regulations

The Consolidated Entity 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 financial year that are material in nature.

## 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.

## Information on Directors

*Dr Phillip Wing* *Non-Executive Chairman*

Dr Wing is the Executive Chairman of Kirin Corp, a privately held Private Equity firm. He is currently Chairman or non executive director of 7 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 Information Technology and Telecommunications venture capital firm, and was an active Non-Executive Director on many of TVP's portfolio companies. Prior to joining TVP, Phillip was a senior executive in IBM's global and Asia Pacific management team. He held Asian responsibility for a major industry business unit and was also General Manager of the IBM consulting business. His last role in IBM was as General Manager 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, 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 US, Asia, and Europe. He has a Bachelor and Masters of Economics and has completed a PhD in management (business transformation). He is a member of the Institute of Chartered Accountants, and also an adjunct lecturer with the Centre for Applied Finance (Macquarie University).

*William Howe* *Managing Director*

Mr Howe (B.Sc. FAusIMM) is the founder of Hampton Mining founder, has over 27 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 optimizing 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 Managing Director of Ghana Gold Mines Limited, Hargraves Resource NL and Selwyn Mines Limited.

*Rodney Hudspeth* *Non Executive Director*
Mr Hudspeth's primary area of expertise is in the financial and commercial environment of the mineral resources, technology and telecommunications industries in which he has had extensive experience both within Australia and internationally. Since 1970, he has been involved with a number of successful mining companies, his functions encompassing all aspects of exploration, economic development and production. During the period 1986 to 1991, Mr Hudspeth was Chairman, Managing Director and the founder of Arimco Limited, a substantial gold producing company. From 1996 to 2001, Mr Hudspeth was Chairman, Chief Executive and founder of a United States based telecommunications company.

*William Etheridge* *Executive Director*

Mr Etheridge (B.Eng, MA (Cantab)) has over 30 years experience in the mining and mining finance industry, based mainly in Sydney and London. He has worked within mining companies specializing in mining project scoping, analysis, appraisal and valuation of internal and external mining project opportunities, cut-off grade analysis, project administration, preparation of company reports, and investor relations. He has also worked in stockbroking as a resources analyst, covering a range of mining companies, and including experience in research & equity raising. He has consulted on mining investment opportunities in coal, copper, gold, nickel, zinc and vanadium. He worked as a mining engineer with Hamersley Iron, and as an economist for mining companies in London and Sydney. He has also undertaken detailed analysis of a number of mineral commodities, both metals and energy.

## Information on Company Secretary

*Philip Killen* *Chief Financial Officer/Company Secretary*
Mr Killen (B.Maths/B.Commerce, CPA) is a finance professional with 15 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 modelling to support bankable feasibility studies, development of funding strategies, treasury, statutory and ASX compliance reporting, and implementation of commercial systems.

## Auditor's Independence Declaration

The Company's independent auditor has provided an independent declaration as required under section 307C of the Corporations Act 2001 to the Company for the year ended 31 December 2007. A copy of the declaration is attached to and forms part of the financial report.

## Meetings of the Board

The Board of Directors held thirteen meetings during the year ended 31 December 2007. Attendances of Directors at these meetings are shown in the table below:

| Chairman / Director | Meetings Attended |
|---|---|
| Dr P J Wing | 13 |
| Mr W J Howe | 13 |
| Mr R T Hudspeth | 12 |
| Mr W S Etheridge | 13 |

## Meetings of the Remuneration Committee

The Remunertaion Committe held one meetings during the year ended 31 December 2007. Attendances of Directors at these meetings are shown in the table below:

| **Chairman / Director** | **Meetings Attended** |
|---|---|
| Dr P J Wing | 1 |
| Mr R T Hudspeth | 1 |

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Dr Phillip J Wing
CHAIRMAN

Mr William J Howe
MANAGING DIRECTOR

6 May 2008
SYDNEY

Grant Thornton

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF HAMPTON MINING LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001*,* as lead auditor for the audit of Hampton Mining Limited for the year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

G S LAYLAND
Partner
Sydney
6 May 2008

**HAMPTON MINING LIMTED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**INCOME STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2007**

| | **Note** | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|---|
| | | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| Foreign exchange gain / (loss) | | 68,216 | – | (625,033) | (186,931) |
| Net finance income and expense | 3 | 11,340 | 12,992 | 11,340 | 12,992 |
| Expenses/ impairment from continuing operations | 2 | (647,486) | (563,785) | (204,156) | (593,235) |
| Loss before tax | | (567,930) | (550,793) | (817,849) | (767,174) |
| Income tax expense relating to ordinary activities | 4 | – | – | – | – |
| Loss for the year | | (567,930) | (550,793) | (817,849) | (767,174) |

The income statements are to be read in conjunction with the notes to the financial statements.

**HAMPTON MINING LIMITED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**BALANCE SHEETS**
**AS AT 31 DECEMBER 2007**

| | Note | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|---|
| | | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6 | 738,698 | 1,327,791 | 627,871 | 1,136,248 |
| Trade and other receivables | 7 | 25,926 | 8,080 | 25,926 | 8,080 |
| Other | 8 | 281,167 | 2,608 | 278,390 | – |
| TOTAL CURRENT ASSETS | | 1,045,791 | 1,338,479 | 932,187 | 1,144,328 |
| NON-CURRENT ASSETS | | | | | |
| Receivables | 9 | 640,775 | 317,111 | – | – |
| Financial assets | 10 | 1,508,577 | – | 10,429,465 | 4,091,899 |
| Property, plant and equipment | 11 | 36,520 | 3,833 | 4,382 | 2,061 |
| Exploration and evaluation expenditure | 12 | 8,920,593 | 3,730,710 | – | – |
| TOTAL NON-CURRENT ASSETS | | 11,106,465 | 4,051,654 | 10,433,847 | 4,093,960 |
| **TOTAL ASSETS** | | **12,152,256** | **5,390,133** | **11,366,034** | **5,238,288** |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 13 | 296,380 | 244,653 | 211,471 | 92,808 |
| TOTAL CURRENT LIABILITIES | | 296,380 | 244,653 | 211,471 | 92,808 |
| **TOTAL LIABILITIES** | | **296,380** | **244,653** | 211,471 | 92,808 |
| **NET ASSETS** | | **11,855,876** | **5,145,480** | **11,154,563** | **5,145,480** |
| EQUITY | | | | | |
| Issued capital | 14 | 13,001,363 | 6,174,431 | 13,001,363 | 6,174,431 |
| Reserves | 16 | 287,013 | (164,381) | 52,000 | 52,000 |
| Accumulated losses | 17 | (1,432,500) | (864,570) | (1,898,800) | (1,080,951) |
| **TOTAL EQUITY** | | **11,855,876** | **5,145,480** | **11,154,563** | **5,145,480** |

The balance sheets are to be read in conjunction with the notes to the financial statements.

**HAMPTON MINING LIMITED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 DECEMBER 2007**

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| | $ | $ | $ | $ |
| Total equity at the beginning of the year | 5,145,480 | 2,251,991 | 5,145,480 | 2,251,991 |
| Foreign exchange translation differences recognised directly in equity | 451,394 | (216,381) | – | – |
| Loss for the year | (567,930) | (550,793) | (817,849) | (767,174) |
| Total recognised income and expense for the year | (116,536) | (767,174) | (817,849) | (767,174) |
| Option based payments | – | 52,000 | – | 52,000 |
| Contributions of equity, net of transaction costs | 6,826,932 | 3,608,663 | 6,826,932 | 3,608,663 |
| Total equity at the end of the year | 11,855,876 | 5,145,480 | 11,154,563 | 5,145,480 |
| Attributable to equity holders of the parent | 11,855,876 | 5,145,480 | 11,154,563 | 5,145,480 |

The statements of changes in equity are to be read in conjunction with the notes to the financial statements.

# HAMPTON MINING LIMITED
# ABN 55 103 712 385
# AND CONTROLLED ENTITIES
# CASH FLOW STATEMENTS
# FOR THE YEAR ENDED 31 DECEMBER 2007

| | Note | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|---|
| | | 2007<br>$ | 2006<br>$ | 2007<br>$ | 2006<br>$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Payments to suppliers and employees | | (364,586) | (691,749) | (274,018) | (279,607) |
| Interest received | | 11,340 | 13,002 | 11,340 | 13,002 |
| Financial expenses | | - | (10) | - | (10) |
| Net cash used in operating activities | 23(b) | (353,246) | (678,757) | (262,678) | (266,615) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of plant and equipment | | (9,370) | (32,975) | (3,693) | – |
| Payments for exploration expenditure | | (6,459,245) | (2,927,669) | (358,632) | – |
| Advances to other entities in respect to acquisition of exploration properties | | (315,773) | – | – | – |
| Advances to Controlled Entity | | – | – | (6,431,915) | (3,564,329) |
| Net cash used in investing activities | | (6,784,388) | (2,960,644) | (6,794,240) | (3,564,329) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from issue of shares | | 6,826,932 | 3,608,663 | 6,826,932 | 3,608,663 |
| Payments in respect to planned initial public offering | | (278,391) | – | (278,391) | – |
| Net cash provided by financing activities | | 6,548,541 | 3,608,663 | 6,548,541 | 3,608,663 |
| Net decrease in cash held | | (589,093) | (30,738) | (508,377) | (222,281) |
| Cash and cash equivalents at 1 January 2007 | | 1,327,791 | 1,358,529 | 1,136,248 | 1,358,529 |
| Cash and cash equivalents at 31 December 2007 | 24(a) | 738,698 | 1,327,791 | 627,871 | 1,136,248 |

The cash flow statement is to be read in conjunction with the notes to the financial statements.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Hampton Mining Limited ("Company") is a company domiciled in Australia and its registered office is located at 119 Willoughby Rd Crows Nest, 2065 NSW, Australia. The consolidated financial report of the Company for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interest in associates and jointly controlled entities. The Consolidated Entity's principal activities are exploration and development of mineral prospects primarily located in Chile and Peru, South America.

**a. Statement of compliance**

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. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the Australian Accounting Standards Board, being Australian equivalents to IFRS ("AIFRS"). The financial reports of the Consolidated Entity and the Company also comply with IFRS and interpretations adopted by the International Accounting Standards Board adopted in their entirety.

**b. Basis of preparation**

The financial report is prepared on an accrual basis and is based on the historical cost basis and is presented in Australian dollars.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Consolidated Entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects the Consolidated Entity during that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1l below.

There have been new Australian Accounting Standards and Australian Accounting Interpretations issued or amended and are applicable to the Company but are not yet effective. The Company's assessment of the impact of these new standards and interpretations has been completed with no material affect on the Company's financial report. They have not been adopted in the preparation of the financial report at reporting date.

The accounting policies have been applied consistently by consolidated entities.

**c. Basis of consolidation**

***Controlled Entities***

The financial statements of Controlled Entities are included from the date control commences until the date control ceases. Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

***Joint ventures***

A joint venture is either an entity or operation that is jointly controlled by the Consolidated Entity.

*Jointly controlled entities*

In the consolidated financial statements, investments in joint venture entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The Consolidated Entity's share of the joint venture entity's net profit or loss is recognised in the consolidated income statement from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly on consolidated reserves.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

*Jointly controlled operations and assets*

The Consolidated Entity's interest in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs and its share of income it earns from the sale of goods or services by the joint venture.

***Transactions eliminated on consolidation***

Unrealised gains and losses and intragroup balances resulting from transactions with or between Controlled Entities are eliminated in full on consolidation. Unrealised gains resulting from transactions with jointly controlled entities are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating to jointly controlled entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

**d. Going concern basis of accounting**

The financial report has been prepared on the basis of a going concern. Both the Consolidated Entity and the Company had made operating losses for the financial year and continue to decrease their net cash position due to the Consolidated Entity's exploration projects.
On 24 April 2008 Hampton Mining Limited entered into a Subscription Agreement with Junior Investment Company to subscribe for fully paid ordinary shares in the Company at an issue price of A$0.32 per share equivalent to US$ 20 million (approximately A$21.2 million). On 29 April 2008 all conditions of the Subscription Agreement had been met by both parties including the receipt by the Company of the US$ 20 million (approximately A$21.2 million) in subscription monies. This will provide the Group with sufficient working capital to continue planned exploration and development activities.

**e. Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statements.

**f. Depreciation**

Depreciation is charged to the income statement. All assets have limited useful lives and are depreciated using the straight line method over their useful lives. Depreciation methods and useful lives, as well as residual values, are reassessed annually. Assets are depreciated from the date of acquisition.

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

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 20–40% |

**g. Derivative financial instruments**

The Consolidated Entity does not use derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

**h. Employee benefits**

***Wages, salaries, annual leave and sick leave***

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of the year end, represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on current remuneration and salary rates that the Consolidated Entity expects to pay as at the reporting date including related on-costs.

***Superannuation***

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the income statement as incurred.

***Long-term service benefits***

The Consolidated Entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Consolidated Entity's obligation.

**i. Exploration, evaluation and development expenditure**

Pre-licence costs are recognised in the income statement as incurred.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Exploration, evaluation and development expenditure, including the costs of acquiring licences, are capitalised on a project by project basis. 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 which permits reasonable assessment of the existence of economically recoverable reserves.

Expenditure deemed to be unsuccessful is recognised in the income statement immediately.

Exploration, evaluation and development assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount (refer Note 1l).

**j. Foreign Currency Translation**

*Transactions*

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At reporting date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current on that date. Resulting exchange differences are recognised in determining the income statement.

*Hedging*

The Consolidated Entity has not entered into any specific, general or speculative hedging arrangements.

*Foreign controlled entities*

As the foreign controlled entities are integrated, their assets and liabilities are translated into Australian currency at rates of exchange current at reporting date, while its revenues and expenses are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are recognised directly in equity.

**k. Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**l. Impairment**

The carrying amounts of the Consolidated Entity's assets, other than deferred tax assets (refer note1m), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer Note 1l(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**m. Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**n. Investments**

***Controlled Entities***

Investments in Controlled Entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

***Associate Entities***

Investment in associate entities are recognised in the financial statements by applying the equity method accounting.

**o. Leased assets**

Lease payments made under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are recognised in the income statement on a straight line basis over the term of the lease.

**p. Net financing costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividends on redeemable preference shares, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (refer Note 1g).

**q. Trade and other payables**

Trade and other payables are stated at cost.

**r. Property, plant and equipment**

All assets acquired including property, plant and equipment are stated at cost of acquisition at the date of acquisition less accumulated depreciation (refer note 1f) and any impairment losses (refer Note 1l).

**s. Provisions**

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

**t. Revenue recognition**

The gross proceeds from asset sales are included as revenue of the Consolidated Entity. The profit or loss on disposal is brought to account at the date an unconditional contract of sale is signed.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

**u. Segment reporting**

A segment is a distinguishable component of the Consolidated Entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The business segments reported are mineral exploration in Australia and, Chile and Peru.

**v. Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (refer Note 1l).

**w. Comparative figures**

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

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| **NOTE 2: LOSS FROM ORDINARY ACTIVITIES** | | | | |
| Expenses/ impairment from continuing operations | | | | |
| Provision /(reversal) of impairment of loan to Controlled Entity | – | – | (172,052) | 172,052 |
| Equity investment loss (i) | 7,964 | – | – | – |
| Administrative costs | 259,700 | 233,727 | 110,218 | 141,306 |
| Depreciation and amortisation expense | 115,206 | 51,481 | 1,372 | 1,300 |
| Employee and Director benefits expense | 197,240 | 240,747 | 197,240 | 240,747 |
| Other expenses from ordinary activities | 67,376 | 37,830 | 67,378 | 37,830 |
| | 647,486 | 563,785 | 204,156 | 593,235 |

(i) Hampton Minera Chile Limitada's 50% share of Societe Contractual Minera Ovaille Limitada's loss for the period ended 31 December 2007.

**NOTE 3: FINANCE INCOME AND EXPENSES**

| | | | | |
|---|---|---|---|---|
| Interest income | 11,340 | 13,002 | 11,340 | 13,002 |
| Interest expense | – | (10) | – | (10) |
| Net finance income and expenses | 11,340 | 12,992 | 11,340 | 12,992 |

**NOTE 4: INCOME TAX EXPENSE**

**Numerical reconciliation between tax benefit and pre-tax net loss**

| | | | | |
|---|---|---|---|---|
| Loss before tax | (567,930) | (550,793) | (817,849) | (767,174) |
| Total income tax benefit calculated at 30% (2006: 30%) | (170,379) | (165,238) | (245,355) | (230,152) |
| Increase in income tax expense due to: | | | | |
| – impairment of loan to Controlled Entity | – | – | (51,616) | 51,616 |
| – foreign exchange losses | – | – | 187,510 | 56,079 |
| – other non-allowable items | (554) | 25,906 | (553) | 25,906 |
| | (170,933) | (139,332) | (110,014) | (96,551) |
| Deferred tax asset not brought to account | 170,933 | 139,332 | 110,014 | 96,551 |
| Income tax expense on pre-tax loss | – | – | – | – |

**Deferred tax asset not taken to account**

| | | | | |
|---|---|---|---|---|
| Tax losses carried forward: | | | | |
| – revenue losses carried forward | 390,683 | 219,749 | 286,982 | 176,968 |

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 probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits therefrom.

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| | $ | $ | $ | $ |
| **NOTE 5: AUDITORS' REMUNERATION** | | | | |
| Audit services – Grant Thornton | | | | |
| Australia | 37,225 | 13,000 | 37,225 | 13,000 |
| Chile | 13,308 | 6,968 | – | – |
| | 50,533 | 19,968 | 37,225 | 13,000 |
| Other services – Grant Thornton | | | | |
| Australia | 34,550 | – | 34,550 | – |
| **NOTE 6: CASH AND CASH EQUIVALENTS** | | | | |
| Cash at bank | 738,698 | 1,327,791 | 627,871 | 1,136,248 |
| | 738,698 | 1,327,791 | 627,871 | 1,136,248 |
| **NOTE 7:TRADE AND OTHER RECEIVABLES** | | | | |
| Other receivables | 25,926 | 8,080 | 25,926 | 8,080 |
| | 25,926 | 8,080 | 25,926 | 8,080 |
| **NOTE 8: OTHER CURRENT ASSETS** | | | | |
| Prepayments | 281,167 | 2,608 | 278,390 | – |
| **NOTE 9: NON CURRENT RECEIVABLES** | | | | |
| Chilean VAT Receivables | 640,775 | 317,111 | – | – |
| | 640,775 | 317,111 | – | – |
| **NOTE 10: OTHER FINANCIAL ASSETS** | | | | |
| Investments in Controlled Entities | | | | |
| – Shares at cost in subsidiary | – | – | 1,259,572 | 1,259,572 |
| – Advances to subsidiary | – | – | 9,169,893 | 3,004,379 |
| – Provision for impairment | – | – | – | (172,052) |
| | – | – | 10,429,465 | 4,091,899 |

Advances from Hampton Mining Limited to Minera Hampton Chile Limitada are non interest bearing with no fixed repayment terms (2007: $A 8,811,261 2006: $A 3,004,379)

| | | | | |
|---|---|---|---|---|
| Equity accounted investments in associated entities | 1,508,577 | – | – | – |
| Movements during the year in equity accounted investment in associated entities | | | | |
| Add new investment during the year | 1,516,541 | – | – | – |
| Less share of associated entity's loss after income tax | (7,964) | – | – | – |
| Balance as at the end of the financial year | 1,508,577 | – | – | – |

| NOTE 10: OTHER FINANCIAL ASSETS (Continued) | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| | 2007<br>$ | 2006<br>$ | 2007<br>$ | 2006<br>$ |
| Equity accounted profits/(losses) of associates are broken down as follows: | | | | |
| Share of associated entity's loss before income tax | (7,964) | – | – | – |
| Share of associated entity's income tax expense | – | – | – | – |
| Share of associated entity's loss after income tax | (7,964) | – | – | – |
| Summarised presentation of aggregate assets, liabilities and performance of associates | | | | |
| Current assets | 2,512 | – | – | – |
| Non-current assets | 1,541,039 | – | – | – |
| Total assets | 1,543,551 | – | – | – |
| Current liabilities | 27,010 | – | – | – |
| Total liabilities | 27,010 | – | – | – |
| Net assets | 1,516,541 | – | – | – |
| Share of associated entity's loss after income tax | (7,964) | – | – | – |

In July 2007 Minera Hampton Chile Limitada (a wholly owned subsidiary of Hampton Mining Limited) and MN Ingenerious (an unrelated entity) formed a jointly owned and controlled (ie each party holding 50% of the equity) Chilean company, Sociedad Contractual Minera Ovalle. Under the terms of an option agreement between Minera Hampton Chile Limitada and MN Ingenerious, MN Ingenerious transferred title of the Mollocas, Vallecillo and Loica exploration properties to Sociedad Contractual Minera Ovalle. Sociedad Contractual Minera Ovalle's loss from formation to 31 December 2007 was $15,928 (Minera Hampton Chile Limitada share being $7,924).

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| **NOTE 11. PROPERTY, PLANT AND EQUIPMENT** | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| Plant and equipment | | | | |
| At cost | 137,879 | 36,879 | 7,596 | 3,903 |
| Accumulated depreciation | (101,359) | (33,046) | (3,214) | (1,842) |
| Total property, plant and equipment | 36,520 | 3,833 | 4,382 | 2,061 |
| **Reconciliations** | | | | |
| Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below: | | | | |
| Plant and equipment | | | | |
| Carrying amount at beginning of year | 3,833 | 3,361 | 2,061 | 3,361 |
| Additions | 9,370 | 32,975 | 3,693 | – |
| Transfer from Exploration and Evaluation | 91,630 | – | – | – |
| Depreciation | (68,313) | (32,503) | (1,372) | (1,300) |
| Carrying amount at end of year | 36,520 | 3,833 | 4,382 | 2,061 |

| | | | | |
|---|---|---|---|---|
| **NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE** | | | | |
| Costs carried forward in respect of areas of interest in: | | | | |
| – exploration and evaluation phases | 8,920,593 | 3,730,710 | – | – |
| **Reconciliations** | | | | |
| Carrying amount at the beginning of year | 3,730,710 | 886,523 | – | 886,523 |
| Expenditure incurred during current year | 5,328,406 | 2,863,164 | – | – |
| Expenditure assigned to controlled entity in the current year | – | – | – | (886,523) |
| Transfer to Plant and Equipment | (91,630) | – | – | – |
| Less amortisation | (46,893) | (18,977) | – | – |
| Carrying amount at the end of year | 8,920,593 | 3,730,710 | – | – |

| | | | | |
|---|---|---|---|---|
| **NOTE 13: TRADE AND OTHER PAYABLES** | | | | |
| Trade payables | 85,556 | 221,033 | 46,932 | 77,092 |
| Other payables | 210,824 | 23,620 | 164,539 | 15,716 |
| | 296,380 | 244,653 | 211,471 | 92,808 |

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| **NOTE 14: CONTRIBUTED EQUITY** | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| 124,215,801 fully paid ordinary shares | 13,001,363 | 6,174,431 | 13,001,363 | 6,174,431 |
| **Movements in ordinary share capital** | | | | |
| Balance at beginning of year | 6,174,431 | 2,565,769 | 6,174,431 | 2,565,769 |
| ***Shares issued*** | | | | |
| – 2,625,964 fully paid ordinary shares issued at 10 cents per share | – | 260,004 | – | 260,004 |
| – 12,500,000 fully paid shares issued at 10 cents per share | – | 1,250,000 | – | 1,250,000 |
| – rights issues of 4,361,578 fully paid shares at 10 cents per share | – | 436,158 | – | 436,158 |
| – 12,500,000 fully paid shares issued at 10 cents per share | – | 1,662,500 | – | 1,662,500 |
| – early exercise Jun 07 options to subscribe for 25,172,500 fully paid shares issued at 10 cents per share | 2,517,250 | – | 2,517,250 | – |
| – early exercise Jul 07 options to subscribe for 12,472,500 fully paid shares issued at 10 cents per share | 1,247,250 | – | 1,247,250 | – |
| – early exercise Jul 07 options to subscribe for 12,500,000 fully paid shares issued at 12.5 cents per share | 1,562,500 | – | 1,562,500 | – |
| – 4,285,599 fully paid shares issued at 35 cents per share | 1,499,932 | – | 1,499,932 | – |
| | 13,001,363 | 6,174,431 | 13,001,363 | 6,174,431 |

Holders of ordinary shares are entitled to receive dividends as declared from time to time irrespective of the amounts paid or credited as paid on the shares. Holders of fully paid ordinary shares are entitled on a show of hands to one vote for each fully paid share held.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

**NOTE 15: OPTIONS**

| Expiry Date | Exercise Price $ | Outstanding at 31 Dec 2006 | Issued during year | Exercised during year | Lapsed during year | Outstanding at 31 Dec 2007 |
|---|---|---|---|---|---|---|
| **Unlisted** | | | | | | |
| 15 June 2007 | 0.10 | 37,695,000 | – | 37,645,000 | 50,000 | – |
| 15 June 2007 | 0.125 | 12,500,000 | – | 12,500,000 | – | – |
| 5 January 2009 | 0.10 | 1,000,000 | – | – | – | 1,000,000 |
| 10 January 2009 | 0.10 | 500,000 | – | – | – | 500,000 |
| 14 June 2009 | 0.10 | 500,000 | – | – | – | 500,000 |
| 30 March 2009 | 0.125 | – | 25,097,500 | – | – | 25,097,500 |
| | | 52,195,000 | 25,097,500 | 50,145,000 | 50,000 | 27,097,500 |

| | CONSOLIDATED | | THE COMPANY | |
|---|---|---|---|---|
| **NOTE 16: RESERVES** | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| Foreign currency translation reserve: | | | | |
| Balance at beginning of the year | (164,381) | – | 52,000 | – |
| Current year foreign exchange translation differences | 451,394 | (216,381) | – | – |
| Directors' Options | – | 52,000 | – | 52,000 |
| Balance of end of the year | 287,013 | (164,381) | 52,000 | 52,000 |

The foreign currency reserve arises from conversion of Chilean assets and liabilities held by controlled entity Minera Hampton Chile Limitada into Australian dollars at period end exchange rates.

**NOTE 17: ACCUMULATED LOSSES**

| | | | | |
|---|---|---|---|---|
| Accumulated losses at beginning of the year | 864,570 | 313,777 | 1,080,951 | 313,777 |
| Net loss for the year | 567,930 | 550,793 | 817,849 | 767,174 |
| Accumulated losses at end of the year | 1,432,500 | 864,570 | 1,898,800 | 1,080,951 |

**NOTE 18: COMMITMENTS AND CONTINGENT LIABILITIES**

(a) The Consolidated Entity acquired a 50% interest in three exploration properties in Chile from MN Ingeneiros (Mollacas, Vallecillo and Loica), and is required to pay approximately $A 680,000 ($US 600,000) in option and exploration and exploitation concession payments over the next 12 months.

The Consolidated Entity has the option to increase its equity from 50% to 75% in these properties by paying MN Ingeneiros Limitada A$ 6,840,000 (US $6,000,000) by March 2009.

If this payment is made then the Consolidated Entity is obligated to make an additional payment of A$ 7,400,000 (US $6,500,000) payable on the earlier of completion of a bankable feasibility study or January 2012.

If the Consolidated Entity elects not to increase its equity interest above 50% then it either, elects to forgo its equity and does not commit to payment of A$ 7,400,000 (US $6,500,000) in 2012, or maintains its 50% interest and makes a commitment to the payment of A$ 7,400,000 (US $6,500,000 in 2012.

(b) The Mallocas exploration tenements landowner has commenced various actions against Minera Hampton Chile Limitada and MN Ingeneiros Limitada in respect to various matters relating to access and environmental accusations. Previous actions by the landowner have been successfully defended and the Directors have received legal advice that the current litigation is also likely to be successfully defended.

The most likely outcome is that compensation for land use may be set by the courts of Chile rather than by agreement between the parties. The Courts will assess such compensation on the basis of the present use of the land. It is not possible in advance to estimate the amount of compensation that might be set.

(c) On 7 September 2007, Minera Hampton Chile Limitada, a wholly owned subsidiary of the Company, entered into an option agreement to purchase a 100% interest of the Victoria tenements, adjacent to its Loica tenements, by paying A$ 5,700,000 (US$ 5,000,000) on or before 7 September 2009. MN Ingenieros, the Consolidated Entity's Loica joint venture partner has a right to participate in the Victoria project on a quid pro quo basis. Minera Hampton Chile Limitada may elect on or before 7 September 2009 to pay A$ 1,140,000 (US1,000,000) to extend the option for another year and must pay the difference A$ 4,560,000 by 7 September 2010 to acquire the Victoria tenements.

(d) During July 2007 the Company purchased an option to take a 100% interest in exploration properties known as Los Calatos located in Peru by paying Minera Cerro Norte S.A A$ 285,000 (US$ 250,000). The Company must pay further installments of A$ 590,000 (US$ 500,000) on each anniversary of the option agreement for the next 3 years, complete at least 3,000 meters of drilling per annum and meet license fee obligations to earn the right to acquire the 100% interest. To exercise the option Hampton must pay Cerro Norte US$ 0.005 per lb copper in proven and probable reserves as defined by a Scoping Study. A bonus payment of A$ 1,710,000 (US$ 1,500,000) is payable on a decision to mine and a royalty of 2% Net Smelter Return ('NSR') is payable on production.

(e) During September 2007 Minera Hampton Chile Limitada, a wholly owned subsidiary of the Company, entered into an option to purchase 100% of the licenses known as Cerro Plata in the Vicuna area of Chile. The option period is for 5 years with a first payment of A$ 340,000 (US$ 300,000) payable on signing the option agreement and consecutive annual payments of A$ 570,000 (US$500,000), A$ 825,000 (US$700,000), A$ 1,060,000 (US$900,000), A$ 1,060,000 (US$900,000) and A$ 1,178,000 (US$1,100,000) and final payment at the end of 5 years of A$ 7,400,000 (US$6,500,000). A royalty of 2% NSR is payable on production.

(f) During the financial year the Consolidated Entity exchanged letters of Intent, subject to due diligence and final Hampton Board approval to acquire the following:

(i) a 100% interest in tenements located approximately 70km from Copiapo, Chile from SCM Kamikaze for A$ 1,250,000 (US $1,100,000) payable over 3 years. A further payment of 1% of future insitu recovered iron is payable on completion of a bankable feasibility study. A royalty of A$ 0.17 (US$ 0.15) per tonne of recoverable iron and 2% NSR on recovered copper is payable on production.

(ii) a 50% interest in San Lorenzo, which is adjacent to other Consolidated Entity properties in the Vicuna area, for A$ 3,400,0000 (US $3,000,000) with a right to acquire a further 20% by undertaking exploration activities and completion of a bankable feasibility study.

### NOTE 19: SEGMENT INFORMATION

During the year the Consolidated Entity operated predominantly in one business segment being precious mineral exploration in two geographical segments being Australia and Chile/Peru (South America).

| | AUSTRALIA | | CHILE & PERU | | ELIMINATIONS | | CONSOLIDATED | |
|---|---|---|---|---|---|---|---|---|
| | 2007 $ | 2006 $ | 2007 $ | 2006 $ | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| Segment Revenue | 11,340 | 12,992 | – | – | – | – | 11,340 | 12,992 |
| Segment Result | | | | | | | | |
| Loss before tax | (817,849) | (767,174) | (194,532) | (154,437) | 444,451 | 370,818 | (567,930) | (550,793) |
| Income Tax | – | – | – | – | – | – | – | – |
| Net Loss | (817,849) | (767,174) | (194,532) | (154,437) | 444,451 | 370,818 | (567,930) | (550,793) |
| Depreciation | 1,372 | 1,300 | 113,834 | 50,181 | – | – | 115,206 | 51,481 |
| Exploration expenditure written off | – | – | – | – | – | – | – | – |
| Segment Assets | 11,366,034 | 5,238,288 | 10,427,578 | 4,049,954 | (9,641,356) | (3,898,109) | 12,152,256 | 5,390,133 |
| Segment Liabilities | 211,471 | 92,808 | 10,900,598 | 3,948,215 | (10,815,689) | (3,796,370) | 296,380 | 244,653 |
| Cash flows from operating activities | (262,678) | (266,615) | (90,568) | (425,653) | – | 13,511 | (353,246) | (678,757) |
| Cash flows from investing activities | (6,794,240) | (3,564,329) | (6,195,289) | (3,153,596) | 6,205,141 | 3,757,281 | (6,784,388) | (2,960,644) |
| Cash flows from financing activities | 6,548,541 | 3,608,663 | 6,210,207 | 3,771,391 | (6,210,207) | (3,771,391) | 6,548,541 | 3,608,663 |
| Capital expenditure | 3,693 | – | 5,677 | 32,976 | – | – | 9,370 | 32,976 |

### NOTE 20: CONTROLLED ENTITIES

| Particulars in relation to Controlled Entities | Country of Incorporation | Percentage Owned | |
|---|---|---|---|
| | | 2007 % | 2006 % |
| **Parent Entity** | | | |
| Hampton Mining Limited | Australia | | |
| **Controlled Entities** | | | |
| Minera Hampton Chile Limitada | Chile | 100 | 100 |
| Minera Torrecillas S.A | Peru | 100 | 100 |

| | CONSOLIDATED | | COMPANY | |
|---|---|---|---|---|
| | 2007 % | 2006 % | 2007 % | 2006 % |
| **NOTE 21: INTEREST IN JOINT VENTURE OPERATIONS** | | | | |
| As at 31 December 2007 Controlled Entities had interests in the following exploration joint ventures: | | | | |
| LOICA | (Earning from 50% to 75%) | (Earning from 50% to 75%) | | |
| MOLLACAS | (Earning from 50% to 75%) | (Earning from 50% to 75%) | | |
| VALLECILLO | (Earning from 50% to 75%) | (Earning from 50% to 75%) | | |
| Included in the assets and liabilities of the Consolidated Entity are the following items which represent the Consolidated Entity's interest in the assets and liabilities employed in the joint venture | | | | |
| Non-Current Assets | 2007 $ | 2006 $ | 2007 $ | 2006 $ |
| Exploration and evaluation expenditure | 5,328,406 | 2,863,594 | – | – |

**NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE**

(a) During March 2008 the Company entered into an option agreement to acquire 100% interest in tenements located approximately 70km from Copiapo, Chile from SCM Kamikaze for A$ 1,295,000 (US $1,100,000) payable over 3 years. A further payment of 1% of future insitu recovered iron is payable on completion of a bankable feasibility study. A royalty of A$ 0.18 (US$ 0.15) per tonne of recoverable iron and 2% NSR on recovered copper is payable on production.

(b) During March 2008 the Company entered into an option agreement to acquire 100% interest in the Santa Berta tenements located in the Isidro area for A$ 8,000 per month (US $7,000) for the 3 years. An acquisition price of A$ 0.006 (US$ 0.005) per lb copper in proven and probable reserves is payable on exercise of the option.

(c) On 6 March 2008 Hampton Mining Limited entered into a binding Heads of Agreement with Mr Isidoro Quiroga whereby the investor or his nominee would subscribe for fully paid ordinary shares in the Company at an issue price of A$0.32 per share equivalent to US$ 20 million (approximately A$22.8 million based on the exchange rate as at 31 December 2007) on 20 April 2008, or another date as agreed between the parties. Under this agreement the investor would also be granted 20 million options to subscribe for one fully paid share in the Company at an exercise price of A$0.32 per option expiring on the anniversary of the issue date of the subscription shares. A condition of the subscription agreement was that a majority of Hampton shareholders approve the share and option issue and provide a waiver of the takeover provisions that may apply should the investor exercise these options.
On 24 April 2008 shareholders approved the share and option issue to Junior Investment Company and granted a waiver of the takeover provisions that may apply should the investor exercise the options granted in accordance with the subscription agreement. On 29 April 2008 all conditions of the Subscription Agreement had been met by both parties including the receipt by the Company of the US$ 20 million (approximately A$21.2 million) in subscription monies

(d) Prior to 6 May 2008 existing shareholders exercised 4,121,500 of the options existing as at 31 December 2007 to provide interim funding of A$ 502,688.

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

| **NOTE 23: NOTES TO THE CASH FLOW STATEMENT** | CONSOLIDATED 2007 $ | CONSOLIDATED 2006 $ | THE COMPANY 2007 $ | THE COMPANY 2006 $ |
|---|---|---|---|---|
| (a). Reconciliation of Cash | | | | |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | | | |
| Cash at bank | 738,698 | 1,327,791 | 627,871 | 1,136,248 |
| | 738,698 | 1,327,791 | 627,871 | 1,136,248 |
| (b). Reconciliation of Loss from ordinary activities after Income Tax to net cash used in operating activities | | | | |
| Loss from ordinary activities after income tax | (567,930) | (550,793) | (817,849) | (767,174) |
| Add/(less) non-cash items: | | | | |
| Depreciation and amortisation | 115,206 | 51,514 | 1,372 | 1,300 |
| Impairment of advance to Controlled Entity | – | – | (172,052) | 172,052 |
| Unrealised exchange loss/ (gains) | – | – | 625,033 | 186,931 |
| Issues of options to directors | – | 52,000 | – | 52,000 |
| Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year: | | | | |
| (Increase) in receivables | (17,846) | (321,678) | (17,846) | (4,532) |
| (Increase) in prepayments | (2,776) | (2,608) | – | – |
| Increase in payables | 120,100 | 92,808 | 118,664 | 92,808 |
| Net cash used in operating activities | (353,246) | (678,757) | (262,678) | (266,615) |

**NOTE 24: FINANCIAL INSTRUMENTS**

**a) Interest rate and foreign exchange risk**

The consolidated entity is exposed to interest rate and foreign exchange risk through cash assets held as at balance date.

Interest earned on cash deposit was approximately 6.0% (2006: 5.1%).

| | CONSOLIDATED 2007 $ | CONSOLIDATED 2006 $ | THE COMPANY 2007 $ | THE COMPANY 2006 $ |
|---|---|---|---|---|
| Cash assets held in Australian dollars and subject to floating interest rate | 619,631 | 259,670 | 619,631 | 259,670 |
| Australian currency equivalent of cash assets held in USA currency and subject to floating interest rate | 119,067 | 1,068,121 | 8,240 | 876,578 |
| Total cash assets | 738,698 | 1,327,791 | 627,871 | 1,136,248 |

b) Credit Risk
The maximum credit risk exposure of financial assets is represented by the carrying amounts of assets recognised in the balance sheet net of any allowance for diminution in value.

c) Fair Values of Financial Asset and Liabilities
The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their fair value.

d) 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. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. Management intends to raise additional capital through equity raisings within the next 12 months.

## NOTE 25: RELATED PARTIES

**Directors**

The names of each person holding the position of Director of Hampton Mining Limited during the financial year are:

Phillip Wing (appointed 10 January 2006), William J Howe, Rodney Hudspeth (appointed 10 June 2006) and William S Etheridge

Details of **Key Management Personnel** remuneration are set out in Note 26.

Apart from the details disclosed in this Note, no Directors entered into a material contract with the Company or the Consolidated Entity 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 Officer of the reporting entity and their Director-related entities in shares and share options of entities within the Consolidated Entity at year end are set out below.

| **Fully paid ordinary shares** | HELD AT 1 JAN 2007 | ACQUISITIONS | DISPOSALS | HELD AT 31 DEC 2007 |
|---|---|---|---|---|
| Directors | | | | |
| Phillip Wing | 5,466,667 | 5,000,000 | – | 10,466,667 |
| William J Howe | 7,466,667 | 3,000,000 | – | 10,466,667 |
| Rodney T Hudspeth | 28,693,334 | 26,917,620 | – | 55,610,954 |
| William S Etheridge | 9,600,000 | 5,000,000 | – | 14,600,000 |
| **Options** | HELD AT 1 JAN 2007 | ACQUISITIONS | EXERCISED | HELD AT 31 DEC 2007 |
| Directors | | | | |
| Phillip Wing | 5,500,000 | 2,500,000 | 5,000,000 | 3,000,000 |
| William J Howe | 3,500,000 | 1,500,000 | 3,000,000 | 2,000,000 |
| Rodney T Hudspeth | 25,500,000 | 12,500,000 | 25,000,000 | 13,000,000 |
| William S Etheridge | 5,500,000 | 2,500,000 | 5,000,000 | 3,000,000 |

**Non-Director 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.

**Controlled Entities**

| | COMPANY | |
|---|---|---|
| | 2007 $ | 2006 $ |
| The Parent Company provided management and related services to Controlled Entitles | 1,116,033 | 450,000 |
| Balance of advances to Controlled Entities outstanding at year end | 8,557,459 | 3,004,380 |
| Impairment of advances during the year | - | 172,052 |

All loans to Controlled Entities are unsecured and repayable on demand.

## NOTE 26: KEY MANAGEMENT PERSONNEL COMPENSATION

| | Fees and salaries (incl superannuation) | | Equity | | |
|---|---|---|---|---|---|
| | Salary | Director's Fees | Value of Shares | Value of Options | Total |
| | $ | $ | $ | $ | $ |
| 2007 | 389,633 | 124,846 | - | - | 514,479 |
| 2006 | 317,642 | 82,871 | 6,250 | 52,000 | 458,763 |

**HAMPTON MINING LIMITED**
**ABN 55 103 712 385**
**AND CONTROLLED ENTITIES**
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 27 are in accordance with the Corporations Act 2001 and:
   c) comply with Accounting Standards and Corporations Regulations 2001; and
   d) give a true and fair view of the financial position as at 31 December 2007 and the performance for the year ended that date of the company and consolidated group.

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

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


Dr Phillip J Wing
Chairman

Dated this 6 day of May 2008

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# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF HAMPTION MINING LIMITED AND CONTROLLED ENTITIES

We have audited the accompanying financial report of Hampton Mining Limited and controlled entities, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### *Auditor's responsibility*

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMPTION MINING LIMITED AND CONTROLLED ENTITIES (cont)**

**Auditor's responsibility (cont)**

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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 complied with the independence requirements of the Corporations Act 2001.

***Auditor's opinion***

In our opinion:

a the financial report of Hampton Mining Limited and controlled entities is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2007 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

G S LAYLAND
Partner
Sydney

6 May 2008

# PART V

# ADDITIONAL INFORMATION

**1. Responsibility and Reports by Experts**

1.1 The Company, whose name and registered office appears on page 4, and the Directors, whose names and functions appear on page 4, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

1.2 Daniel Stewart has given and not withdrawn its written consent to the inclusion of its name in the form and in the context set out in this document and the references in which they appear. Daniel Stewart has no material interest in the Company.

1.3 SRK Consulting Chile has given and not withdrawn its written consent to the inclusion of its name and report in the form and in the context set out in this document and the references in which they appear.

1.4 Grant Thornton has given and not withdrawn its written consent to the inclusion of its name in the form and in the context set out in this document and the references in which they appear.

**2. The Company**

2.1 ***Incorporation***

2.1.1 The Company was incorporated on 18 May 2006 and initially registered as Metminco Pty Ltd. It changed its status to that of a public company on 26 July 2007, and it was renamed Metminco Limited. The Company is incorporated in Australia and its Australian Business Number is 43 119 759 349.

2.1.2 The Company was formed and operates under the Corporations Act 2001 (Cth) ("Australian Corporations Act").

2.1.3 The address and telephone number of the registered office of the Company is Level 2, 224-228 Queen St, Melbourne, Victoria 3000

Tel No: 61 2 9965 3743

Fax No: 61 2 9439 2157

2.1.4 The Company trades under the name Metminco Limited.

2.1.5 The liability of the members of the Company is limited.

2.2 ***The Group and Principal Activities***

2.2.1 The Company's principal activity is exploring for and locating potentially valuable mineral deposits through exploration and joint ventures.

2.2.2 The Company has no parent undertaking and currently has no subsidiary undertakings within the meaning of sections 1159 and 1162 of the Act.

2.2.3 Following completion of the North Hill Purchase Agreement and the JIC Option Agreement, the Company will have the following subsidiary undertakings within the meaning of section 1162 of the Act.

| *Name* | *Country of incorporation or residence* | *Field of activity* | *Proportion of capital held by the Company and (if different) proportion of voting power held* |
|---|---|---|---|
| Hampton Mining Limited | Australia | Mining exploration | Between 55% – 69% depending on the exercise of pre-emption rights described in Part I of this document |
| North Hill Holdings Group Inc | BVI | Mining exploration | 100% |
| Cerro Norte Mining Inc | BVI | Mining exploration | 100% subsidiary of North Hill subject to Hampton Option Agreement |
| Minera Cerro Norte SA | Peru | Mining exploration | 100% subsidiary of Cerro Norte |
| Minera CN SAC | Peru | Mining exploration | 100% subsidiary of Minera Cerro Norte but subject to the Placer Dome Option Agreement |
| Minera Hampton Chile Limitada* | Chile | Mining exploration | Between 55% – 69% depending on the exercise of pre-emption rights described in Part I of this document |
| Hampton Mining Peru SAC* | Peru | Mining exploration | Between 55% – 69% depending on the exercise of pre-emption rights described in Part I of this document |
| Sociedad Contractual Minera Ovalle** | Chile | Mining | Between 55% – 69% of 50% depending on the exercise of pre-emption rights described in Part I of this document |
| Sociedad Contractual Minera San Lorenzo** | Chile | Mining | Between 55% – 69% of 50% depending on the exercise of pre-emption rights described in Part I of this document |

* These companies are wholly owned subsidiaries of Hampton.

** These companies are 50% owned by Hampton.

2.2.4 The registered office of Hampton is 119 Willoughby Road, Crows Nest, NSW, 2065, Australia.

## 3. Issued Capital

3.1 The following table shows the authorised and issued share capital of the Company as at the date of this document and as it will be immediately following Admission:

| *As at the date of this document*<br>*Issued*<br>*Ordinary Shares*<br>*Number* | *Following Admission*<br>*Issued*<br>*Ordinary Shares*<br>*Number* |
|---|---|
| 380,947,933 | 492,741,772 |
| Options exercisable on or before 4 December 2012 at an exercise price of A$0.25 per Ordinary Share | Options exercisable on or before 4 December 2012 at an exercise price of A$0.25 per Ordinary Share |
| 27,230,017 | 27,230,017 |

3.2 The holders of Ordinary Shares will be diluted by the issue of the Placing Shares and the Fee Shares. The effective dilution rate, assuming none of those holders participate in the Placing, is 22.7%.

3.3 The issued share capital of the Company as at 31 December 2009 was 380,747,933 Ordinary Shares. The issued share capital of the Company as at 30 June 2009 was 53,250,005 Ordinary Shares and at 30 June 2008, 53,000,005 Ordinary Shares. The Ordinary Shares do not have a par value.

3.4 The following changes in the authorised and issued share capital of the Company have occurred between its incorporation and the date of this document:

| *Date* | *Description* | *Number of Ordinary Shares* |
|---|---|---:|
| 18 May 2006 | Incorporation | 5 |
| 1 July 2007 | Promoter allotment | 9,000,000 |
| 1 July 2007 | Seed capital allotment | 35,000,000 |
| 24 September 2007 | Director allotment | 1,500,000 |
| 24 September 2007 | IPO allotment | 6,750,000 |
| 12 October 2007 | Tenement acquisition allotment | 250,000 |
| 11 January 2008 | Tenement acquisition allotment | 250,000 |
| 20 March 2008 | Tenement acquisition allotment | 250,000 |
| 5 March 2009 | Tenement acquisition allotment | 250,000 |
| 29 July 2009 | Hampton consideration | 303,690,732 |
| 1 October 2009 | Placing | 12,713,333 |
| 5 October 2009 | Placing | 3,953,334 |
| 11 December | Placing | 7,140,529 |
| 20 January 2010 | Placing | 200,000 |
| **Total as at the date of this document** | | **380,947,933** |

3.5 The following table shows the authorised and issued Listed Options of the Company as at the date of this document and as it will be immediately following Admission:

| *Date* | *Description* | *Number of Listed Options* |
|---|---|---:|
| 5 December 2007 | Entitlement Issue | 26,230,017 |
| 11 December 2009 | Issue to former Director | 1,000,000 |

3.6 ***Terms and Conditions of Listed Options***

As at the date of this document the Company had issued 27,230,017 Listed Options. Each Listed Option shall entitle the holder to apply for and be allotted one Ordinary Share in the Company at an exercise price of A$0.25 per Ordinary Share on the following terms and conditions:

(a) Each Listed Option entitles the holder to subscribe for and be allotted one Ordinary Share.

(b) The Listed Options are exercisable at A$0.25 per Ordinary Share subscribed for.

(c) Each Listed Option shall be issued for no consideration.

(d) The Listed Options will expire on 4 December 2012 ("Expiry Date").

(e) The Listed Options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the Company, accompanied by payment of the exercise price.

(f) The Listed Options are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in contravention of or a failure to observe the laws of Australia and the transfer is not in breach of the Corporations Act or the ASX Listing Rules at any time.

(g) All Ordinary Shares issued upon exercise of the Listed Options will rank *pari passu* in all respects with the Company's then existing Ordinary Shares. The Company will apply for Official Quotation by the ASX of all Ordinary Shares issued upon exercise of the Listed Options.

(h) There are no participating rights or entitlements inherent in these Listed Options and holders will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Listed Option. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new shares to the holders of Ordinary Shares, the Company will send a notice to each holder of Listed Options not less ten (10) business days before the record date referable to that issue. This will give Listed Option holders the opportunity to exercise their Listed Options prior to the date for determining entitlements to participate in any such issue.

(i) If from time to time on or prior to Expiry Date the Company makes an issue of shares to the holders of Ordinary Shares in the Company by way of capitalisation of profits or reserves (a bonus issue), then upon exercise of their Listed Options, Listed Option holders will be entitled to have issued to them (in addition to the Ordinary Shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (bonus shares) if on the record date for the bonus issue they had been registered as the holder of the number of shares of which they would been registered as the holder if, immediately prior to that date, they had duly allotted and issued to them. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank *pari passu* in all respects with the other Ordinary Shares allotted upon exercise of the Listed Options.

(j) There is no right to a change in the exercise price of the Listed Options or to the number of Ordinary Shares over which the Listed Options are exercisable in the event of a new issue of capital (other than a bonus) during the currency of the Listed Options.

(k) In the event of any re-organisation of the issued capital of the Company, on or prior to the Expiry Date, the rights of a Listed Option holder will be changed to the extent necessary to comply with applicable ASX Listing Rules in force at the time of the reorganisation.

3.7 The Company does not have in issue any securities not representing share capital and there are no outstanding convertible or redeemable securities issued by the Company other than those specified in this paragraph 3 of Part V.

3.8 Pursuant to an agreement dated 17 September 2009 between the Company and JIC, the Company has exercised an option to acquire JIC's interest in Hampton in exchange for the JIC Consideration. The JIC Consideration includes the issue of a maximum of 132,787,500 Ordinary Shares to JIC. Admission of these Ordinary Shares to trading on AIM is expected to take place by the end of April 2010.

3.9 Pursuant to the North Hill Purchase Agreement between the Company and HHR, the Company has conditionally agreed to issue 150,000,000 Ordinary Shares to HHR. Admission of these Ordinary Shares to trading on AIM is expected to take place by the end of April 2010.

3.10 103,795,569 new Ordinary Shares are to be allotted and issued pursuant to the Placing.

3.11 The legislation under which the Ordinary Shares have been created is the Australian Corporations Act and regulations made under the Australian Corporations Act. Admission of the Placing Shares to trading on AIM is expected to take place on 1 April 2010.

3.12 The Placing Shares will be in registered form. They will be capable of being held in certificated form in the form of statements or in uncertificated form in the form of depositary interests and traded on CREST. The records in respect of shares held in the form of Depositary Interests will be maintained by the Depositary.

3.13 The Directors are currently authorised to exercise all powers of the Company to issue and allot, grant options over or otherwise deal with or dispose of securities in the Company, subject to the Constitution, the Australian Corporations Act and the ASX Listing Rules.

3.14 At a General Meeting of the Company held on 12 March 2010, a resolution was duly passed, resolving that, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue and allot a minimum of 66,666,667 shares and a maximum of 120,000,000 shares in the Company at an issue price of not less than A$0.15 to raise a minimum of A$10 million and a maximum of A$18 million on the terms and condition set out in the explanatory memorandum which accompanied the notice of meeting.

3.15 The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares including (without limitation to the generality of the foregoing) in relation to voting rights and the right to receive all dividends or other distributions declared, paid or made after Admission.

3.16 There have been no public takeover bids by third parties for all or any part of the Company's equity share capital during the last financial year of the Company or the period up to and including the date immediately prior to the date of this document.

3.17 As at the date of this document, no Ordinary Shares were held by, or on behalf, of the Company itself, or by any subsidiary of the Company.

## 4. Constitution

4.1 The following is a general description of the more significant rights and liabilities attaching to the Ordinary Shares. This summary is not exhaustive. Full details of the provisions relating to rights and liabilities attaching to the Ordinary Shares are contained in the Constitution, the Australian Corporations Act and the ASX Listing Rules.

4.2 ***Objects and Purposes***

The Constitution does not contain a description of the Company's objects and purposes as this is not a requirement for a company of this nature under the Australian Corporations Act.

4.3 ***Ranking of Shares***

As at the date of this document, all Ordinary Shares are of the same class and rank equally in all respects. Specifically, the Placing Shares will rank equally with existing Ordinary Shares.

4.4 ***Voting Rights***

Subject to any special rights or restrictions (at present there are none), at any meeting each person present who is a member or a representative of a member has one vote on a show of hands, and on a poll each member present in person or by proxy, attorney or other duly authorised representative, has one vote for each Ordinary Share held.

4.5 ***Dividend Rights***

Subject to the ASX Listing Rules, the Board may determine that a dividend is payable and fix the amount, the time for payment and the method of payment. The Australian Corporations Act provides that, subject to any special rights (at present there are none) each share in a class of shares has the same dividend rights.

4.6 ***Variation of Rights***

The rights attaching to the Ordinary Shares may only be varied by the consent in writing of the holders of three quarters of the Ordinary Shares, or with the sanction of a special resolution passed at a general meeting of the holders of the Ordinary Shares.

4.7 ***Transfer of Ordinary Shares***

Subject to the Constitution, the Australian Corporations Act or any other applicable laws of Australia and the ASX Listing Rules, the Ordinary Shares are fully transferable. In accordance with the ASX Listing Rules, the Directors may refuse to register a transfer of Ordinary Shares only in limited circumstances, such as where the Company has a lien of those Ordinary Shares. There are no provisions in the Constitution that would have an effect of delaying, deferring or preventing a change of control of the Company.

4.8 ***General Meetings***

Annual general meetings must be held in compliance with the Australian Corporations Act and the ASX Listing Rules. A Director may call a meeting of Shareholders, and in certain circumstances, Shareholders also have a right to call a meeting of Shareholders. A notice of general meeting must satisfy the requirements of the Australian Corporations Act and the ASX Listing Rules. Subject to the provisions of the Australian Corporations Act, at least 28 days notice (exclusive of the day of the meeting) must be given to each Shareholder entitled to vote at the meeting and to each Director. The notice must (i) set out the time and place of the meeting, (ii) state the general nature of the business, (iii) if a special resolution is to be proposed, the intention to propose it must be disclosed along with the special resolution and (iv) a copy of the proxy form that complies with the ASX Listing Rules must be included (if any).

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Australian Corporations Act and the ASX Listing Rules.

4.9 ***Disclosure notice***

The Constitution does not contain provisions that govern the ownership threshold above which shareholder ownership must be disclosed. The Australian Corporations Act, however, does impose certain restrictions.

Under Chapter 6C of the Australian Corporations Act, where a person begins to have a "substantial holding" in a listed company that person must disclose the interest to the company within two business days after acquiring the interest, and serve a copy of the disclosure notice to the ASX.

A person has a "substantial holding", for the purposes of the Australian Corporations Act, when the total votes attached to voting shares in which the person and the person's associates have a relevant interest is 5% or more of the total number of votes. In calculating the percentage, the relevant interests arising out of exchange traded options and conditional agreements should also be included.

The Company or ASIC may direct a shareholder, whether or not that shareholder has lodged a disclosure notice, to disclose:

- full details of their own relevant interest in the shares and the circumstances that give rise to that interest;

- the name and address of each person who has a relevant interest in any of the shares together with full details of:
  - the nature and extent of the interest;
  - the circumstances that give rise to the other person's interest; and
- the name and address of each person who has given the person instructions about:
  - the acquisition or disposal of the shares or interest;
  - the exercise of any voting or other rights attached to the shares or interests; or
  - any other matter relating to the shares or interests;

  together with full details of those instructions (including the date or dates on which they were given).

4.10 ***Return of capital***

Subject to the provisions of the Australian Corporations Act as to preferential payment, the property of the Company must, on its winding up, be applied in satisfaction of its liabilities equally and, subject to that application, must be distributed among the members according to their rights and interests in the Company.

4.11 ***Remuneration of Directors***

The Constitution provides that each non-executive Director is entitled to such remuneration from Metminco as the Directors decide, but the total amount provided to all non executive Directors for directors fees must not exceed in aggregate the amount fixed by Metminco in a general meeting. The aggregate annual remuneration for all non-executive Directors has been set at an amount of A$400,000, as resolved by Metminco in general meeting.

4.12 There are no requirements contained within the Constitution which impose more stringent obligations on the Company than those required by law or the ASX Listing Rules.

## 5. Australian Corporations Act

Below is a general description of some relevant corporate laws and policy in Australia. The law, policies and practice are subject to change from time to time and should not be relied upon by Shareholders or any other person. It does not purport to be a comprehensive analysis of all the consequences resulting from holding, acquiring or disposing of Ordinary Shares or interests in Ordinary Shares. If you are in any doubt as to your own legal position, you should seek independent advice without delay.

The Company is obliged to comply with the Australian Corporations Act, the ASX Listing Rules and also with specific obligations arising from other laws that relate to its activities. The ASIC is responsible for administering and enforcing the Australian Corporations Act.

5.1 ***Takeovers***

As an Australian public listed company, a takeover of the Company is governed primarily by the Australian Corporations Act. The Australian Corporations Act contains a general rule that a person must not acquire a 'relevant interest' in issued voting shares of a company as a result of a transaction in relation to securities entered into by or on behalf of the person if, because of the transaction, a person's voting power in the company:

- increases from 20% or below to more than 20%; or
- increases from a starting point which is above 20% but less than 90%.

A person's voting power is deemed to be that of that person and his/her associates.

Certain acquisitions of relevant interests are exempt from the above rule including among others, acquisitions that result from the acceptance of an offer under a takeover bid, acquisitions approved by Shareholders, acquisitions of less than 3% in any 6 month period, and acquisitions that result from rights issues, dividend reinvestment schemes and underwritings.

If a person wishes to acquire more than 20% of a company, or increase a holding which is already beyond 20%, but not under one of the exemptions (including those noted above), the person must undertake a takeover bid in accordance with the Australian Corporations Act.

A person who holds more than 90% of the shares in a company may conduct a compulsory acquisition of all remaining shares under the Australian Corporations Act, provided that the terms of acquisition are supported as fair by an independent expert. In this respect, the independent expert must prepare a report stating whether the terms proposed for the compulsory acquisition give fair value for the securities concerned and set out the reasons for forming that opinion.

5.2 ***Substantial Shareholdings***

A person who:

- begins to or ceases to have a substantial holding in a listed company (representing 5% or more of the company); or
- has a substantial holding in a listed company and there is movement by at least 1% in their holding,

must give notice to the company and to the ASX. The contents of the notice are prescribed in the Australian Corporations Act, section 671B(3)/(4).

A person has a substantial holding if that person and that person's associates have a relevant interest in 5% or more of voting shares in the company or where the person has made a takeover bid for voting shares in the body, or voting interests in the scheme, and the bid period has started and not yet ended.

5.3 ***Foreign Investment***

In Australia, foreign investment in, and ownership of, Australian companies and property is regulated by the *Foreign Acquisitions and Takeovers Act 1975* (Cth) ("FATA"), which is administered by the Foreign Investment Review Board ("FIRB"), a division of the Treasury department of the Australian federal government. FIRB's functions are advisory only, and responsibility for making decisions on proposals rests with the Treasurer of the Australian federal government ("Treasurer").

FATA provides a notification and approval process for proposed investments in Australia by "foreign persons", which may result in foreign control or ownership of Australian businesses or companies.

FATA provides where:

- the Treasurer is satisfied a person proposes to acquire shares in a corporation which carries on an Australian business;
- the acquisition would result in the corporation being controlled by a foreign person; and
- the result would be contrary to the national interest,

the Treasurer may make an order prohibiting the acquisition. This does not apply to existing Australian businesses whose total assets do not exceed A$219 million.

A proposed acquisition of shares (unless an exempt dealing under FATA) will have the effect of a foreign person acquiring a controlling interest in an Australian corporation if one of the following applies:

- that person alone, or together with his/her Associates, directly or indirectly acquires 15% of the shares or voting power in a corporation; or

- that person, together with other foreign persons and each of their Associates, directly or indirectly acquire 40% of the shares or voting power in a corporation.

If a foreign person must give notice to FIRB under FATA it must await the decision of the Treasurer before entering into a binding agreement to acquire shares which will result in a foreign person acquiring a controlling interest in a corporation.

5.4 ***ASX Listing Rules***

As a company admitted to the official list of the ASX, the Company is bound to comply with the ASX Listing Rules, as amended from time to time. The ASX Listing Rules address such matters as Admission to listing, quotation of securities, continuous disclosure, periodic disclosure, certain requirements for terms of securities, issues of new capital, transfers of securities, escrow (lock-in) arrangements, transactions with related/controlling parties, significant transactions, shareholder meetings, trading halts and suspensions and fees payable. The ASX also publishes guidance notes regarding the interpretation of parts of the ASX Listing Rules.

The ASX Listing Rules and guidance notes can be found at www.asx.com.au.

## 6. The City Code

The Company is incorporated in Australia, has its head office and place of central management in Australia and is resident in Australia. Accordingly, transactions in shares will not be subject to the provisions of the UK City Code on Takeovers and Mergers (the "City Code"). There are, however, provisions under Australian law and regulation applicable to the Company, particularly Chapter 6 of the Australian Corporations Act that are, in part, similar or analogous to certain provisions of the City Code. These are described briefly in paragraph 5.1 of this Part V.

## 7. Interests of the Directors and others, major shareholders

7.1 ***Directors' interests***

7.1.1 The table below sets out the voting rights held (within the meaning of the Disclosure and Transparency Rules), directly or indirectly, by the Directors in respect of the share capital of the Company as at the date of this document) and expected to be so held immediately following Admission.

| | *Before Admission* | | *On Admission* | |
|---|---|---|---|---|
| *Name* | *No. of Ordinary Shares* | *% of voting rights in respect of existing issued share capital* | *No. of Ordinary Shares* | *% of voting rights in respect of enlarged issued share capital* |
| John Fillmore | 2,220,000 | 0.6 | 2,220,000 | 0.5 |
| William Etheridge | 62,400,000 | 16.4 | 62,400,000 | 12.7 |
| William Howe | 48,264,168 | 12.7 | 48,264,168 | 9.8 |
| Phillip Wing | 15,893,336 | 4.2 | 15,893,336 | 3.2 |
| Tim Read | – | – | – | – |
| Francisco Vergara-Irarrazaval | 2,640,000 | 0.7 | 2,640,000 | 0.5 |

7.1.2 As at the date of this document the following Listed Options had been granted to the following Directors for nil consideration:

| *Director* | *No. of Ordinary Shares under option* | *Exercise Period* | *Exercise Price* |
|---|---|---|---|
| John Fillmore | 1,099,999 | 05/12/07 – 04/12/2012 | A$0.25 |

7.1.3 Except as disclosed in paragraphs 7.1.1 and 7.1.2, none of the Directors nor any member of their respective immediate families including, for this purpose, civil partners (as defined in the Civil Partnership Act 2004) (if any), nor any person connected with them within the meaning of section 252 of the Act, is interested in the share capital of the Company, or in any related financial products referenced to the Ordinary Shares.

7.1.4 Each Director of the Company has agreed that for a period of not less than 18 months from the date of Admission ("Capitalisation Period") to capitalise amounts payable by the Company in respect of fees or other services provided to the Company until such time as the total funds raised by the Company under the Placing and any future capital raisings within the Capitalisation Period is greater than £9 million ("Capitalised Director's Fees and Services"). The Company has agreed to convene a meeting of shareholders within 3 months of Admission to seek approval at that meeting to issue Ordinary Shares to each Director in satisfaction of each Director's respective Capitalised Director's Fees and Services at an issue price of 80% of 30 day volume weighted average price at the end of each quarter. Further, if a meeting of shareholders of the Company is convened and shareholder approval is not obtained, each Director at their election may call on the Company to pay their respective Capitalised Director's Fees and Services plus accrued interest of 8% per annum in cash after 18 months has elapsed from Admission.

7.2 ***Directors' service agreements***

7.2.1 The Directors do not have service agreements with the Company. Rather, each director has signed a letter of appointment dated 5 February 2010 for an initial term that will expire at the conclusion of the Company's annual general meeting in 2010, after which time each director may apply for re-appointment. Each director may resign by notice in writing at any time and a director's appointment may be terminated at any time by the Company's shareholders (by way of a majority vote). John Fillmore commenced in office on 10 May 2007 and accordingly has served in that office for two years and ten months. Phillip Wing, William Howe and William Etheridge commenced in that office on 17 July 2009 and accordingly have served in that office for approximately seven months. William Etheridge and John Fillmore receive fees of A$250,000 and A$75,000 respectively per annum. Each of the remaining directors will receive a fee of A$50,000 (inclusive of superannuation) per annum and are each subject to confidentiality undertakings. As set out in paragraph 7.1.4 above, fees may be capitalised.

The aggregate remuneration (including benefits in kind, pension contributions and any contingent or deferred compensation) paid to the Directors for services in all capacities to the Company, by all members of the Group for the financial year of the Company which ended on 30 June 2009 was A$286,297. The estimated aggregate total remuneration payable to the Directors by any member of the group for the current financial year will amount to A$838,128.

7.2.2 During the financial year of the Company which ended on 30 June 2009 there were no service contracts between any of the Directors and the Company or any member of the Group providing for benefits upon termination of employment, and there are no such existing or proposed service contracts. Termination payments are subject to the provisions of Chapter 2D, Part 2D.2 of the Australian Corporations Act.

7.2.3 In accordance with the ASX Listing Rules and the Constitution, directors of the Company must not hold office (without re-election) after the third annual general meeting following the Director's appointment or three years, whichever is longer.

7.2.4 At the next annual general meeting of the Company, John Fillmore will (if he wishes to stand) be required to stand for re-election as a director. While the other Directors are not required to have their appointments re-affirmed until 2013, the Company is required to hold an election of directors each year.

7.2.5 The total emoluments of the Directors will not be varied as a result of Admission.

7.2.6 There are no existing or proposed service contracts between the Company and any of the Directors which are not terminable on less than 12 months' notice.

7.2.7 Except for the Directors, the Board does not believe that there are any other senior managers who are relevant in establishing that the Company has the appropriate expertise and experience for the management of the Company's business.

7.3 ***Major shareholders***

7.3.1 So far as the Company is aware, as at 31 March 2010 (being the most recent practicable date before publication of this document), the following persons hold voting rights (within the meaning of the Disclosure and Transparency Rules) directly or indirectly, in respect of 3% or more of the Company's issued share capital or will hold such rights immediately following Admission.

| | *Before Admission* | | *On Admission* | |
|---|---|---|---|---|
| *Name* | *No. of Ordinary Shares in which interested* | *% of voting rights in respect of existing issued share capital* | *No. of Ordinary Shares in which interested* | *% of voting rights in respect of enlarged issued share capital* |
| Mining Investment Services Pty Ltd (ATF for WSE Superannuation Fund)* | 49,600,000 | 13.0 | 49,600,000 | 10.1 |
| Tangarry Pty Ltd | 41,066,664 | 10.8 | 41,066,664 | 8.3 |
| Ms N.J. & Mr W.J. Howe (ATF the Howe Superannuation Fund) | 30,800,000 | 8.1 | 30,800,000 | 6.3 |
| Wilnic Pty Ltd (As trustee for the Wilnic Family Trust)** | 17,464,168 | 4.6 | 17,464,168 | 3.5 |
| ANZ Nominees Ltd | 16,027,860 | 4.2 | 16,027,860 | 3.3 |
| M.J. Green | 15,600,000 | 4.1 | 15,600,000 | 3.2 |
| Mining Investment Services Ptd Ltd* | 12,800,000 | 3.4 | 12,800,000 | 2.6 |
| Beatinvest Pty Ltd | 12,469,850 | 3.3 | 12,469,850 | 2.5 |

* An entity in which William Etheridge is beneficially interested

** An entity in which William Howe is beneficially interested

7.3.2 The Company is not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

7.3.3 The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

7.3.4 The persons referred to in paragraph 7.3.1 of this Part V, do not have voting rights in respect of the share capital of the Company (issued or to be issued) which differ from any other shareholder of the Company.

7.4 ***Other interests***

7.4.1 Over the five years preceding the date of this document, the Directors of the Company have been directors or partners of the following companies and partnerships:

| *Director* | *Current* | *Former* |
|---|---|---|
| John Fillmore | Boomaroo Nurseries & Wholesale Supplies Pty Ltd<br>De Run Securities Pty Ltd<br>Institute of Post Colonial Studies<br>Riverina Advances Pty Ltd<br>Riverina Forest Contractors Pty Ltd<br>Riverina Forest Management Pty Ltd<br>Riverina Land Holdings Pty Ltd<br>Riverina Pine Forest Management Pty Ltd<br>Early Investments Pty Limited<br>Elspeter Holdings Pty Limited<br>Fillmazz Pty Ltd<br>George Anthony Proprietary Limited<br>Ledar Pty Ltd<br>Sorol Pty Ltd<br>Zinc Equity Holdings Ltd<br>Zinc Financial Group Pty Ltd<br>Kelmist Pty Ltd<br>Rasont Pty Ltd<br>Consolidated Finance Holdings Pty Ltd | None |
| William Howe | Hampton Mining Limited | Selwyn Mines Limited<br>Nimrod Metals Limited<br>Kuiseb Mining & Processing Pty Ltd<br>Terradex Pty Ltd |
| William Etheridge | Mining Investment Services Private Limited | Hampton Mining Ltd |
| Phillip Wing | Kirin Corp Pty Ltd<br>Hammerfest Investments Pty Ltd<br>Hampton Mining Ltd<br>Applied Physiology Pty Ltd<br>Listening Post Pty Ltd<br>PJ Wing Pty Ltd<br>Navara Investments Pty Ltd<br>Ballafont Investments Pty Ltd<br>Chile Copper Mine Pty Ltd<br>Choice 1 Pty Ltd<br>Communities for Communities Foundations Ltd<br>Australian Private Equity & Venture Capital Association Ltd<br>Finance Now Holdings Pty Ltd<br>Technology Venture Partners Pty Ltd<br>Video in Email Pty Ltd<br>Dynamic Technologies Pty Ltd | Genetraks Ltd<br>Clear2Pay Asia Pacific Pty Ltd<br>Sienna Technologies Pty Ltd<br>90 East (Asia Pacific) Pty Ltd<br>Birthnet<br>VHD Solutions Pty Ltd |

| *Director* | *Current* | *Former* |
|---|---|---|
| Francisco Vergara-Irarrazaval | Francisco Vergara y Compania Limitada<br>Vergara y Compania Asesorias Limitada<br>Cerro Norte Mining Inc<br>North Hill Holdings Group Inc<br>Highland Holdings Resources Inc<br>Humber Resources Inc<br>Vergara & Cia<br>Minera Corriente Chile S.A. | None |
| Tim Read | Faroe Petroleum<br>Starfield Resources<br>Catralex Consultancy Ltd | Adastra Minerals Inc<br>Navan Mining Plc<br>Nevoro Inc<br>Kopane Diamond Developments plc<br>Cumerio SA<br>SNC Corporate Finance Ltd |

7.4.2 Save as set out in paragraphs 7.4.3, 7.4.4 and 7.4.5 of this Part V, none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) at any time been adjudged bankrupt or been the subject of any form of individual voluntary arrangement;

(c) been a director of a company at the time of, or within the 12 months preceding the date of, its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or composition or arrangement with its creditors generally or any class of creditors;

(d) been a partner in a partnership at the time of, or within the 12 months preceding the date of, its compulsory liquidation, administration or partnership voluntary arrangement;

(e) owned any asset which has been placed in receivership or been a partner of any partnership at the time at which, or within the 12 months preceding the date on which, any asset of that partnership has been placed in receivership;

(f) been subject to any public criticism by any statutory or regulatory authority (including a recognised professional body); or

(g) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7.4.3 William Howe was a director of Selwyn Mines Limited and was a director of its subsidiaries Selwyn Queensland Pty Limited and Selwyn Operations Pty Limited until June 2004. In December 2002 Selwyn Mines Limited was placed into receivership by its bank as a result of cash-flow difficulties caused by a delay in commissioning expanded operations at the mine, a failure to complete a rights issue capital raising and a continuing adverse movement in its commodity hedging position. A shortfall to secured financiers and unsecured creditors of approximately $36 million was estimated. The receivership of Selwyn Mines Limited was completed in 2009 and the company returned to the shareholders and directors.

7.4.4 William Howe was a director of Hargraves Resources NL ("Hargraves") and its subsidiaries Diversified Mineral Resources NL, Edmund Nominees Pty Ltd and Bantela Pty Ltd, and resigned in December 1999, following the successful takeover of Hargraves by Durban Roodepoort Deep Limited. Hargraves was placed into administration in September 2000 after its only asset, the Brown's Greek Gold mine, was lost in underground flood.

7.4.5 Timothy Read was appointed as a non-executive director of Navan Mining plc on 22 February 2001. Navan Mining plc was a mining company producing gold in Bulgaria and zinc in Spain. On 9 December 2002, the board resolved to invite Deutsche Bank to appoint receivers and the company ceased trading. Ernst and Young were appointed as receivers and subsequently the company was placed into liquidation. The reasons cited for the insolvency were depressed metal prices, the failure of the Chelopech gold mine to achieve production targets and insufficient working capital. No criticism was attached to any of the directors of the company in the subsequent report of the administrative receiver.

7.5 In the case of those Directors who have roles as directors of companies other than Metminco, it is possible that the fiduciary duties owed by those persons to companies of which they are directors from time to time may give rise to conflicts of interest with the duties owed to Metminco. There are potential conflicts of interest between the duties of William Howe and Phillip Wing as directors of Hampton and Metminco and between the duties of Francisco Vergara-Irarrazaval as a Proposed Director of Metminco and as a director and shareholder of HHR in which he has a 31.66% interest. Except as mentioned above, there are no potential conflicts of interest between the duties owed by the Directors to the Company and their private duties or duties to third parties.

7.6 As at the date of this document there were no outstanding loans granted by any member of the Group to any Director, nor by any Director to any member of the Group, nor was any guarantee which had been provided by any member of the Group for the benefit of any Director, or by any Director for the benefit of any member of the Group, outstanding.

7.7 No Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

## 8. Material contracts

The following contracts not being contracts entered into in the ordinary course of business, are contracts which (i) are, or may be, material and have been entered into by the Company or any other member of the Group within the two years immediately preceding the date of this document; or (ii) have been entered into by the Company or any other member of the Group, at any time before the date of this document, where those contracts contain provisions under which any member of the Group has an obligation or entitlement which is, or may be, material to the Group as at the date of this document.

8.1 The Placing Agreement summarised at paragraph 10.1 of this Part V of this document.

8.2 The Lock-In Agreement summarised in paragraph 10.2 of Part V of this document.

8.3 ***JIC Option Agreement***

On 17 September 2009 JIC granted to the Company an irrevocable option to purchase up to 66,393,750 Hampton shares ("JIC's Hampton Shares") (31.2% interest at the time of this document) in Hampton. The JIC Option is subject to the exercise of pre-emptive rights by Hampton shareholders. If Hampton shareholders exercise the pre-emptive rights and acquire all JIC's Hampton Shares, the JIC Option will be of no force and effect. The consideration under the JIC Option Agreement is as follows:

- two Ordinary Shares plus US$0.18074 for each Hampton share held by JIC after Hampton shareholders have exercised their pre-emptive rights. The total cash consideration payable by the Company will be between US$6.4 million, if all Hampton shareholders exercise their pre-emptive rights in full, and US$12 million, if no Hampton shareholders (other than the Company), exercise their pre-emptive rights.

The Company has paid JIC US$0.7 million on signing the JIC Option Agreement and a total of US$0.3 million to extend the expiry date of the JIC Option from 17 January 2010 to 17 March 2010.

As JIC owns 66,393,750 Hampton shares (as at January 2010), the number of Ordinary Shares to be issued to JIC is as follows:

- 132,787,500 Ordinary Shares (if no Hampton shareholders other than the Company exercise their pre-emptive rights); or
- 71,197,638 Ordinary Shares (if all Hampton shareholders exercise their pre-emptive rights).

The JIC Option was exercised on 17 March 2010. If the JIC Option is implemented in accordance with the shareholding in Hampton as detailed above, the Company will increase its shareholding in Hampton from 37.8% to a controlling interest between 55% and 69%.

Under the terms of the Hampton Constitution, JIC must first offer all of its shares in Hampton to existing shareholders of Hampton on the same terms and conditions as those being offered to Metminco under the JIC Option Agreement. Accordingly, JIC is required to deliver a notice in writing ("Transfer Notice") to Hampton setting out:

(a) the number of shares JIC proposes to transfer ("Transfer Shares"); and

(b) the price per share at which it is willing to transfer such shares ("Transfer Price") and any terms and conditions to apply to such sale.

Upon receipt of a Transfer Notice from JIC, Hampton (acting as irrevocably appointed agent for JIC) must offer the Transfer Shares to each of the other Hampton shareholders ("Non-Transferring Shareholders") at the Transfer Price and so far as practicable, be in the same proportion which the shares held by each Non-Transferring Shareholder bears to the total number of shares held by all of the Non-Transferring Shareholders to whom offers are made ("Pre-Emption Offer").

Within 21 days of the date of the Transfer Notice ("Pre-Emption Offer Close Date"), each Non Transferring Shareholder must provide Hampton and JIC with a written notice setting out whether it accepts or rejects the Pre-Emption Offer in whole or in part and if it accepts the Pre-Emption Offer, the number of Transfer Shares it wishes to purchase ("Pre-Emption Offer Acceptance Notice"), and failure to provide such a written notice within 21 days will be deemed to be a rejection of the Pre-Emption Offer by that Non-Transferring Shareholder.

If after the Pre-Emption Offer Close Date, any Non- Transferring Shareholder does not accept all of the Transfer Shares offered to it, any Transfer Shares which have not been accepted by the Non-Transferring Shareholders must be offered ("Repeat Pre-Emption Offer") to each other Non-Transferring Shareholder which has accepted all the shares offered to it under the Pre-Emption Offer, in the same proportion which the number of shares held by each such shareholder bears to the total number of shares held by all the shareholders to whom the Pre-Emption Repeat Offer is made at the date the Pre-Emption Repeat Offer is made (and for these purposes, each such Non-Transferring Shareholder is deemed to hold the shares which it has accepted in the Pre-Emption Offer Acceptance Notice).

Within 21 days of the date of the Pre-Emption Repeat Offer ("Pre-Emption Repeat Offer Close Date"), each Non-Transferring Shareholder must provide Hampton and JIC with a written notice setting out whether it accepts or rejects the Pre-Emption Repeat Offer in whole or in part and if it accepts the Pre-Emption Repeat Offer, the number of Transfer Shares it wishes to purchase, and failure to provide such a written notice within 21 days will be deemed to be a rejection of the Pre-Emption Repeat Offer by that Non-Transferring Shareholder.

If there are any Transfer Shares remaining after the process set out above in this section has been undertaken, JIC may transfer those shares to Metminco, but not at a price less than the Transfer Price or on terms and conditions more favourable to a buyer than those set out in the Transfer Notice.

If, at completion, JIC holds more than 10% of the Ordinary Shares on issue, JIC will be entitled to nominate one director for appointment to the Company's Board. Alternatively, if, at completion, JIC holds more than 20% of the Ordinary Shares on issue, JIC will be entitled to nominate two directors for appointment to the Company's Board.

Appointment of the director(s) nominated by JIC will require Shareholder approval or ratification (if appointed by the Metminco Board to fill a casual vacancy) in accordance with the Australian Corporations Act and the Constitution.

8.4 ***North Hill Purchase Agreement***

On 1 December 2009 the Company and HHR entered into a sale and purchase agreement whereby the Company purchases 100% of the issued share capital of North Hill from HHR for 150,000,000 Ordinary Shares and the payment of US$2 million (US$0.5 million payable on completion and US$1.5 million payable 1 August 2010). The North Hill Purchase Agreement is subject to (i) the Company obtaining shareholder approval and any regulatory or other approvals required for the issue of 150,000,000 Ordinary Shares to HHR; and (ii) the Company obtaining a majority interest in Hampton through the JIC Option on or before 1 August 2010.

North Hill is the beneficial owner of 100% of the North Hill Los Calatos Tenements which contain the current Los Calatos Project resources through its wholly owned subsidiary Minera CN SAC. The Hampton Option Agreement, described in paragraph 9.1 below, remains in place and is not affected by the North Hill Purchase Agreement. If Hampton exercises its option under the Hampton Option Agreement then a 2% NSR payable by Hampton to North Hill will be assigned to HHR. If Hampton does not exercise its option under the Hampton Option Agreement, or the Company holds 100% of the issued capital in Hampton, then the Company will pay the 2% of the NSR to HHR. In the event a mine deposit is discovered on the North Hill Los Calatos Tenements containing 2,000,000 or more ounce of gold and/or 1,000,000 tons or more of fine copper in probable or proven reserves as determined by a scoping study (Barrick, formerly Placer Dome) has a right to purchase 51% of Minera CN SAC for 200% of the total expenditure incurred until the date of the exercise of that right. A 2% NSR on production is also payable to HHR.

8.5 ***Convertible Loans***

(i) On 25 March 2010 the Company and Sidlog Limited entered into a convertible loan agreement pursuant to which Sidlog agreed to lend to the Company US$3,000,000. The loan will be drawndown within seven days of Admission and will be repayble within two years. The loan bears interest at 16% per annum, which will be capitalised quarterly at A$0.12 per share. The principal may be capitalised at the lender's option at any time after six months following drawdown at A$0.12 per share. The lender may convert earlier on a change of control of the Company or upon the disposal of a material asset. The Company will pay a fee to the lender of 4% of funds borrowed, on drawdown.

(ii) On 25 March 2010 the Company and Lemai Holdings Limited entered into a convertible loan agreement pursuant to which Lemai agreed to lend to the Company US$500,000. The loan will be drawndown within seven days of Admission and will be repayable within two years. The loan bears interest at 16% per annum, which will be capitalised quarterly at A$0.12 per share. The principal may be capitalised at the lender's option at any time after six months following drawdown at A$0.12 per share. The lender may convert earlier on a change of control of the Company or upon the disposal of a material asset. The Company will pay a fee to the lender of 4% of funds borrowed, on drawdown.

(iii) On 16 March 2010 the Company and Cusco Holdings Pty Ltd entered into a convertible loan agreement pursuant to which Cusco agreed to lend to the Company US$500,000. The loan may be drawndown on or after 60 days from Admission and will be repayable within two years. The loan bears interest at 16% per annum, which will be capitalised quarterly at A$0.12 per share. The principal may be capitalised at the lender's option at any time after six months following drawdown at A$0.12 per share. The lender may convert earlier on a change of control of the Company or upon the disposal of a material asset. The Company will pay a fee to the lender of 4% of funds borrowed, on drawdown.

## 9. Hampton

The following contracts not being contracts entered into in the ordinary course of business, are contracts which (i) are, or may be, material and have been entered into by Hampton or any member of the Hampton Group within the two years immediately preceding the date of this document; or (ii) have been entered into by Hampton or any member of the Hampton Group at any time before the date of this document where those contracts contain provisions under which any member of the Hampton Group has an obligation or entitlement which is, or may be, material to the Hampton Group as at the date of this document.

### 9.1 *Hampton Option Agreement*

By an agreement dated 5 September 2007 between Hampton and North Hill, Hampton has the option to purchase the entire issued share capital of Cerro Norte (which is the beneficial owner of 100% of the issued Minera CN SAC – owner of the North Hill Los Calatos Tenements) from North Hill on or before 1 August 2010.

Hampton's obligations include the following:

- completing a minimum of 9,000 metres of drilling before 1 August 2010;
- paying all licenses, fees and any other mining obligations imposed on the North Hill Los Calatos Tenements and on Minera Cerro Norte or its successors;
- complying with disclosure obligations imposed on the North Hill Los Calatos Tenements (in relation to Los Calatos Mining Project);
- providing, as requested, any information relevant to the North Hill Los Calatos Tenements, to Minera Cerro Norte or Placer Dome;
- paying North Hill the purchase price in set instalments, as well as a bonus payment (if Hampton decides to develop the mine);
- paying North Hill a royalty (being 2% of NSR) on production; and
- if the Hampton Option Agreement is terminated, Hampton must deliver a report of all work carried out on the North Hill Los Calatos Tenements and transfer/assign to North Hill, all existing agreements, permits, licenses and any other documents necessary to conduct exploration and development activities on the Mining Claims.

The purchase price is:

- US$1,750,000 to be paid as follows: (i) US$250,000 (paid), (ii) US$500,000 (paid before 1 August 2008), (iii) US$500,000 (on or before 1 August 2009) and (iv) US$500,000 (on or before 1 August 2010); and
- US$.0.005 for each pound of equivalent copper (including copper, molybdenum or other payable metals) which are contained within the Mining Claims (until execution of a share purchase agreement evidencing the acceptance of the option to purchase the entire issued share capital of Cerro Norte Mining Inc.). The interim payment is to be adjusted when the scoping study, required by the agreement, is completed. An interim bonus option payment (if the scoping study is not completed) is based on resources in the ground, as calculated by an independent expert appointed by the parties, and is payable on execution of the share purchase agreement.

If Hampton decides to develop the mine, it must also pay North Hill US$1,500,000, plus 2% NSR on production.

If this agreement is terminated, Hampton must transfer to North Hill (within 60 days of termination) any additional mining concessions it has obtained that are within three kilometres of the boundaries of the North Hill Los Calatos Tenements.

9.2 ***Placer Dome Option Agreement***

Under the Placer Dome Option Agreement exercised by Minera Cerro Norte on 27 March 2009, in the event a mine deposit is discovered on the North Hill Los Calatos Tenements containing 2,000,000 or more ounces of gold and/or 1,000,000 tons or more of fine copper in probable or proven reserves as determined by a scoping study, Placer has a right to purchase 51% of Minera CN SAC for 200% of the total expenditure incurred until the date it is determined that the condition has been satisfied.

9.3 ***MN Agreement***

On 30 December 2005 Hampton Chile entered into an agreement (MN Agreement) with Inversiones EM Dos Limitada ("IED"), with respect to the Loica, Vallecillo and Mollacas Projects (respectively "Loica Project", "Vallecillo Project" and "Mollacas Project" and jointly the "MN Projects"). In accordance with the MN Agreement, SCM Ovalle was incorporated on 13 September 2007 and title of the MN Projects was transferred to SCM Ovalle. The shareholders of SCM Ovalle are Hampton Chile, and IED, each of which has a 50% interest. IED has the right to participate on a quid pro quo basis in any projects acquired by Hampton Chile which are located within a 1 kilometre radius of any of the MN Projects.

9.4 ***Genesis Agreement***

On 23 August 2007 Hampton Chile entered into an option to purchase agreement ("Genesis Agreement") with SLM Genesis (in respect of mining tenements owned by SLM Genesis ("Genesis Properties"). Hampton Chile has the right to explore the Genesis Properties, and the right to acquire such properties upon satisfaction of a number of terms and conditions. The material terms and conditions of the Genesis Agreement are:

(a) The option to purchase expires the earlier of 23 August 2010 or non payment by Hampton Chile of a monthly instalment of US$10,000 due on 10th day of each month.

(b) Prior to exercising its right to acquire the Genesis Properties, Hampton Chile must complete an independent scoping study which will determine the resources and reserves on the Genesis Properties.

(c) The purchase price payable by Hampton Chile consists of:

   (i) US$360,000 payable in instalments as per item (a) above; plus

   (ii) an additional US$0.005 (half a cent of dollar) per pound copper equivalent for the resources identified by the scoping study as per item (b) above.

(d) Furthermore, if a bankable feasibility study is completed prior to the execution of the option right, Hampton Chile must pay to SLM Genesis US$0.005 per pound copper equivalent for all proven and probable reserves found in the Genesis Properties and identified in the bankable feasibility study less the payment indicated in (c)(ii) above;

(e) If Hampton Chile exercises its right to acquire the Genesis Properties on or before 23 August 2010 then Hampton Chile must pay any monies outstanding under (c) above.

9.5 ***San Lorenzo Agreement***

On 19 May 2008 Hampton Chile entered into a Heads of Agreement with Golden Amazonas (Amazonas) to execute a purchase agreement in respect to a 50% interest in the San Lorenzo Properties ("San Lorenzo Agreement"). In accordance with the San Lorenzo Agreement, SCM San Lorenzo was incorporated on 20 January 2009 and title of the San Lorenzo Properties was transferred to SCM San Lorenzo. The shareholders of SCM San Lorenzo are Hampton Chile, with 50% of the shares, and five other shareholders who hold the remaining 50%. The material terms and conditions are:

(a) Hampton Chile is to fund all expenditure in respect to the San Lorenzo Properties until a bankable feasibility study is completed;

(b) Hampton Chile earns an additional 20% of the San Lorenzo Properties by completing a bankable feasibility study within five years of the execution date of the San Lorenzo Agreement;

(c) Upon completion of a bankable feasibility study Hampton Chile has an unrestricted right to purchase Amazonas' 30% interest in San Lorenzo and Amazonas has an unrestricted right to sell this interest to Hampton Chile. The purchase or sale/ price is to be determined by an independent valuation from a list of prescribed values as set out in the San Lorenzo Agreement;

(d) If neither Hampton Chile nor Amazonas elects to exercise its option on completion of a bankable feasibility study, then Amazonas is required to contribute 30% of San Lorenzo Properties expenditure once the bankable feasibility study is completed.

**10. Placing Arrangements and Lock-in arrangements**

10.1 Pursuant to the Placing Agreement dated 16 March 2010 and made between the Company and Daniel Stewart, Daniel Stewart has agreed, conditional upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 1 April 2010, (or such later time and/or date as the Company and Daniel Stewart may agree, not being later than 30 April 2010 to use its reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains indemnities and warranties from the Company in favour of Daniel Stewart, together with provisions which enable Daniel Stewart to terminate the Placing Agreement in certain circumstances before Admission, including circumstances where any of the warranties are found not to be true or accurate in any material respect.

Part or all of Daniel Stewart's fees in connection with Admission and the Placing may be taken in Ordinary Shares at the Placing Price.

10.2 Under Lock-in Agreements dated 16 March between the Company, Daniel Stewart and each of the Directors (other than Tim Read), each of those Directors have undertaken not to dispose of any Ordinary Shares or interests in Ordinary Shares held at Admission for 12 months following Admission, except under a limited number of circumstances.

10.3 ***Arrangements with Lanstead***

£2,250,000 of the gross placing proceeds raised by Daniel Stewart will be paid by Lanstead Capital LP ("Lanstead") pursuant to the arrangements described in this paragraph 10.3. The Company and Lanstead have entered into a subscription dated 16 March 2010 pursuant to which Lanstead has conditionally agreed to subscribe for 25,000,000 of the Placing Shares at 9p per Ordinary Share. Lanstead will satisfy its payment obligation by delivering to an escrow agent, appointed by the parties, government bonds with a market value of not less than £2,250,000.

Lanstead and the Company's obligations are conditional on, among other things, Admission and in the case of the Company, there being no breach of warranty in the subscription agreement which would cause a material adverse change on the financial position or prospects of the Group. If the conditions are not satisfied by 6 April 2010 the subscription agreement will terminate, unless the parties agree to extend it up to and including 12 April 2010 subject to the Company paying an extension fee of £50,000.

The Company has given warranties to Lanstead of a type normal in a subscription agreement. In consideration of Lanstead entering into these arrangements the Company will allot and issue to Lanstead 2,500,000 new Ordinary Shares, deemed fully paid on Admission

Pursuant to the subscription agreement the parties have entered an equity swap confirmation, an interest rate swap confirmation and a credit support agreement all of which are based on standard documents prepared by the International Swaps and Derivatives Association ("ISDA"). The equity swap confirmation, the interest rate swap confirmation and a credit support annex all refer to the ISDA 2002 Master Agreement. The ISDA Master Agreement is a framework agreement between the parties under which individual derivatives transactions may be carried out. The ISDA Master Agreement is divided into two parts. The first part constitutes a standard set of non-commercial terms and conditions. The terms and conditions include representations, undertakings, events of default, termination events, change of law provisions and transaction netting provisions. The second part constitutes a schedule which allows the parties to tailor the first part and agree certain commercial terms.

The net effect of such documents is that the Company retains much of the economic interest in the Ordinary Shares issued to Lanstead. Over a 24 month period the Company will exchange £93,750 worth of government bonds per month for a cash payment from Lanstead the amount of which is determined against a benchmark price of 12p per Ordinary Share. If the volume weighted average price of an Ordinary Share for the five dealing days prior to settlement exceeds the benchmark price then the Company will receive more than 100% of the monthly payment due. If the price is less than the benchmark price, the Company will receive less than 100% of the monthly payment due. There is no higher or lower limit on the amount of the payments due to the Company under these arrangements but the total number of shares issued to Lanstead will not be adjusted. There is a risk, therefore, that the cash proceeds receivable by the Company will be less than £2,150,000. Equally, it is possible that the Company will receive more than that amount.

## 11. Depositary interests

11.1 The Depositary Interests will be created pursuant to, and issued on the terms of the deed poll executed by, the Depositary on 16 March 2010 in favour of the holders of the Depositary Interests from time to time (the "**Deed Poll**"). The Deed Poll is summarised in paragraph 11.2 below. Prospective holders of Depositary Interests should note that they will have no rights in respect of the underlying Ordinary Shares, or the Depositary Interests representing them against CREST or its subsidiaries.

Ordinary Shares will be transferred or issued to an account for the Depositary held by the Custodian. The Depositary shall pass on, and shall ensure that the Custodian passes on, to the holder of all Depositary Interests all rights and entitlements which the Depositary or Custodian receives in respect of the Ordinary Shares such as any such rights or entitlements to cash distributions, to information to make choices and elections, and to attend and vote at general meetings.

The Depositary Interests will have the same ISIN as the underlying Ordinary Shares and will not require a separate application for admission to trading on AIM.

The depositary services and custody agreement is summarised in paragraph 11.3.

11.2 ***Deed Poll***

The Depositary will hold (itself or through its nominated Custodian), as bare trustee, the Ordinary Shares issued by the Company and all and any rights and other securities, property and cash attributable to the Ordinary Shares and pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests.

Holders of the Depositary Interests warrant, among other things, that the securities in the Company transferred or issued to the Custodian on behalf of the Depositary and for the account of the holders of Depositary Interests are free and clear from all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's Constitution nor any contractual obligation, law or regulation. The holder of Depositary Interests indemnifies the Depositary for any losses it incurs as a result of breach of this warranty.

The Depositary and the Custodian must pass on to Depositary Interests holders and exercise on behalf of Depositary Interest holders all rights and entitlements received or to which they are entitled in respect of the Ordinary Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on to the holders of Depositary Interests upon being received by the Custodian and in the form in which they are received by the Custodian together with any amendments and additional documentation necessary to effect such passing-on.

The Depositary shall re-allocate any Ordinary Shares of distributions which are allocated to the Custodian and which arise automatically out of any right or entitlement of Ordinary Shares already held by the Custodian to holders of Depositary Interests *pro rata* to the Ordinary Shares held for their respective accounts provided that the Depositary shall not be required to account for any fractional entitlements arising from such re-allocation and shall donate the aggregate fractional entitlements to charity.

The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not incur any liability to any holder of Depositary Interests or to any other person for any loss suffered or incurred arising out of or in connection with the transfer and prospective holders of the Depositary Interests and Ordinary Shares should refer to the terms of the Deed Poll and the Constitution to ensure compliance with the relevant provisions.

The Depositary may compulsorily withdraw the Depositary Interests (and the holders of Depositary Interests shall be deemed to have requested their cancellation) if certain events occur. These events include where the Depositary believes that ownership of the Depositary Interest may result in a pecuniary disadvantage to the Depositary or the Custodian or where the Depositary Interests are held by a person in breach of the law. If these events occur the Depositary shall make such arrangements for the deposited property as it sees fit, including sale of the deposited property and delivery of the net proceeds to the holder of the Depositary Interests in question.

Holders of Depositary Interests are responsible for the payment of any tax, including stamp duty reserve tax ("SDRT") on the transfer of their Depositary Interests.

11.3 ***Depositary Services and Custody Services Agreement***

The terms of the depositary services and custody services agreement dated 16 March 2010 between the Company and the Depositary (the "Depositary Agreement") relate to the Depositary's Appointment as Depositary and Custodian in relation to the Ordinary Shares.

The depositary services and custody services include the issue and cancellation of depositary interests and maintaining the Depositary Interests register.

In the event of termination, the parties agree to phase out the Depositary's operations in an efficient manner without adverse effect on members and the Depositary shall deliver to the Company (or as it may direct) all documents and other records relating to the Depositary Interests which is in its possession and which is the property of the Company.

A fuller description of the rights attaching to the Placing Shares by virtue of the Constitution is set out at paragraph 4 of this Part V.

## 12. Taxation

12.1 ***Summary of Taxation Implications***

The following comments are intended to provide a general summary of the Australian and UK taxation implications that may arise for certain Shareholders in respect of holding and disposing of Ordinary Shares.

As taxation laws are complex, the following comments are intended as a general guide to the Australian and UK tax implications only. Shareholders should not rely on these comments as advice in relation to their own affairs but should consult their own tax adviser applicable to their own needs and circumstances.

The comments are based on the law and understanding of the practice of the tax authorities in Australia and the UK at the date of this document.

12.2 ***Tax residence of the Company***

It is expected that the Company will be "effectively managed" in Australia. Accordingly, it should be treated as being resident in Australia under the Australian/United Kingdom double tax treaty and consequently not resident in the United Kingdom for most purposes of the United Kingdom's domestic law.

12.3 ***Australian Taxation***

The following comments are based on the provisions of the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor, and no representations are made with respect to the Australian income tax consequences to any particular investor. Accordingly, prospective purchasers of shares in the Company should consult their own tax advisors for advice with respect to their particular circumstances. Investors should also be cognisant that any changes to the legislation or judicial interpretation of the legislation may affect their investment. You should also note that taxation is only one of the matters that you need to consider when making a decision on a financial product.

*Taxation of Future Share Disposals*

***Australian Resident Shareholders***

The taxation treatment on the disposal of Ordinary Shares will depend upon whether the shares are held on revenue or capital account.

Australian resident Shareholders who trade in Ordinary Shares as part of the ordinary course of their business would hold their shares on revenue account. These Shareholders will be required to include the profit arising from the disposal of their Ordinary Shares in their assessable income. Conversely, a loss arising from the disposal of Ordinary Shares on revenue account may be allowed as a deduction from assessable income.

Generally, all other Australian resident Shareholders will hold their Ordinary Shares on capital account. These Australian resident Shareholders should consider the impact of Australian capital gains tax rules on the disposal of their Ordinary Shares.

A Shareholder acquires an Ordinary Share on the date the Ordinary Share is issued or transferred. The cost base of an Ordinary Share acquired is generally the amount the Shareholder pays to acquire the Ordinary Share plus any associated costs incurred, including, for example, brokerage.

An Australian resident Shareholder will derive a capital gain where the proceeds received on disposal exceed the cost base of an Ordinary Share for capital gains tax purposes.

Similarly, a Shareholder will incur a capital loss on the disposal of an Ordinary Share where the disposal proceeds received are less than the reduced cost base of the Ordinary Share for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains. They cannot be used to reduce non capital income.

Any net capital gain (after recoupment of capital losses) is included in the Shareholder's assessable income. The applicable tax payable on the net capital gain will be dependant on the type of Shareholder. An Australian tax resident individual Shareholder will be taxed at their marginal rate. Alternatively, an Australian resident company Shareholder will be subject to tax at the corporate rate of 30% of taxable income.

Where an Australian resident Shareholder has held the Ordinary Share as a capital asset for at least 12 months the capital gain may be reduced by the general CGT discount concession for particular

Shareholders. The discount percentage for individual and trusts is 50%, and for complying superannuation funds and life insurance companies 33%. This means generally only 50% (for individuals and trusts) and 67% (for complying superannuation funds) of the capital gain is included in the Shareholder's assessable income after the offset of any capital losses. Corporate Shareholders are not eligible for the general CGT discount concession.

***Non-Australian Resident Shareholders***

Where Non-Australian resident Shareholders hold Ordinary Shares on revenue account, the profits on the sale of the Ordinary Shares may be required to be included in the Shareholder's assessable income. This is subject to the application of any double tax treaty relief which may exclude such profits from Australian taxation.

Generally, all other Non-Australian resident Shareholders will hold their Ordinary Shares on capital account. These Non-Australian resident Shareholders should consider the impact of Australian capital gains tax rules on the disposal of their Ordinary Shares.

Non-Australian resident shareholders are only subject to Australian capital gains tax where those shareholders are disposing of shares in an Australian company if the company predominately holds interests in land within Australia. Given the Company's current position, it is unlikely that any Australian capital gains tax will apply.

Non-Australian resident shareholders will need to seek specific advice in respect of their particular circumstances with respect to Australian capital gains tax on the disposal of shares in the Company at the time of any disposal.

*Dividends*

Broadly, dividends paid on Ordinary Shares may be "franked" or "unfranked". Franked dividends have franking credits attached. These credits represent underlying Australian corporate tax that has been paid on the profits distributed. To the extent a dividend is "unfranked" no franking credits are attached.

Depending on the residency status of the Shareholder and whether a dividend is franked or unfranked will have different income tax implications as set out below.

*Australian Resident Shareholders*

Australian resident Shareholders will include dividends received together with any attached franking credits in their assessable income. A tax offset will be allowed equal to the amount of franking credits attached to the dividend.

Generally, to be eligible for the franking credit or franking offset, the Shareholder must have held the shares at risk for 45 days (not counting the day of acquisition or disposal). However, this rule should not apply where the tax offset entitlement does not exceed A$5,000 in respect of all dividends received during the income year in which the dividend is paid.

Individual Shareholders and Complying Superannuation Funds may receive a tax refund if the franking credits attached to the dividend exceed their tax liability for the income year.

Where the Shareholder is a corporate entity, the Shareholder will be entitled to a franking tax offset. Where the franking tax offset is greater than the tax payable by the company in an income year, the balance of the franking tax offset may be grossed up and carried forward as a tax loss that can be used to reduce taxable income in the future years. The receipt of a franked dividend will also generally give rise to a credit in the corporate entity's franking account to the extent the dividend is franked.

*Non-Australian Resident Shareholders*

Fully franked dividends, and dividends to the extent they are credited with franked dividend account credits, paid to Non-Australian Resident Shareholders are generally not subject to withholding tax.

Unfranked dividends paid to Non-Australian Resident Shareholders will be subject to withholding tax at a rate of 30% on the unfranked component of the dividend paid. The withholding tax rate is generally reduced to 15% (lower for certain other countries) where there is an applicable double tax treaty. Where a withholding tax applies the Company will be required to deduct the appropriate amount of withholding tax prior to making the dividend payment.

*Australian Stamp Duty*

There is no liability for stamp duty in Australia on the issue of Ordinary Shares by the Company. Similarly, there will be no liability for stamp duty in Australia if the Ordinary Shares are disposed of by a Shareholder.

This is on the understanding that the Company does not hold an interest in land in Australia in excess of A$1 million and the value of land exceeds 60% of the assets of the Company.

*Other Matters*

Australian Resident Shareholders will generally be required to notify the Company of their tax file number (or Australian Business Number if carrying on an enterprise) in respect of Ordinary Shares held. Failure to do so may result in the Company being required to withhold tax at the top marginal individual rate including Medicare levy (currently 46.5%). The Shareholder will however be entitled to a credit or refund in their tax returns to the extent of the tax withheld.

12.4 ***United Kingdom Taxation***

The following paragraphs are intended as a general guide for Shareholders who are resident and domiciled in the United Kingdom for tax purposes. The statements only apply to certain Shareholders who are beneficial owners of Ordinary Shares. They are not applicable to all categories of Shareholders and, in particular, are not addressed to: (i) Shareholders who do not hold their Ordinary Shares as capital assets; (ii) Shareholders who own (directly or indirectly) 10% or more of the Company; or (iii) special classes of Shareholders such as dealers in securities or currencies, broker-dealers or investment companies. The statements do not purport to be comprehensive or to describe all potential relevant considerations. They are based on current legislation and UK HM Revenue and Customs practice. Any Shareholder or prospective purchaser of Placing Shares should consult their professional advisers on the possible tax consequences of acquisition, ownership and disposition under the laws of their particular citizenship, residence and/or domicile.

*Taxation of dividends*

The Company is not incorporated in the UK and there is no requirement to withhold UK tax from dividends paid on shares.

Any shareholder who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the shares.

UK resident individuals are subject to income tax at either 10% (basic rate taxpayers) or 32.5% (higher rate taxpayers) on the gross dividends received.

Due to recent changes in the law individuals receiving dividends from overseas companies are now in most cases entitled to a non-refundable tax credit on the dividend in the same way as individuals receiving dividends from UK companies. The effect of the tax credit for is that a basic rate taxpayer will pay no further tax on the dividend and a higher rate taxpayer will pay further income tax of 25% on the dividend.

From 6 April 2010, individuals will be subject to income tax at the rate of 50% on income exceeding £150,000. Dividends falling within this new top rate band will be taxed at the rate of 42.5% on the dividend plus the tax credit. This will give an effective tax rate of 36.11% on the net dividend.

In the event that dividends are paid under deduction of Australian withholding tax, United Kingdom shareholders may be able to obtain credit for all or part of any Australian tax so withheld, in computing their respective liabilities to United Kingdom income tax or corporation tax on such dividend income.

Individuals ordinarily resident in the United Kingdom should note that Chapter 2 of Part 13 of the Income Tax Act 2007, which contains provisions for preventing the avoidance of income tax through transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company. This legislation should not apply where it can be demonstrated that there are *bona fide* commercial reasons for the arrangement.

Dividends received by a non-small UK company from Placing Shares should generally be exempt from UK corporation tax, with no minimum ownership period or minimum ownership level. The exemption should also generally be available to small companies receiving such dividends as Australia has a non-discrimination provision in its tax treaty with the UK. It should be noted however that the exemptions are subject to a targeted anti-avoidance rule that will apply to tax motivated schemes with certain characteristics.

UK resident shareholders who do not pay income tax or whose liability to income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals are not generally entitled to claim repayment of any part of the tax credit associated with the dividend from HM Revenue & Customs.

*Taxation of chargeable gains*

For the purpose of UK tax on chargeable gains, the issue of Placing Shares will be regarded as an acquisition of a new holding in the share capital of the Company.

The Placing Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Placing Shares will usually constitute the base cost of a shareholder's holding.

A disposal or deemed disposal of Placing Shares by a UK resident shareholder may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains ("CGT") (where the shareholder is an individual) or UK corporate tax on chargeable gains (where the shareholder is within the charge to UK corporation tax), depending on their circumstances and subject to any available exemption or relief.

As regards an individual shareholder, the principal factors that will determine the extent to which a gain will be subject to CGT are (i) the extent to which he realises any other capital gains in the tax year of assessment in which the gain arises, (ii) the extent to which he has incurred capital losses in that or any earlier tax year of assessment in which the disposal takes place. Subject to the availability of any such exemptions, reliefs and/or allowable losses, a disposal of Placing Shares by individuals, trustees and personal representatives will generally be subject to CGT at the rate of 18%.

Anti-avoidance legislation can apply to attribute gains of a non-resident company to UK resident participators if the company would be close if it were resident in the UK and if the participators (together with any persons connected to them) hold at least 10% of the equity in the company.

Subject to the availability of any exemptions, reliefs and/or allowable losses, a disposal of Ordinary Shares by companies subject to UK corporation tax will generally be subject to tax at a rate currently between 21% and 28%. Indexation allowance may be available to reduce any chargeable gain arising on such disposal but cannot act to create or increase a loss.

Different tax treatment applies to persons who trade in securities. Persons who are neither resident nor ordinarily resident in the United Kingdom will not normally be liable to tax in the UK in respect of any gain accruing to them on disposal of the Placing Shares. The terms of a relevant double taxation treaty may apply to persons with dual residence.

*Stamp duty and stamp duty reserve tax ("SDRT")*

Stamp duty and SDRT are normally the liability of the transferee of the relevant shares and the Company will not be responsible for the payment of stamp duty or SDRT in any case.

No stamp duty, or SDRT, will be payable on the allotment or issue of the Placing Shares, provided that they are not issued to a nominee, unless such clearance service or depositary receipt system is operated within the European Union.

Placing Shares held outside Crest: no United Kingdom stamp duty should generally be payable on the transfer of Placing Shares outside the CREST system, provided that any instrument of transfer is not executed in the UK and is kept outside the UK and does not relate to any property situated, or to any matter or thing done or to be done in the UK. UK stamp duty (at the rate of 0.5% of the amount or value of the consideration given for the transfer, rounded up, where necessary, to the nearest £5) is payable on any instrument of transfer of the Placing Shares executed or, in certain cases, brought into the UK. Provided that any Placing Shares held outside CREST are not registered in a register kept in the UK by or on behalf of the Company nor are paired with shares issued by a body corporate incorporated in the UK, no UK SDRT should generally be chargeable in respect of any agreement to transfer Placing Shares.

Entry into CREST: no stamp duty or SDRT should arise on the transfer of the Placing Shares to the depositary (or one of its subsidiaries), to hold in its capacity as depository, nor on the subsequent issue by the depositary to that transferor of depository interests representing the underlying Placing Shares in uncertificated form (which are eligible for settlement through CREST).

Transfers within CREST: assuming that transfers of Depositary Interests operate without any written instrument or transfer or written assignment to transfer, no stamp duty will be payable by the purchasers of such Depositary Interests.

SDRT should not be payable in respect of agreements to transfer the Depositary Interests within CREST for so long as the Depositary Interests continue to meet all the criteria set out for the SDRT exemption granted in The Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities Regulations 1999 (SI 1999/2383) as amended.

## 13. Working Capital

The Directors, having made due and careful enquiry, are of the opinion that taking into account existing cash, bank and other facilities available to the Company and its Group and the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its Group is sufficient for its present requirements, that is for at least 12 months from the date of Admission.

The Company is an exploration company with a number of exploration projects without an operating cash flow, and as such the Company may require additional funds in the near to medium term to fully exploit these projects and increase shareholder value.

## 14. Corporate Governance

### 14.1 *Audit and Risk Committee*

The Audit and Risk Committee ("ARC") consists of at least two independent, non-executive Directors of the Company and meets at least twice a year. The ARC monitors internal control systems and procedures so as to safeguard the Company's assets and maintain the integrity of financial reporting. The ARC is responsible for ensuring the financial performance of the Company is properly monitored, controlled and reported on. It also reviews reports from the Company's external auditors, reviews and monitors the external auditors' performance and evaluates and recommends to the Board for approval, the draft financial statements and other related financial information.

### 14.2 *The Company does not have a Remuneration Committee*

The Company is not of a size, nor are its affairs of such complexity, to justify the establishment of a remuneration committee. Rather, all matters which might be dealt with by a remuneration committee are the responsibility of the full Board. The Board establishes the remuneration policies and practices for the Chief Executive Officer ("CEO") and Managing Director ("MD") and sets the scale and structure of their remuneration.

In determining the remuneration of the Directors, the Board seeks to attract and retain executives that will create value for the Company.

On the recommendation of the CEO and MD, the Board reviews and approves incentive performance packages and average salary increases. The Board also reviews and approves equity based plans, ensuring that such plans are consistent with the Company's securities trading policy.

14.3 ***Securities Trading Policy***

Under the Company's securities trading policy, all employees, Directors of the Company and any other person identified by the Company Secretary as being potential "insiders", including the CEO and MD (collectively **Designated Persons**) are prohibited from trading in the Company's shares or other securities if they are in possession of "price-sensitive information". Subject to this policy, trading can occur at any time, unless the person is a Designated Person, in which case trading can only occur in specified windows (for example, from 24 hours to 75 business days after the release of the Company's quarterly, half yearly and preliminary final results).

In order to trade, Designated Persons must receive written notice from the Company Secretary prior to entering into any dealing in Metminco securities. Designated Persons are also prohibited from entering into transactions in products associated with Metminco securities which operate to limit the economic risk of their security holding in the Company over unvested entitlements under any Metminco equity incentive plans.

## 15. Employees

15.1 As at the date of this document, Metminco employed two people, William Etheridge as an Executive Director and Peter Gnamm as an Assistant Accountant to the Company.

15.2 Except for the voting rights held the William Etheridge referred to in paragraph 7.1.1 of this Part V, so far as the Company is aware no employee has entered into any arrangements in respect of the capital of the Company.

## 16. Premises

The Company does not own any premises but occupies serviced offices with Hampton at 119 Willoughby Road, Crows Nest, NSW 2065 Australia under a license agreement which is terminable on one month's notice.

## 17. Litigation

17.1 Except as disclosed below, no member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

17.2 On 4 January 2010, Metminco received a letter from Takoradi Limited's solicitors ("4 January Letter") alleging that Metminco intended to gain control of Hampton and/or acquire 100% of the Los Calatos Project for the benefit of Metminco alone or on terms which were not in the best interests of all Hampton shareholders. Metminco was requested to provide certain undertakings by 8 January 2010, including:

(a) an undertaking from Metminco and its directors, that it will not exercise its rights to purchase any interest in the Los Calatos Project other than through Hampton exercising its rights under the Hampton Option Agreement; and

(b) an undertaking from Metminco that it will take whatever steps are reasonably necessary to ensure that Hampton will be managed in a manner which enables Hampton to obtain ownership of the Los Calatos tenements.

The 4 January Letter stated that if these undertakings were not provided by 8 January 2010, Takoradi Limited would issue proceedings on behalf of itself and/or Hampton against Metminco and certain officers in relation to the North Hill Purchase Agreement.

On 18 January 2010, Metminco's solicitors responded ("18 January Letter") to the allegations made in the 4 January Letter. The 18 January Letter confirmed that Metminco is not taking and has not taken steps to acquire the Los Calatos Project either for its sole benefit or on terms that are unfavourable to or not in the best interests of all shareholders of Hampton, as alleged. As at the date of this document, no proceedings to Metminco's knowledge have been issued in respect of the 4 January Letter.

Subsequently, on 9 February 2010 and 4 March 2010 Takoradi Limited announced to the ASX, amongst other things, that certain agreements or arrangements were entered into by Metminco which may be to the detriment of Takoradi Limited as a shareholder of Hampton.

On 10 March 2010 Metminco Limited received a letter from Takoradi Limited's solicitors (acting for Rodney Hudspeth) confirming that on 16 February 2010 notice was served on Hampton pursuant to section 237 of the Australian Corporations Act. The action which is threatened includes:

(a) proceedings against Metminco for:

   (i) unauthorised use of Hampton's confidential information;

   (ii) a declaration that Metminco holds the benefit of the North Hill Purchase Agreement and any shares in North Hill that are transferred to Metminco on constructive trust for Hampton; and

   (iii) a declaration that Metminco was involved in the contraventions by William Howe and Phillip Wing of ss 181, 182 and 183 of the Australian Corporations Act and for a compensation order against Metminco; and

(b) proceedings against Metminco and HHR to restrain them from completing the North Hill Purchase Agreement.

Before the Court will grant leave, Rodney Hudspeth must prove to the satisfaction of the Court that:

(a) he is acting in good faith;

(b) that it is in the best interests of Hampton that he be granted leave; and

(c) that there is a serious question to be tried by the Court in respect of the proposed proceedings against Metminco.

In the view of the Directors, all the allegations are unsubstantiated, lack specification and precision and are opportunistic in light of this Placing. Metminco is firmly of the view that Hudspeth will be unable to satisfy the Court.

Nevertheless, should leave be given for the claims to proceed it will be vigorously defended. Metminco is of the view that if leave is given to proceed, the facts on which Rodney Hudspeth/Takoradi Limited intends to rely are incorrect, not able to be proved or be sustainable, and therefore Rodney Hudspeth/ Takoradi Limited will not be successful as against Metminco.

While no proceedings have been issued against Metminco or its Directors as at this date in respect of the matters raised in Takoradi Limited's solicitors letter of 10 March 2010, the Directors are aware that Mr Hudspeth has filed an originating motion on 19 March 2010 in the Federal Court of Australia seeking leave to issue proceedings in the name of Hampton Mining Limited, as foreshadowed in the 10 March 2010 letter.

17.3 The holder of the surface titles in respect to the Mollacas Project, Agricola Bauza Ltda (Agricola) has filed various actions against SCM Ovalle, Hampton Chile and IED (jointly Mollacas Parties) in respect to claims relating to access and civil actions. All claims against the Mollacas Parties determined by the Chilean judiciary to date have been successfully defended. Proceedings against new works are current, the granting of the final verdict is pending. The term provided by the law for considering the abandonment of the procedure expired on 30 December 2009 and Hampton Chile has requested a statement of abandonment from the court.

**18. Expenses and General**

18.1 The total proceeds expected to be raised by the Placing and the Convertible Loans amount to £12 million, and the net proceeds of the Placing (following the deduction of the cash expenses of Admission and the Placing) are estimated to amount to £11,750,000

18.2 The overall costs and expenses payable by the Company in connection with Admission and the Placing are estimated to amount to approximately £800,000 (excluding VAT).

18.3 Save as disclosed in paragraphs 3.6 and 8 of this Part V (and save in relation to arrangements with trade suppliers) no person has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission, or entered into contractual arrangements to receive, directly or indirectly, on or after Admission:

(i) fees totalling £10,000 or more;

(ii) securities of the Company having a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

18.4 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

18.5 There has been no significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited interim financial information has been published being 31 December 2009.

18.6 The financial information in this document relating to the Group and in particular the financial information contained in Part IV of this document, constitutes statutory accounts within the meaning of section 307C of the Australian Corporations Act. The auditors to the Group, have audited the statutory accounts of the Company and have given unqualified audit reports on the statutory accounts of the Company for the financial year ended 30 June 2009 and the six months ended 31 December 2009. The statutory accounts of the Company for the two financial years ended 30 June 2009 have been delivered to ASIC in Australia.

The auditors to the Group, have audited the statutory accounts of Hampton and have given unqualified audit reports on the statutory accounts of Hampton for the two financial years ended 31 December 2008 and the six months ended 30 June 2009.

18.7 Within this document, where information comprises forecasts, estimates or projections, the directors confirm that such information has been made after due and careful enquiry.

18.8 Within this document, where information has been sourced from a third party, the Directors confirm that this information has been accurately reproduced and that as far as the Group is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Dated 26 March 2010