METMINCO

ANNUAL REPORT 2010

METMINCO LIMITED ANNUAL REPORT 2010

ABN 43 119 759 349

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CHAIRMAN'S LETTER

The 2010 financial year for the Company has been what can only be seen as a year of substantial achievement, building on the Company's decision in the 2009 financial year to focus on South America.

During the year Metminco transformed from being a company focussed on Australian exploration projects with limited potential to a company with a controlling interest in a portfolio of high potential assets located in Peru and Chile. Metminco acquired a 69.4% interest in Hampton securing control of Hampton, raised funds of A$24.5 million and was admitted in April 2010 to the AIM market operated by the London Stock Exchange.

Subsequent to the financial year end Metminco increased its interest in Hampton to 72.6% and in late September 2010 entered into purchase agreements to increase its interest in Hampton to 100% through the acquisition of the minority interests in Hampton.

Hampton's main projects include the world class Los Calatos copper and molybdenum porphyry deposit located in southern Peru, and the Mollacas copper leach project and the Vallecillo gold-zinc project, both located in Chile approximately 500 km north of Santiago.

The move to 100% ownership of Hampton will enable the Company to concentrate on rationalising the operational and corporate aspects of the business, particularly the implementation of an aggressive exploration program to build on the 926 million tonne copper/molybdenum resource already announced, and to drill test new, high priority targets and anomalies on the Los Calatos Project.

Completion of a 10,000 metre drilling program at the Los Calatos Project during the year increased estimated resources from 1.6 million tonnes of copper equivalent metal *in situ* to over 4.7 million tonnes of copper equivalent metal *in situ* (or over 10 billion lbs copper equivalent). The Company has identified 8 high level targets at Los Calatos within a "Porphyry Cluster" which is 68 km in extent and is defined by a strong arsenic soil anomaly.

The Company is undertaking detailed metallurgical test work at the Mollacas heap leach/SXEW project with a view to completion of a detailed feasibility study with possible commencement of copper cathode production in 2013.

Preliminary metallurgical test work at the Vallecillo Project, completed during the year, indicates a gold recovery on site of more than 90% into Dore bullion, via gravity and leaching of concentrates, and recovery of more than 90% zinc into a zinc concentrate averaging more than 50% zinc. Surface mapping and geochemical sampling at Vallecillo has identified seven exploration targets which now require drill testing.

During the year further changes to the Board were made to reflect the Company's listing on the AIM in London and the desire to reflect its South American focus. I thank both Shane Turner and Keith Weston for their contributions and welcome both Tim Read and Francisco Vergara to the Board.

It is important to recognise that the Company could not have achieved, to the extent that it has, without the efforts of my fellow Board members, its employees and consultants. I am confident that the company will continue to meet its goals and grow its resource base. Finally, I would like to thank our shareholders for their ongoing support.

John A Fillmore
Chairman

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2010.

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

Due to the stage of development of the Company the majority of the directors are not independent. The chairman is not an independent director due to related party transactions disclosed in Note 27.

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

- less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the 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 chairman prior to incurring any expense on behalf of the Company.

Ethical Standards

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

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

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

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

Trading Policy

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

In compliance with AIM Listing Rules, directors and officers of the Company are also not permitted to trade in the Company's securities for the periods of two months before release of the Company's half yearly and preliminary final results, one month before release of the Company's quarterly results; and, one month before the date of the Company's annual general meeting.

Audit Committee

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

Performance Evaluation

Due to the changes in the composition of the Board during the year an annual performance evaluation of the Board and all Board members was not conducted by the Board.

Board Roles and Responsibilities

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

Shareholder Rights

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

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business'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 CFO 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.

Remuneration Policies

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

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

The amount of remuneration for all key management personnel for the company is detailed in the directors report under the heading Remuneration Report for the year ended 30 June 2010. 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.

CORPORATE GOVERNANCE STATEMENT continued

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

Remuneration and Nomination Committee

The names of the members of the remuneration and nomination committee and their attendance at meetings of the committee are detailed in the Directors' Report. Due to the changes in the composition of the committee no meetings were held during the year ended 30 June 2010. The remuneration and nomination committee has formally met since 30 June 2010.

There are no schemes for retirement benefits for non-executive directors.

Other Information

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

DIRECTORS' REPORT

The directors present their report together with the financial statements of the Group being Metminco Limited (**Metminco** or **Company**) and its controlled entities, for the financial year ended 30 June 2010.

Directors

The following persons held the office of director during the year ended 30 June 2010:

John Fillmore	Non Exective Chairman
William J Howe *(appointed 17 July 2009)*	Non Executive Director
Phillip J Wing *(appointed 17 July 2009)*	Non Executive Director
William S Etheridge *(appointed 17 July 2009)*	Director
Timothy Read *(appointed 1 April 2010)*	Non Executive Director
Francisco Vergara-Irarrazaval *(appointed 1 April 2010)*	Non Executive Director
Keith Weston *(resigned as a director 31 October 2009)*	Managing Director
Shane Turner *(resigned as a director 31 October 2009)*	Non Executive Director

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

Company Secretary

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

Principal activities and significant changes in the nature of activities

The principal activities of the Group during the financial year were as a diversified mineral explorer focussing on prospects in South America, through its 72.6% (69.4% as at 30 June 2010) subsidiary Hampton Mining Limited (**Hampton**), an unlisted Australian 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.

On 29 September 2010, Metminco entered into share exchange agreements to increase its holding in Hampton to 100% (refer Events subsequent to reporting date).

Operating results

The consolidated loss of the Group was $7,508,615 after providing for income tax and eliminating minority equity interests (2009: loss of $1,245,134).

Review of operations

On 8 July 2009, Metminco acquired an initial 36.5% interest in Hampton via a scrip for scrip offer and in May 2010 secured control of Hampton on acquisition of an additional 31.9% holding in Hampton from Junior Investment Company (**JIC**). Metminco also accepted its full entitlement to Hampton rights offers dated January and April 2010, further increasing Metminco's interest in Hampton. As at 30 June 2010 Metminco held a 69.4% interest in Hampton and, at the date of this report, 72.6% (refer Events subsequent to reporting date).

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. For Los Calatos, Hampton in July 2010 announced revised estimated JORC compliant resources (at a 0.2% copper cut-off grade) of 926 million tonnes, comprising Indicated Resources of 111 million tonnes at 0.39% Cu and 380 ppm (0.038%) Mo and Inferred Resources of 815 million tonnes at 0.37% Cu and 260 ppm (0.026%) Mo.

Hampton's other advanced projects are the Mollacas copper leach project and the Vallecillo gold-zinc project. Both these projects are located in Chile, approximately 500 km north of Santiago.

During the year all the Australian exploration projects were relinquished to enable Metminco to focus on its South American interests.

A summary of Hampton's projects in South America is given below, ranging 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.

Figure 1: Hampton projects in Chile and Peru (note: shows proximity of projects to major known copper deposits. Tonnages and grades shown are for estimated resources before any extraction by mining operations, but taking account of any resource additions subsequent to start of any operations)

LOS CALATOS

The Los Calatos Project is located in southern Peru, approximately 80 km southeast of the important regional city of Arequipa, and approximately 60 km northwest of the town of Moquegua. Tacna, near the Chile border, is approximately 170 km to the south east.

Hampton holds exploration tenements covering 214 km^2 of ground surrounding the Los Calatos project of which 186 km^2 are held through a wholly owned subsidiary, Hampton Peru SAC (**Hampton Peru**) and 28 km^2 held under an option agreement with North Hill Holding Group Inc (**North Hill**), a wholly owned subsidiary of Metminco (refer figure 2). Under this option, Hampton has a right to acquire the North Hill tenements on or before 24 January 2011 (refer Events subsequent to reporting date), by paying North Hill US$0.5 million and a resource payment based on US$0.005 per lb copper equivalent in reserves, as defined by a scoping study or feasibility study after drilling 9,000 metres. Hampton may elect to make the payments in cash or by issue of the equivalent number of shares in Hampton, as determined by an independent expert.

In March 2010 Hampton completed a 10,000 metre Phase 2 drilling program and on 1 July 2010 Hampton announced the Mineral Resource estimate as follows, approximately a 350% increase in estimated Mineral Resources from the previous estimate dated June 2009.

Revised total resources of 926,234,000 tonnes can be subdivided as follows (at a cut-off grade of 0.2% Cu):

- Indicated Resources 111,264,000 tonnes at 0.39% Cu and 380 ppm (0.038%) Mo
- Inferred Resources 814,970,000 tonnes at 0.37% Cu and 260 ppm (0.026%) Mo

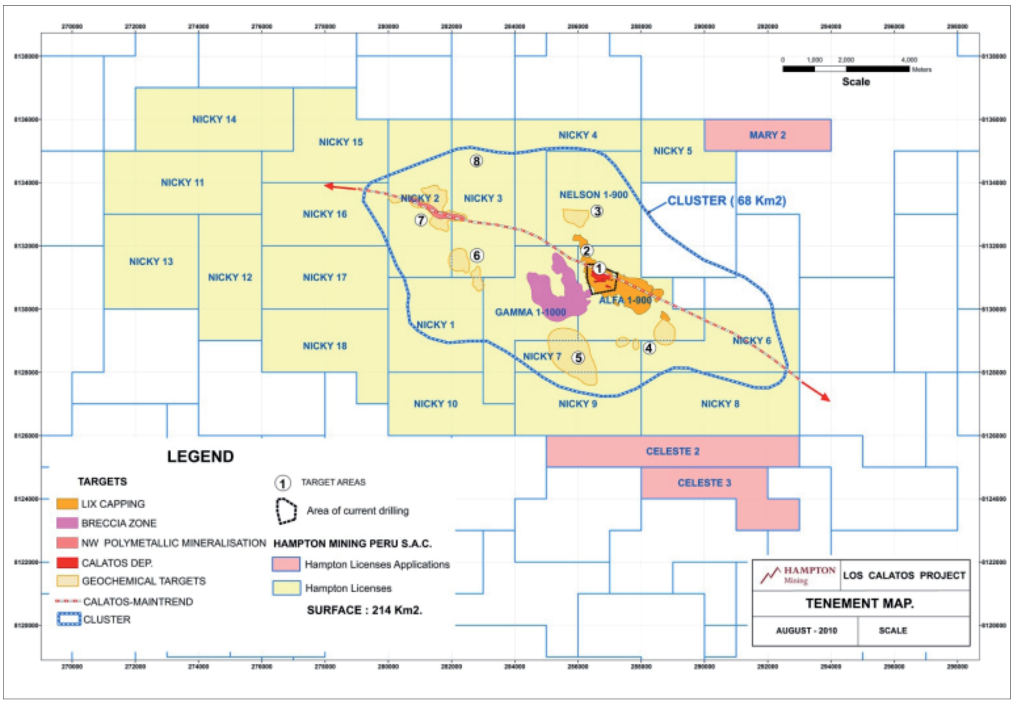

Figure 2: Los Calatos project: Hampton's licences, showing the current porphyry 'cluster' of exploration targets, and the trend of associated mineralisation.

LOS CALATOS continued

The Los Calatos Project occurs within a historically well defined copper-molybdenum porphyry belt in southern Peru. Production from mines in this region exceeded 800,000 tonnes of copper metal in 2009. With the upgrade to the Toquepala mine and the imminent development of the Tia Maria and Quellaveco mines, production from this belt is anticipated to increase to more than 1.2 million tonnes of copper per annum. Molybdenum is a significant byproduct of copper mining from this belt (refer figure 3).

Access to the project is by sealed road (Pan American Highway) from Moquegua and Arequipa, except for the last 50km which is unsealed. The port of Ilo is located approximately 160 km by road to the south of the project area. Access to the site and a potential power supply for possible future operations are regarded as good for Peru. The project area is located at an altitude of approximately 2,800 m above sea level.

Hampton, from November 2009 to March 2010, undertook the Phase 2 drilling program at Los Calatos, Peru. Phase 2 drilling consisted of 10 diamond cored boreholes totaling 9,516 metres and followed the Phase 1 program of 13 diamond cored boreholes, undertaken between July and December 2008 and which resulted in the initial JORC compliant resources estimate of 261,504,000 tonnes (at a 0.2% copper cutoff) as reported by Hampton in June 2009.

The Phase 2 drilling completed by Hampton defined, at a 0.2% copper cutoff, a mineralised porphyry body with a drill tested strike length of approximately 900 metres, up to approximately 500 metres wide and greater than approximately 1,100 metres vertical depth. The Phase 2 drilling, drilled from the south to north, extended the strike length of the mineralization from 600 metres to 900 metres, extended the southern mineralised boundary from 300 metres up to 500 metres, and increased the depth of mineralization from 800 metres to 1,100 metres, hence, considerably increasing the previous resource estimate. The revised mineralised body at a 0.20% copper cutoff totals 926 million tonnes.

Los Calatos: drill rig at hole 17

Los Calatos site: view to southwest of core shed

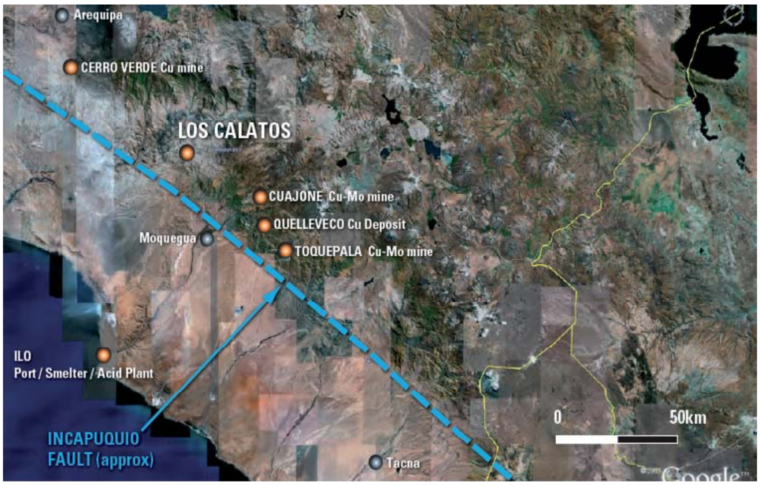

Figure 3: Los Calatos copper-molybdenum project – location near other porphyry deposits, far south Peru.

Prior to Hampton's ownership, previous drilling totaled 5,295 metres of which 26 were reverse circulation holes and 13 diamond cored boreholes drilled by Phelps Dodge Inc and Barrick Gold Corporation. Of this drilling, 5 reverse circulation and 11 diamond drill holes, totaling 4,490 metres, are relevant to the resource estimate. Therefore the total number of drill holes considered for the revised resources estimate was 39, totaling 20,393 metres, of which 5 were reverse circulation drillholes.

Extensive regional scale mapping and geochemical traverse sampling over the last two years, covering a large part of the extensive licences held by Hampton in southern Peru, has identified several significant geochemical anomalous zones within a porphyry ´cluster´ that now require detailed geophysical surveying and drill testing. These predominantly copper and molybdenum geochemically anomalous areas occur as 'windows' beneath overlying unmineralised volcanics and recent volcanic ash (figure 4).

Eight exploration targets defined within a porphyry ´cluster´ have been identified to date at Los Calatos by diamond core drilling and geochemistry and/or rock chip sampling. The Los Calatos 'cluster' occupies an area of approximately 68 km^2. Porphyry 'clusters' are often associated with large mineralised porphyries where giant systems host multiple porphyry deposits (figure 4). Other examples include the Escondida system hosting the multiple deposits of Escondida, Zaldivar, Carmen and Ricardo within a 36 km^2 limit, the Highland Valley/ Bethlehem system in North America within a 60 km^2 limit and the Grasberg/Ertsberg system in Indonesia within a 16 km^2 limit.

A Phase 3 drilling program of 50,000 metres is planned to commence late 2010 once geophysical surveys have been completed, including a Total Field Ground Magnetic Survey and a deep seeing 'Titan 23' DCIP MT geophysical survey. The objective of these surveys is the identification of structural trends, and the detection and definition of high sulphidation or porphyry style mineralization and alteration patterns, in order to refine specific drill targets. Approval has been granted by the Peruvian Government for the planned 50,000 metre diamond drilling program.

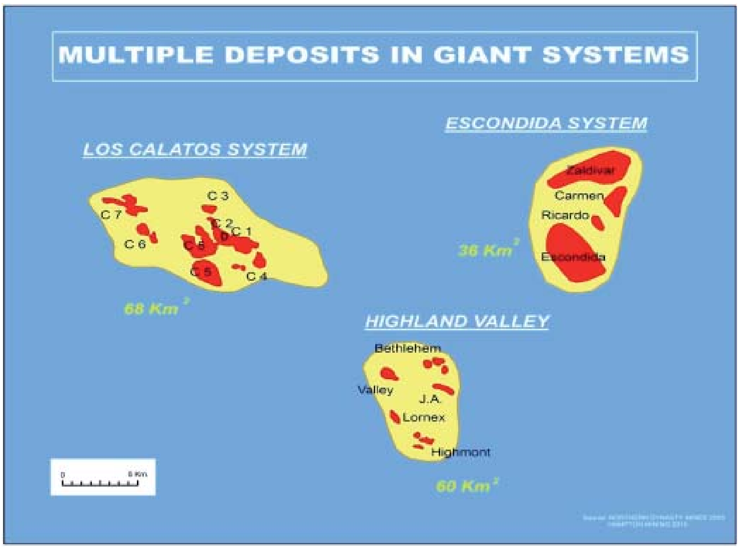

Figure 4 : Examples of porphyry copper 'clusters': large mineralised porphyry systems, often hosting multiple porphyry deposits

Los Calatos: primary Cu-Mo mineralisation in drill core

Los Calatos: surface Cu oxide mineralisation

MOLLACAS

The Mollacas Project covers an area of 33 km^2 and is located in Chile, approximately 65 km east of the town of Ovalle, inland from the important coastal town of La Serena, or approximately 450 km north of the capital city, Santiago. Hampton holds a 50% interest in the project through its wholly owned subsidiary Minera Hampton Chile Limitada (Hampton Chile), 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. Refer figure 5.

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 at 0.52% copper, for total copper resources of 17.0 million tonnes. A Scoping Study undertaken by SRK Consulting, Chile, in 2008 estimated that current resources at Mollacas could be mined over a 7 year mine life producing approximately 13,500 tonnes pa cathode at a unit operating cost of approximately US$0.91 per lb. At copper prices of US$2.50/lb the Net Present Value of the project is estimated as US$103 million with an Internal Rate of Return greater than 70%.

In November 2008, Hampton completed a 3,970 metre infill drilling program, providing material for detailed leach testing. 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 late 2010.

Aerial view of Mollacas deposit (seen in lighter colour in centre of photo)

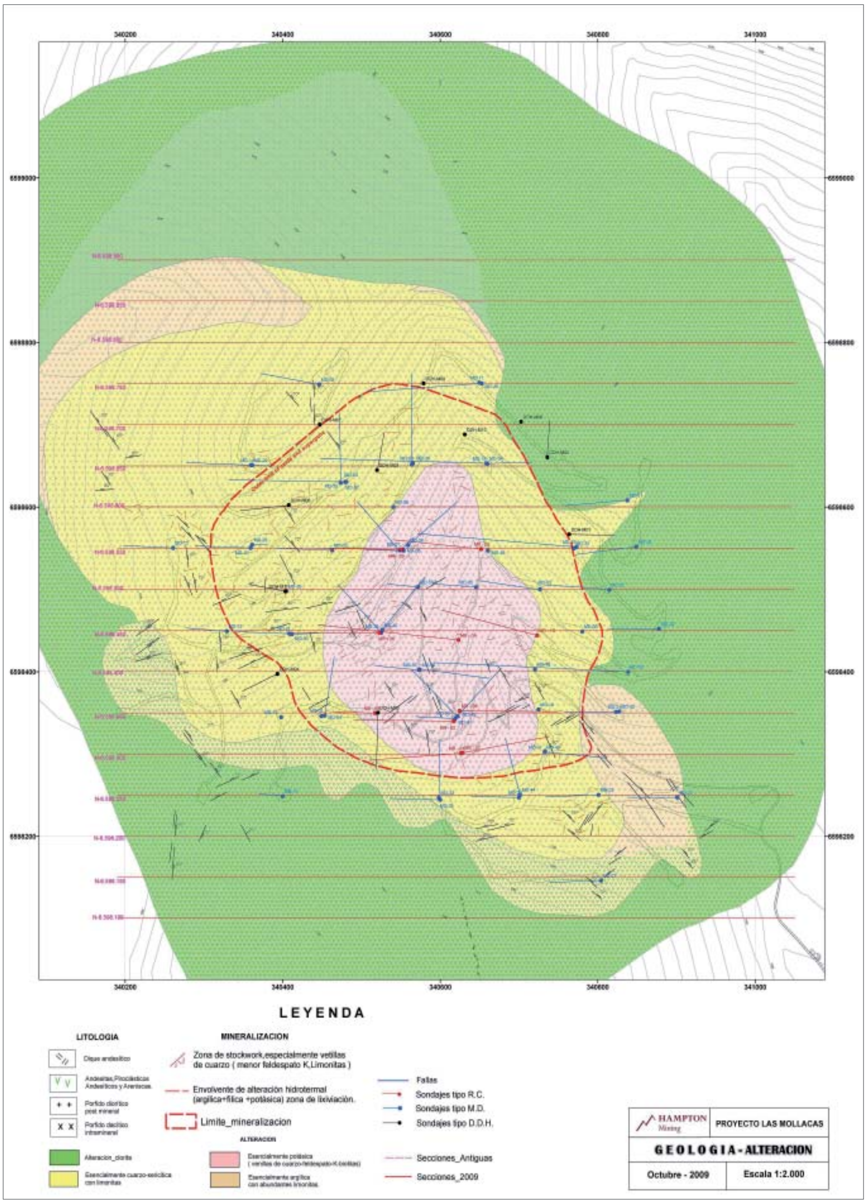

Figure 5: Mollacas copper leach SXEW project : surface geology

Mollacas: supergene copper mineralisation, hole MD 08

Mollacas: oxide copper mineralisation

VALLECILLO

The Vallecillo Project covers an area of 54 km^2 and is located approximately 50 km northeast of Ovalle and some 25 km north of the Mollacas deposit. The Vallecillo Project contains porphyry and porphyry related mineralisation. JORC compliant resources have been defined for gold–zinc breccia mineralisation within the La Colorada deposit. As with Mollacas, Hampton Chile holds a 50% interest in the project, with the balance beneficially held by MN Ingenerios Limitada.

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

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

Contained metal equivalent increased by approximately 40% over the previous initial resources estimate (2006).

Preliminary metallurgical testwork for La Colorada completed early 2010 indicates a gold recovery on site of more than 90% into Dore bullion, via gravity and leach of concentrates, and recovery of more than 90% zinc into a zinc concentrate averaging more than 50% zinc.

Surface mapping and geochemical sampling of Vallecillo during 2009 and first half 2010 has identified seven exploration targets: four targets (V-1 to V-4) are polymetallic (Au/Pb/Zn/Ag), two targets (V-5 and V-6) are Au-Cu porphyry and one target (V-7) is Au. Three targets (V-2 to V-4) are possible extensions to the La Colorada gold-zinc breccia deposit (V-1) (refer figure 6).

Vallecillo: view southeast to drilling at La Colorada

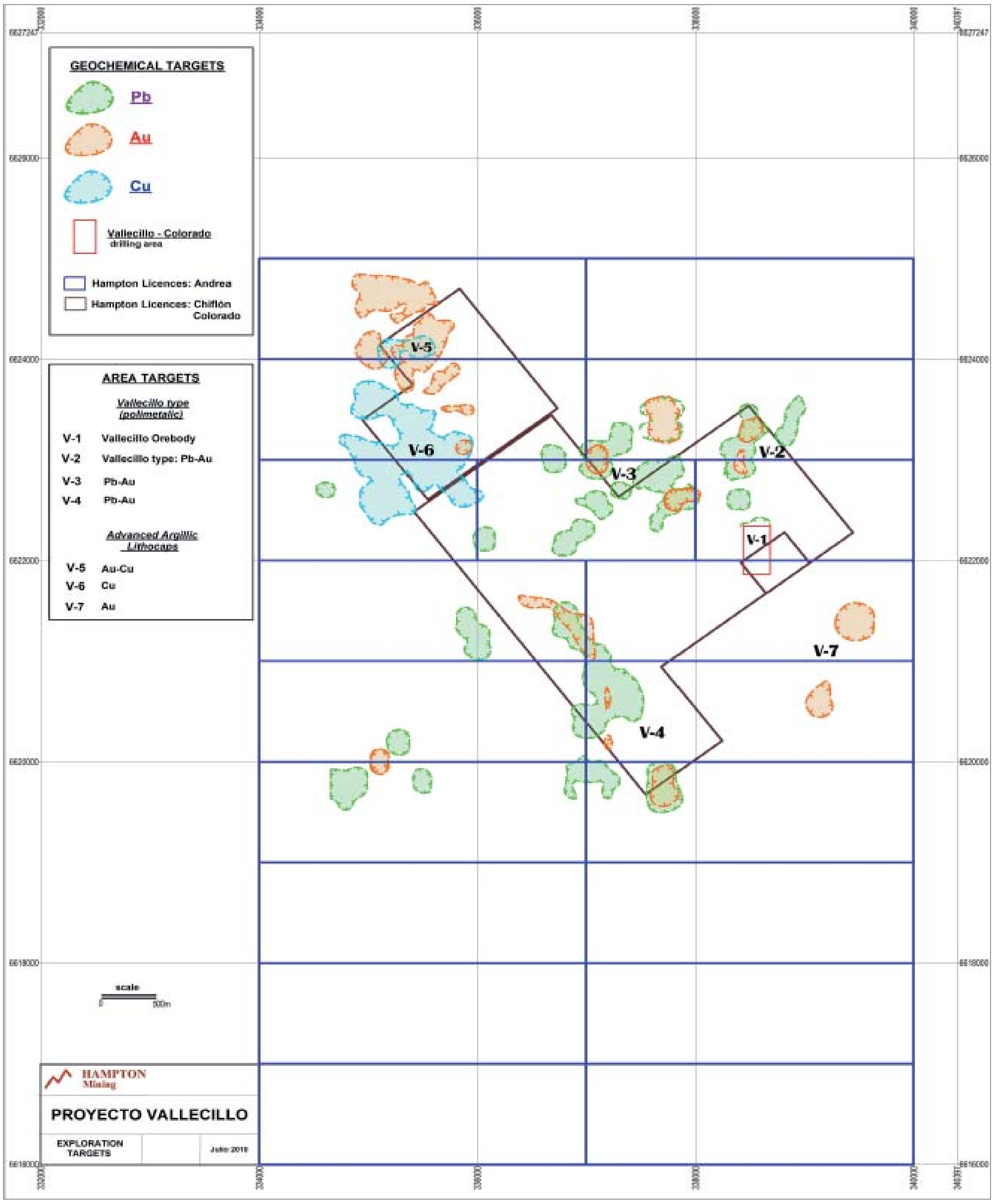

Figure 6: Vallecillo gold-zinc project: seven current exploration targets (Pb/Au/Cu), including La Colorada (V-1)

Vallecillo: view east from pass

Vallecillo: La Colorada mineralisation in core, hole VD 08, approx 190m depth

CAMARON

The Camaron Project covers an area of approximately 130 km^2 and is located at moderate elevation to the north of the Vallecillo project and some 20 km south of the town of Vicuna, inland from La Serena. Hampton Chile holds 100sq kms of tenements in its own right and has an option to purchase 100% of the remaining 30 km^2 of tenements.

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

Broad spaced geochemical mapping and sampling completed late 2009 returned significant copper, gold and molybdenum values and identified a number of drill targets (refer figure 7). Hampton is planning an initial reverse circulation drilling program anticipated to commence late 2010 or early 2011.

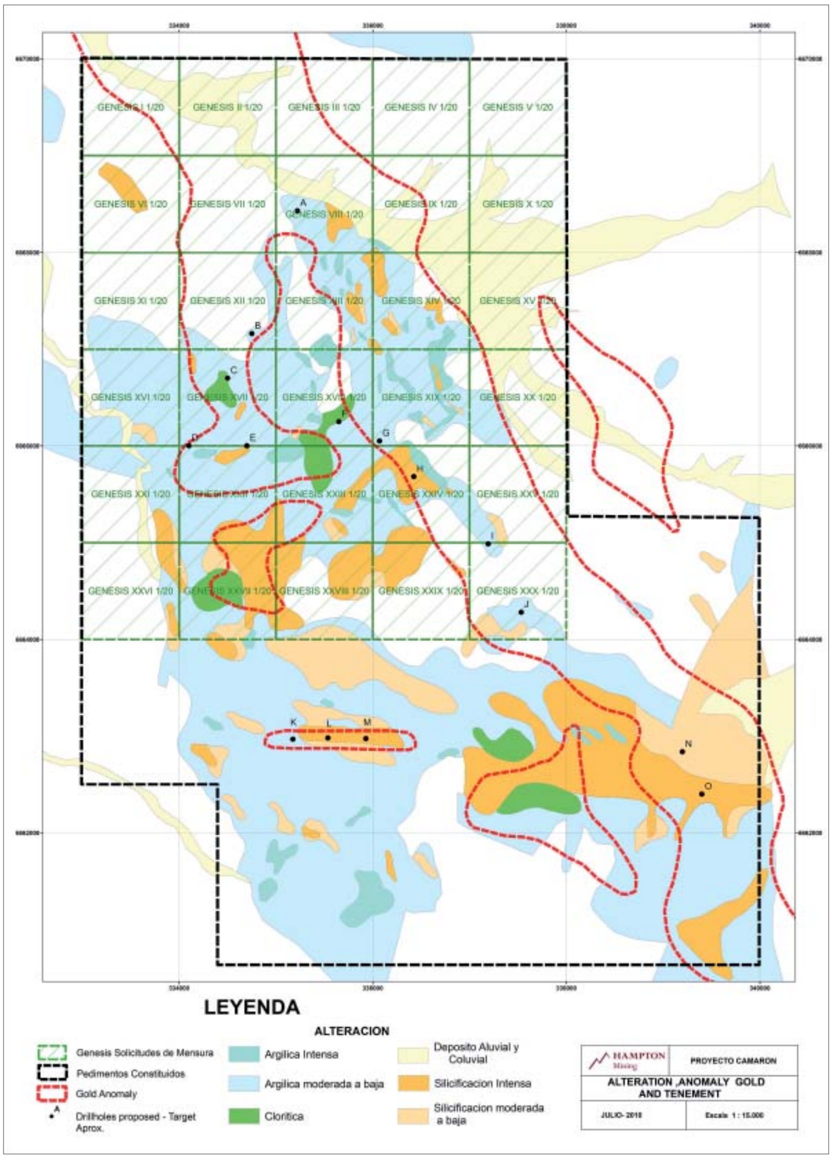

Figure 7: Camaron gold project: large low sulphidation epithermal gold system (note: anomalous Au occurs within the areas outlined by dashed red lines)

ISIDRO

The Isidro Project, which is located immediately north and east of Vicuna and hence north of the Camaron Project, covers an area of approximately 250 km^2: 230 km^2 100% owned by Hampton Chile and 20 km^2 held by SCM San Lorenzo (50% owned by Hampton Chile).

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

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

LOICA

The Loica Project covers an area of 35 km^2 and is located approximately 100 km south east of Ovalle. It comprises a large copper-molybdenum porphyry system, approximately 4 km long, north-south. Hampton drilling of the upper part of the Loica system in 2007 intersected long widths of lower grade Cu-Mo mineralisation.

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

AUSTRALIAN PROJECTS

Reflecting Metminco's focus on its South American assets, the Company's Australian exploration projects were relinquished during the year. An amount of $1,144,664 was impaired during the year ended 30 June 2010 (2009: $545,888).

Camaron: view southwest towards significant NW-SE trending gold and copper bearing alteration zone

Corporate

During the financial year Metminco transformed from being a company focussed on Australian exploration projects with limited potential to a company with a controlling interest in a portfolio of high potential assets located in Peru and Chile. Metminco acquired a 69.4% interest in Hampton and hence secured control of Hampton, including the Los Calatos Project. It raised funds of A$24.5 million and was admitted in April 2010 to the AIM market operated by the London Stock Exchange.

Metminco acquired a 69.4% interest in Hampton and secured control of Hampton
During the financial year Metminco acquired a 69.4% and controlling interest in Hampton as follows:

- On 9 July 2009 Metminco's offer to acquire all the issued capital in Hampton closed with Metminco acquiring a 36.5% interest in Hampton by issue of 303,690,732 shares in Metminco.
- On 12 March 2010 a rights offer to Hampton shareholders closed with Metminco exercising its full entitlements to acquire 4,547,000 Hampton shares at a cost of approximately $1.3 million, increasing Metminco's interest in Hampton to 37.8%.
- On 19 May 2010 Metminco completed the acquisition of 66,393,750 Hampton shares from JIC by issue of 132,787,500 shares and payment of US$12 million, increasing Metminco's interest in Hampton to 69%.
- On 18 June 2010 a rights offer to Hampton shareholders closed with Metminco exercising its full entitlements to acquire 3,458,826 Hampton shares at a cost of approximately $1.0 million, increasing Metminco's interest in Hampton to 69.4%.

Metminco Completes Acquisition of North Hill
On 14 May 2010, the Company completed the purchase of North Hill by issuing Highland Holdings Resources Inc. (HHR) 150 million Metminco shares and payment of A$0.6 (US$0.5) million to HHR. The Company paid HHR the final payment of A$1.7 (US$1.5) million in full settlement of the acquisition late July 2010.

North Hill is the ultimate owner of the Alpha, Gamma and Nelson tenements at the Los Calatos project, totalling 28 km^2, on which Hampton has undertaken all drilling to date. Hampton has an option to acquire these tenements, which expires on 24 January 2011 (refer Events subsequent to reporting date).

Capital raisings and AIM Listing
During the year Metminco completed the following and was granted an AIM Listing:

- Issue of approximately 16.7 million shares to raise A$2.5 million before costs in September 2009
- Issue of approximately 7.3 million shares to raise A$1.5 million before costs in December 2009
- Completed a A$20 (£12) million capital raising and was granted admission to the AIM market (operated by the London Stock Exchange) on 1 April 2010.
- Entered into convertible note agreements to raise $A4.7 million (US$4 million), and
- Issue of approximately 3.3 million shares, raising A$0.5 million before costs in June 2010. A further $5.5 million was raised in July 2010 on the same terms (refer Events subsequent to reporting date).

Application to the Federal Court by Mr Hudspeth
On 22 March 2010 Takoradi Limited (Takoradi) announced to the ASX that Mr Hudspeth, a director of Hampton and Executive Chairman of Takoradi, had applied to the Federal Court to seek leave pursuant to section 237 of the Corporations Act 2001 to bring proceedings in the name of Hampton against Metminco, and fellow Hampton directors and directors of Metminco Mr Howe and Dr Wing, to protect the assets of Hampton and therefore Takoradi's shareholding in Hampton.

The Chairman of Hampton (Mr Ortuzar Jr), and independent directors of Hampton (Mr Rodriguez and Mr Olate), do not support Mr Hudspeth's application. However, Mr Willsteed, another director of Hampton nominated to that board by Takoradi in January 2010 in accordance with a subscription agreement between Takoradi and Hampton dated April 2006, does support the application.

Pursuant to s 237 Mr Hudspeth will need to establish, before any leave can be granted, among other things, that:

(a) he is acting in good faith;

(b) it is in the best interests of Hampton; and

(c) there is a serious question to be tried.

The Company believes that Mr Hudspeth's claims are without merit. Accordingly the Company's view is that he will not be able to satisfy the Court that leave should be granted.

No hearing date for the court application has as yet been fixed.

Subject to completion of the Takoradi Share Exchange Agreement (refer Events subsequent to reporting date), Mr. Hudspeth's application to the Federal Court seeking leave under section 237 of the Corporations Act 2001 to pursue legal action on behalf of Hampton will be dismissed on a without admissions basis and each party to the application will pay its own costs.

Financial Position

The net assets of the consolidated Group have increased by $103,981,857 from 30 June 2009 to $105,938,295 in 2010. This increase is largely due to the following factors:

- Proceeds from share issues raising a total of $100,734,873 (including issue of shares as consideration for acquisitions)
- Proceeds from borrowings $4,669,079, and;
- Acquisition of Hampton and North Hill.

Significant Changes in State of Affairs

There are no significant changes in the state of affairs during the financial year other than as disclosed in the Directors' Report.

Dividends paid or recommended

No dividends were paid or declared during the year by the Company. The directors do not recommend paying a final dividend for the year ended 30 June 2010.

Events subsequent to reporting date

Matters that have arisen 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 Metminco Group, the results of those operations, or the state of affairs of the Metminco Group, in future financial years are as follows:

In July 2010 the Company completed a capital raising of A$5.5 million by placement of 36,666,666 Metminco shares at A$0.15 each to institutional and professional investors (A$0.5 million received on 30 June 2010).

The Company made a final payment of A$1.7 (US$1.5) million to Highland Holdings Resources Inc. in respect of the acquisition of North Hill, the owner of the Alpha, Gamma and Nelson tenements at the Los Calatos Project. All drilling to date by Hampton at the Los Calatos Project has been undertaken on these tenements.

In July 2010 the Company completed the acquisition of 5,376,562 fully paid ordinary shares in Hampton, increasing its interest in Hampton from 69.4% to 71.9%. Consideration for the acquisition was satisfied by the issue of 21,506,248 fully paid ordinary Metminco shares.

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

DIRECTORS' REPORT continued

Events subsequent to reporting date continued

On 29 September 2010 Metminco entered into the following share exchange agreements with the remaining Hampton minorities to increase its interest in Hampton from 72.6% to 100%:

i. Acquisition of 56,511,906 Hampton shares (25.4% interest) from Takoradi Limited for consideration of 195,000,000 shares in the Company and a payment of $3.35 million (Takoradi Share Exchange Agreement);
ii. Acquisition of 2,858,519 Hampton shares (1.3% interest) from Notesan Pty Limited for consideration of 11,434,076 shares in the Company (Notesan Share Exchange Agreement) and;
iii. Acquisition of 1,600,000 Hampton shares (0.7% interest) from A J Holdings Corporation, for consideration of 6,400,000 shares in the Company (A J Holdings Exchange Agreement).

Subject to completion of the Takoradi Share Exchange Agreement, Mr. Hudspeth's application to the Federal Court seeking leave under s 237 of the Corporations Act 2001 to pursue legal action on behalf of Hampton will be dismissed on a without admissions basis and each party to the application will pay its own costs.

The Takoradi Share Exchange Agreement is subject to approval by the shareholders of the Company and for a period of four months commencing on the completion date, Takoradi will not dispose of more than 50 million of the consideration shares without the prior written approval of Metminco. The Notesan Share Exchange Agreement is subject to completion of the Takoradi Share Exchange Agreement and A J Holdings Exchange Agreement is subject to completion of the Notesan Share Exchange Agreement. Completion of the Takoradi Share Exchange Agreement must occur by 31 December 2010, with completion of the A J Holdings agreement to occur within 14 days of the completion of the other two share exchange agreements.

Hampton and North Hill have also entered into a variation agreement whereby Hampton's option to acquire the Alpha, Gamma and Nelson tenements which form part of the Los Calatos Project is extended from 30 September 2010 to 24 January 2011, by which time Hampton, subject to completion of the above share exchange agreements, will be a 100% owned subsidiary of Metminco. The agreements are subject to approval by the shareholders of the Company and completion of the Takoradi and Notesan agreements must occur by 31 December 2010, with completion of the A J Holdings agreement to occur within 14 days of the completion of the other two agreements.

After announcing an increase of approximately 350% in resources at Los Calatos on 1 July 2010 (refer Review of operations above), Hampton announced on 20 August 2010 that, to date, eight exploration targets had been identified within a porphyry ´cluster´ at Los Calatos by diamond core drilling and geochemistry and / or rock chip sampling. The Los Calatos porphyry 'cluster' occurs within an area of approximately 68 km^2. 'Cluster' groupings are often associated with large mineralised porphyries where giant porphyry systems host multiple porphyry deposits. Examples include the Escondida system in northern Chile hosting the multiple deposits of Escondida, Zaldivar, Carmen and Ricardo within a 36 km^2 limit, the Highland Valley/Bethlehem system in Canada within a 60 km^2 limit, and the Grasberg/Ertsberg system in Indonesia within a 16 km^2 limit.

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

Likely future developments

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

Environmental regulations

The Group's operations are subject to significant environmental 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).

Information on Directors

John Fillmore	**Non Executive Chairman**
QUALIFICATIONS	LLB, BComm
EXPERIENCE	Appointed Chairman in May 2007. Board member since May 2007. John has practiced as a lawyer continuously since his admission in 1977. In 1985 he established his own firm, J.A. Fillmore & Co. That firm continues under his control today as a boutique legal firm providing advice and services to a range of business enterprises both within and outside Australia. John is Chairman or director of a number of unlisted companies in agriculture, financial services, investment, property and several private companies. John holds a Bachelor of Commerce and Bachelor of Laws degrees from the University of Melbourne and is a fellow of the Tax Institute of Australia.
INTEREST IN SHARES AND OPTIONS	2,220,000 ordinary shares in Metminco Limited and 1,099,999 options to acquire shares.
SPECIAL RESPONSIBILITIES	Member of the audit and remuneration and nomination committees.
William Howe	**Non Executive Director**
QUALIFICATIONS	B.Sc. FAusIMM
EXPERIENCE	Appointed as a Director on 17 July 2009. Mr Howe, the founder of Hampton, 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 specialises in optimising existing operations and the development of new operations in both underground and open pit mining environments and has extensive experience in mine development, mine management and corporate management. He has worked in many geological and mining environments in several countries around the world and in such commodities as gold, coal, copper, uranium, antimony, chrome and tin. Mr Howe was a founding director of Straits Resources Limited and was Managing Director of Ghana Gold Mines Limited, Hargraves Resources NL and Selwyn Mines Limited.
INTEREST IN SHARES AND OPTIONS	48,264,168 ordinary shares in Metminco Limited.
Phillip Wing	**Non Executive Director**
QUALIFICATIONS	PhD, MEc, BEc, CPA
EXPERIENCE	Appointed on 17 July 2009, Dr Wing is the Executive Chairman of a number of special purpose private equity firms. He is currently Chairman or non executive Director of six investee companies ranging from mining to medical devices. Until January 2006, Phillip was for 7 years a partner of Technology Venture Partners (TVP), a specialist Institutional Information Technology and Telecommunications venture capital firm, and was an active non-executive director on many of TVP's portfolio companies in Australia and overseas. Prior to joining TVP, Phillip was a senior executive in IBM's global and Asia Pacific management team. He held responsibility for a major industry business unit in Asia and was also General Manager of the IBM (Australia and New Zealand) consulting business. His last role in IBM was as General Manager (Global Services) responsible for strategy, marketing and business development including acquisitions, alliances and business partners. Prior to his career at IBM, Phillip was a partner at Ernst and Young, KPMG Peat Marwick and Touche Ross, 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).
INTEREST IN SHARES AND OPTIONS	15,893,336 ordinary shares in Metminco Limited.

Information on Directors continued

William Etheridge	**Director**
QUALIFICATIONS	B.Eng, MA (Economics, Cantab)
EXPERIENCE	Appointed on 17 July 2009. Mr Etheridge has over 35 years' experience in the mining and mining finance industry, based mainly in Sydney and London. He worked as a mining engineer with Hamersley Iron, and as an economist/business development executive for mining companies in London (Consolidated Gold Fields) and Sydney (Renison Goldfields Consolidated). He also since worked within mining companies (including Hargraves Resources and Selwyn Mines Limited) focusing on mining project scoping, analysis and appraisal, valuation of internal and external opportunities, cut-off grade analysis, project administration, preparation of company reports and investor relations. He also worked in stockbroking (including Merrill Lynch, ABS White and HSBC James Capel) as a resource analyst, covering a range of mining companies, and including experience in equity raising. He has also consulted on mining investment opportunities in coal, gold and base metals and has undertaken detailed analysis of a number of mineral commodities.
INTEREST IN SHARES AND OPTIONS	62,400,000 ordinary shares in Metminco Limited.

Timothy Read	**Non Executive Director**
QUALIFICATIONS	BA (Economics), Fellow of the Chartered Institute for Securities and Investment
EXPERIENCE	Appointed on 1 April 2010, Tim has over forty years' experience in the mining and metals sector, first as a mining analyst, then as an investment banker and, most recently, as a corporate executive and director. Between 1995 and 1999, he was Managing Director and Global Co-Head of Mining and Metals Investment Banking for Merrill Lynch Inc. and, accordingly has extensive experience of all aspects of corporate finance, particularly M&A and equity capital markets. Between 1999 and 2006, he was the chief executive of Adastra Minerals Inc (acquired by First Quantum Minerals in 2006) and since then has acted as a non-executive director for several natural resource companies including Cumerio SA (acquired by Norddeutsche Affinerie in 2008), Kopane Diamond Developments (until December 2009), Starfield Resources Inc. and Faroe Petroleum plc. Tim is also a Director of Capital Drilling Limited a company listed on the London Stock Exchange.
INTEREST IN SHARES AND OPTIONS	250,000 ordinary fully paid shares in Metminco Limited.
SPECIAL RESPONSIBILITIES	Chairman of the audit and remuneration and nomination committees.

Francisco Vergara-Irarrazaval	**Non Executive Director**
QUALIFICATIONS	Law Degree from the Catholic University of Chile, Fulbright Scholar and undertook graduate studies in the Institute of International and Foreign Trade Law of Georgetown University, Washington D.C. and at the Law School of Cornell University, Ithaca, New York.
EXPERIENCE	Appointed on 1 April 2010, Francisco has over 30 years' experience in the mining industry in Chile and other Latin American countries where he was Vice President of CompaÒ”a Minera El Indio and CompaÒ”a Minera San JosÈ, subsidiaries of St. Joe Minerals Corporation until 1991. In 1991, he established Vergara & Cia, Law Firm, providing legal services to different mining companies and international engineering firms focused in natural resources, energy, shipping, 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.
INTEREST IN SHARES AND OPTIONS	50,140,000 ordinary shares in Metminco Limited.

Keith Weston | **Former Managing Director**

QUALIFICATIONS: BSc (hons) MAusIMM

EXPERIENCE: Appointed in July, 2007 and resigned 31 October 2009. 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.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 274,999 options to acquire shares.

Shane Turner | **Former Non Executive Director**

QUALIFICATIONS: CA, BBus

EXPERIENCE: Appointed in April, 2008 and resigned 31 October 2010. 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 assisted the company with ASIC, ASX and tax compliance services.

INTEREST IN SHARES AND OPTIONS: 40,000 ordinary shares in Metminco Limited and 1,000,000 options to acquire shares.

SPECIAL RESPONSIBILITIES: Was a member of the audit and remuneration and nomination committees.

Company Secretary

Philip Killen | **Chief Financial Officer/Company Secretary**

QUALIFICATIONS: B.Maths/B.Commerce, CPA

EXPERIENCE: Mr Killen is a finance professional with over 17 years' experience in the mining and exploration sector as principal of CPK Consulting and prior to that in various senior executive roles, including Financial Controller of Plutonic Resources Limited and Chief Financial Officer of Otter Gold Mines Limited. Previously he was with the Caltex group for over 10 years in various senior finance, audit and technology roles located in Australia and overseas. His experience includes financial modeling to support bankable feasibility studies, development of funding strategies, treasury, statutory and ASX compliance reporting, and implementation of commercial systems.

Meetings of the Board

The Board of directors held 18 meetings during the year ended 30 June 2010. Attendances of directors at these meetings are shown in the table below:

DIRECTOR	MEETINGS ATTENDED	ELIGIBLE TO ATTEND BOARD MEETINGS
John Fillmore	18	18
Phillip Wing	16	16
William Howe	15	16
William Etheridge	16	16
Timothy Read	2	2
Francisco Vergara - Irarrazaval	2	2
Keith Weston	5	5
Shane Turner	5	5

Meetings of Board Committees

Following a re-organisation of the Board including five new appointments, two resignations and one continuing director, the composition of the audit committee and the remuneration and nomination committee has been reviewed and, following his appointment to the Board, Timothy Read has been appointed to these committees as chairman. John Fillmore will continue his membership of these committees. Due to the changes in the composition of the board committees no meetings of the committees were held during the year to 30 June 2010. The audit and remuneration and nomination committees have formally met since 30 June 2010. The Board has also resolved to form an occupational health and safety committee; the membership of this committee is currently being considered.

Indemnification of Directors and Officers

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

The Company has paid premiums to insure the directors and officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in their capacity as officers of the company other than conduct involving a wilful breach of duty in relation to the Company. The premiums amounted to $6,538 (2009: $6,582).

Indemnification of Auditors

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

Options

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

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
4 December 2009	4 December 2012	$0.25	1,000,000
4 December 2007	4 December 2012	$0.25	26,230,017
			27,230,017

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

Non-audit services

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

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

The following fees were paid or payable to Grant Thornton for non-audit services provided during the year ended 30 June 2010:

	$
Accounting advice	5,000
Independent Accountant's Report	20,000
Independent Expert's Report	93,000
AIM Listing advisory services	105,287
	223,287

Auditor's Independence Declaration

The lead auditors' independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2010 is set out on page 28.

Proceedings on behalf of the Company

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

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Metminco 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 believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

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

- The remuneration policy is to be developed by the remuneration and nomination committee and approved by the Board in consideration with professional advice from independent external consultants.
- The remuneration and nomination committee reviews key management personnel packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

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

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

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

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration and nomination committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Performance based Remuneration

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

Employment Details of Members of Key Management Personnel and Other Executives

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

	POSITION HELD AS AT 30 JUNE 2010 AND ANY CHANGE DURING THE YEAR	CONTRACT DETAILS (DURING AND TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION RELATED TO PERFORMANCE			PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE	
			NON-SALARY CASH-BASED INCENTIVES	SHARES/ UNITS	OPTIONS/ RIGHTS	FIXED SALARY/ FEES	TOTAL
			%	%	%	%	%
Group Key Management Personnel							
John Fillmore	Chairman	No written contract	–	–	–	100	**100**
William Howe	Managing Director Hampton Mining Ltd and Non-Executive director	Existing contract rolled over	–	–	–	100	**100**
Philip Wing	Non Executive Director	No written contract	–	–	–	100	**100**
William Etheridge	Director	No written contract	–	–	–	100	**100**
Tim Read	Non Executive Director	No written contract	–	–	–	100	**100**
Francisco Vergara-Irarrazaval	Non Executive Director	No written contract	–	–	–	100	**100**
Philip Killen	CFO and Company Secretary	No fixed term	–	–	–	100	**100**
Colin Sinclair	General Manager Exploration, Hampton Mining Ltd	Existing contract rolled over	–	–	–	100	**100**
Keith Weston	Exploration Manager Peru *(resigned as a director in October 2009)*	Fixed term	–	–	–	100	**100**
Shane Turner	Director and Company Secretary *(resigned October 2009)*		–	–	77	23	**100**

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

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

A contracted person employed on a permanent basis may terminate their employment in accordance with their contract. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-executive directors are not subject to contracts. Termination payments are at the discretion of the remuneration and nomination committee.

Changes in Directors and Executives Subsequent to Year-end

There were no changes in directors or executives subsequent to 30 June 2010.

Remuneration Details for the Year Ended 30 June 2010

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

		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		EQUITY-SETTLED SHARE-BASED PAYMENTS		CASH-SETTLED SHARE-BASED PAYMENTS	TERMINATION BENEFITS	TOTAL
		SALARY, FEES AND LEAVE	NON-MONETARY	OTHER	PENSION AND SUPER-ANNUATION	OTHER	INCENTIVE PLANS	LSL	SHARES/ UNITS	OPTIONS/ RIGHTS			
		$	$	$	$	$	$	$	$	$	$	$	$
Group Key Management Personnel													
John Fillmore	2010	72,000	–	–	–	–	–	–	–	–	–	–	72,000
	2009	72,000	–	–	–	–	–	–	–	–	–	–	72,000
William Howe	2010	87,500	–	–	–	–	–	–	–	–	–	–	87,500
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Phillip Wing	2010	372,782	–	–	–	–	–	–	–	–	–	–	372,782
	2009	–	–	–	–	–	–	–	–	–	–	–	–
William Etheridge	2010	145,260	–	–	13,073	–	–	–	–	–	–	–	158,333
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Tim Read	2010	60,766	–	–	–	–	–	–	–	–	–	–	60,766
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Francisco Vergara-Irarrazaval	2010	12,501	–	–	–	–	–	–	–	–	–	–	12,501
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Philip Killen	2010	99,312	–	–	4,438	–	–	–	–	–	–	–	103,750
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Colin Sinclair	2010	57,500	–	–	–	–	–	–	–	–	–	–	57,500
	2009	–	–	–	–	–	–	–	–	–	–	–	–
Keith Weston	2010	113,750	–	14,000	6,417	–	–	–	–	–	–	–	134,167
	2009	143,497	–	–	10,800	–	–	–	–	–	–	–	154,297
Shane Turner	2010	15,604	–	–	–	–	–	–	–	53,000	–	–	68,604
	2009	58,020	–	–	1,980	–	–	–	–	–	–	–	60,000
Total Key Management Personnel	**2010**	**1,036,975**	**–**	**14,000**	**23,928**	**–**	**–**	**–**	**–**	**53,000**	**–**	**–**	**1,127,903**
	2009	273,517	–	–	12,780	–	–	–	–	–	–	–	286,297

Securities Received that are not Performance Related

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

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

There were no cash bonuses paid during the year for the retention of a key executive.

Options and Rights Issued, Granted & Exercised

On 30 November 2009 1,000,000 options were granted to Shane Turner a director. The options have an exercise price of $0.25 and an expiry date of 4 December 2012. The options were valued at $53,000 which has been included in employee and director's benefits expense in the statement of comprehensive income.There were no other options or rights issued, granted or exercised during the year.

Options

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

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

John A Fillmore
Chairman

30 September 2010
Sydney

AUDITOR'S INDEPENDENCE DECLARATION
to the Directors of Metminco Limited

GrantThornton

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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 2010, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Director – Audit & Assurance

Sydney, 30 September 2010

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		2010	2009	2010	2009
		$	$	$	$
Revenue					
Other revenue	2	51,297	106,667	47,469	106,667
Profit on disposal of equipment		362	–	362	–
Gain on consolidation of subsidiary		600,062	–	–	–
Fair value loss on convertible notes		(2,185,129)	–	(2,185,129)	–
Impairment of receivables		(96,625)	–	(96,625)	–
Finance costs		(360,810)	–	(360,810)	–
Foreign exchange gain/(loss)		170,942	–	(13,436)	–
Administration expenses		(139,043)	(55,137)	(66,804)	(55,137)
Corporate expenses		(2,104,058)	(549,796)	(1,868,536)	(549,796)
Occupancy expense		(85,067)	–	(52,403)	–
Employee and directors' benefits expense		(1,180,443)	(193,906)	(902,910)	(193,906)
Depreciation and amortisation expense		(5,221)	(7,074)	(4,112)	(7,074)
Exploration expenditure impaired		(1,588,013)	(545,888)	(1,144,664)	(545,888)
Share of net loss of associates and joint ventures		(793,156)	–	–	–
Other expenses		(61,690)	–	(50,250)	–
Loss before income tax	3	**(7,776,592)**	**(1,245,134)**	**(6,697,848)**	**(1,245,134)**
Income tax expense	4	–	–	–	–
Loss for the year		**(7,776,592)**	**(1,245,134)**	**(6,697,848)**	**(1,245,134)**
Other comprehensive income					
Exchange differences on translating foreign controlled entities		1,599,074	–	–	–
Total comprehensive loss for the year		**(6,177,518)**	**(1,245,134)**	**(6,697,848)**	**(1,245,134)**
Loss attributable to:					
Members of the parent entity		(7,508,615)	(1,245,134)	(6,697,848)	(1,245,134)
Non controlling interests		(267,977)	–	–	–
		(7,776,592)	**(1,245,134)**	**(6,697,848)**	**(1,245,134)**
Total comprehensive loss attributable to:					
Members of the parent entity		(6,398,667)	(1,245,134)	(6,697,848)	(1,245,134)
Non controlling interests		221,149	–	–	–
		(6,177,518)	**(1,245,134)**	**(6,697,848)**	**(1,245,134)**
Loss per share					
From continuing operations:					
Basic loss per share (cents)	7	(1.70)	(2.35)		
Diluted loss per share	7	(1.70)	(2.35)		

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

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		2010	2009	2010	2009
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	8	2,159,428	991,713	1,189,206	991,713
Trade and other receivables	9	2,317,751	–	1,999,915	–
Other assets	10	215,694	21,280	158,537	21,280
Total current assets		**4,692,873**	**1,012,993**	**3,347,658**	**1,012,993**
Non-current assets					
Trade and other receivables	9	4,036,253	–	1,767,453	–
Financial assets	11	–	–	100,561,933	–
Investments accounted for using equity method	12	5,053,371	–	–	–
Property, plant and equipment	15	820,461	19,333	2,883	19,333
Exploration and evaluation expenditure	16	101,608,247	1,035,963	–	1,035,963
Total non-current assets		**111,518,332**	**1,055,296**	**102,332,269**	**1,055,296**
TOTAL ASSETS		**116,211,205**	**2,068,289**	**105,679,927**	**2,068,289**
LIABILITIES					
Current liabilities					
Trade and other payables	17	3,350,183	107,827	2,756,220	107,827
Short term provisions	19	68,519	4,024	23,036	4,024
Total current liabilities		**3,418,702**	**111,851**	**2,779,256**	**111,851**
Non-current liabilities					
Borrowings	18	6,854,208	–	6,854,208	–
Total non-current liabilities		**6,854,208**	**–**	**6,854,208**	**–**
TOTAL LIABILITIES		**10,272,910**	**111,851**	**9,633,464**	**111,851**
NET ASSETS		**105,938,295**	**1,956,438**	**96,046,463**	**1,956,438**
EQUITY					
Issued capital	20	106,133,934	5,399,061	106,133,934	5,399,061
Reserves	29	1,412,576	249,628	302,628	249,628
Accumulated losses		(11,200,866)	(3,692,251)	(10,390,099)	(3,692,251)
Parent interest		96,345,644	1,956,438	96,046,463	1,956,438
Non-controlling interest		9,592,651	–	–	–
TOTAL EQUITY		**105,938,295**	**1,956,438**	**96,046,463**	**1,956,438**

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

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2010

	ISSUED CAPITAL $	ACCUMULATED LOSSES $	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	NON-CONTROLLING INTERESTS $	TOTAL $
Consolidated Group						
Total equity as at 1 July 2008	**5,349,061**	**(2,447,117)**	**249,628**	**–**	**–**	**3,151,572**
Loss attributable to members of the parent entity	–	(1,245,134)	–	–	–	(1,245,134)
Total comprehensive loss	–	(1,245,134)	–	–	–	(1,245,134)
Shares issued during the period	50,000	–	–	–	–	50,000
Transaction costs	–	–	–	–	–	–
Balance as at 30 June 2009	**5,399,061**	**(3,692,251)**	**249,628**	**–**	**–**	**1,956,438**
Total equity as at 1 July 2009	**5,399,061**	**(3,692,251)**	**249,628**	**–**	**–**	**1,956,438**
Loss attributable to members of the parent entity	–	(7,508,615)	–	–	–	(7,508,615)
Loss attributable to non-controlling interests	–	–	–	–	(267,977)	(267,977)
Options issued to director	–	–	53,000	–	–	53,000
Other comprehensive income	–	–	–	1,109,948	489,126	1,599,074
Total comprehensive loss	–	(7,508,615)	53,000	1,109,948	221,149	(6,124,518)
Recognition of non-controlling interest of Hampton	–	–	–	–	9,371,502	9,371,502
Shares issued during the period	101,901,908	–	–	–	–	101,901,908
Transaction costs	(1,167,035)	–	–	–	–	(1,167,035)
Balance as at 30 June 2010	**106,133,934**	**(11,200,866)**	**302,628**	**1,109,948**	**9,592,651**	**105,938,295**
Company						
Total equity as at 1 July 2008	**5,349,061**	**(2,447,117)**	**249,628**	**–**	**–**	**3,151,572**
Loss attributable to members of the parent entity	–	(1,245,134)	–	–	–	(1,245,134)
Total comprehensive loss	–	(1,245,134)	–	–	–	(1,245,134)
Shares issued during the period	50,000	–	–	–	–	50,000
Transaction costs	–	–	–	–	–	–
Balance as at 30 June 2009	**5,399,061**	**(3,692,251)**	**249,628**	**–**	**–**	**1,956,438**
Total equity as at 1 July 2009	**5,399,061**	**(3,692,251)**	**249,628**	**–**	**–**	**1,956,438**
Loss attributable to members of the parent entity	–	(6,697,848)	–	–	–	(6,697,848)
Options issued to director	–	–	53,000	–	–	53,000
Total comprehensive loss	–	(6,697,848)	53,000	–	–	(6,644,848)
Shares issued during the period	101,901,908	–	–	–	–	101,901,908
Transaction costs	(1,167,035)	–	–	–	–	(1,167,035)
Balance as at 30 June 2010	**106,133,934**	**(10,390,099)**	**302,628**	**–**	**–**	**96,046,463**

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

STATEMENTS OF CASH FLOWS
for the year ended 30 June 2010

	NOTE	CONSOLIDATED GROUP		COMPANY	
		2010	2009	2010	2009
		$	$	$	$
Cash flows from operating activities					
Payments to suppliers and employees		(3,146,544)	(1,222,566)	(2,180,445)	(1,222,566)
Interest received		50,554	106,667	46,727	106,667
Finance costs paid		(173,304)	–	(173,304)	–
Net cash used in operating activities	25(b)	**(3,269,294)**	**(1,115,899)**	**(2,307,022)**	**(1,115,899)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,298)	(1,782)	(1,298)	(1,782)
Payments for exploration expenditure		(1,450,772)	(407,383)	(108,701)	(407,383)
Proceeds from sale of assets		13,998	–	13,998	–
Payment for subsidiary net of cash acquired		(13,945,118)	–	(17,003,250)	–
Net cash used in investing activities		**(15,383,190)**	**(409,165)**	**(17,099,251)**	**(409,165)**
Cash flows from financing activities					
Proceeds from issue of shares		16,067,225	–	16,067,225	–
Proceeds from borrowing		4,407,334	–	4,407,334	–
Payments in respect to capital raisings		(1,167,035)	–	(1,167,035)	–
Proceeds from equity swap		156,251		156,251	
Proceeds from issue of shares to non-controlling interest by subsidiary		31,584	–	–	–
Net cash provided by financing activities		**19,495,359**	**–**	**19,463,775**	**–**
Net increase/(decrease) in cash and cash equivalents held		**842,875**	**(1,525,064)**	**57,502**	**(1,525,064)**
Cash and cash equivalents at 1 July 2009		991,713	2,516,777	991,713	2,516,777
Effect of exchange rates on cash holdings in foreign currencies		324,840	–	139,991	–
Cash and cash equivalents at 30 June 2010	25(a)	**2,159,428**	**991,713**	**1,189,206**	**991,713**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Metminco Limited and controlled entities for the year ended 30 June 2010 ("Consolidated Group" or "Group") and the separate financial statements and notes of Metminco Limited as an individual parent entity ("Parent Entity" or "Company") for the year ended 30 June 2010.

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

Basis of preparation

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

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

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 liabilities.
The financial statements were authorised for issue by the directors on 30 September 2010.

a. Going concern basis of accounting

Both the Consolidated Group and the Company have made losses for the financial year. Metminco Limited is an exploration Company currently without an operating cash flow and the net cash position of the Group will continue to decrease until such time as the Group has an operating cashflow.

The Group will need to raise additional capital to maintain and advance its current portfolio of exploration projects and meet ongoing working capital requirements. The directors are satisfied that the Company and Group have sufficient cash reserves to maintain its current portfolio and meet its debts as and when they fall due.

b. Principles of Consolidation

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 14 to the financial statements.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

c. Business Combinations

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

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

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

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

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

d. Income Tax

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

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

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

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

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

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

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

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

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

e. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

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

Depreciation

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

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

CLASS OF FIXED ASSET	DEPRECIATION RATE
Property	Nil
Plant and equipment	33%

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

f. Exploration and Development Expenditure

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

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

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

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

g. Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

h. Financial Instruments

Recognition and initial measurement

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

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

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

iii. Held-to-maturity investments

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

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

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

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. Financial liabilities

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

i. Derivative financial instruments

The Consolidated Group uses derivative financial instruments. In relation to the convertible note (Note 18), changes in the fair value of this derivative are included in the statement of comprehensive income, together with any changes in the fair value of the liabilities that the derivatives are attributable to.

j. Impairment of Non-Financial Assets

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

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

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

k. Investments in Associates

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Interests in Joint Ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of jointly controlled assets have been included in the appropriate line items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 13.

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

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

m. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

Group companies

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

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

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

n. Employee Benefits

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

o. Provisions

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

p. Cash and Cash Equivalents

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

q. Revenue and Other Income

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

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

r. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

s. Goods and Services Tax (GST)

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

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

t. Comparative Figures

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

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

u. Key estimates

i. Impairment

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

ii. Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $101,608,247.

Iii. Acquisition of Hampton

Metminco acquired 36.5% of Hampton by way of share issue on 8 July 2009. No shareholder (individually or with their associates) held more than one half of the voting rights in the merged entity or governed the financial or operating policies of the merged Group. The date of control has been assessed as 31 March 2010 when the agreement was executed for the acquisition of Junior Investment Company's 31.2% ownership interest in Hampton at time of completion taking the Company's total ownership interest in Hampton to 69.4%. Metminco is deemed to be the acquirer at this point in time.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

v. Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Metminco Limited.

AASB 3: Business Combinations

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the Group's financial statements in relation to the acquisition of an ownership interest in Hampton and North Hill.

Recognition and measurement impact

Recognition of acquisition costs — The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

As such $21,384 of costs associated with the acquisition of an ownership interest in Hampton and North Hill were expensed during the current financial year.

Measurement of contingent considerations — The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

Measurement of non-controlling interest — For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

Recognition of contingencies — The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

There were no contingencies associated with the acquisition of an ownership interest in either Hampton or North Hill.

Business combinations achieved in stages — The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

On acquisition of the ownership interest in Hampton or North Hill, no fair value gain was recognised in the statement of comprehensive income.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept. No third statement of financial position has been disclosed as there has been no changes to accounting policies during the year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

w. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
    - a. the objective of the entity's business model for managing the financial assets; and
    - b. the characteristics of the contractual cash flows.

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011). This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

AASB 2009–8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

AASB 2009–9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

AASB 2009–10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

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

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $

NOTE 2: REVENUE

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Interest received – other persons	51,297	106,667	47,469	106,667

NOTE 3: LOSS FOR THE YEAR

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Expenses				
Expenses from continuing operations:				
Finance costs	360,810	–	360,810	–
Impairment of receivable	96,625	–	96,625	–
Foreign currency translation (gains)/losses	(170,942)	–	13,436	–
AIM listing costs	1,164,478	–	1,164,478	–
Rental expense on operating leases	111,708	–	–	–
Capitalised exploration expenditure impaired	1,588,013	545,888	1,144,664	545,888
Share of loss of associates and joint ventures[1]	793,156	–	–	–
Hampton takeover costs	21,384	370,082	21,384	370,082
Employee and directors' benefits	1,180,443	193,906	902,910	193,906
Fair value loss on convertible notes	2,185,129	–	2,185,129	–

1 The Company's 36.5% share of Hampton's loss to the date of consolidation.

NOTE 4: INCOME TAX EXPENSE

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

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Loss before tax	(7,776,592)	(1,245,134)	(6,697,848)	(1,245,134)
Total income tax benefit calculated at 30% (2009: 30%)	(2,332,978)	(373,540)	(2,009,354)	(373,540)
Tax effect of:				
Foreign exchange losses/(gains)	(51,283)	–	4,031	–
Impairment of receivables	(28,988)	–	(28,988)	–
Gain on consolidation of a subsidiary	(180,019)	–	–	–
Fair value loss on convertible notes	655,539	–	655,539	–
Write off capitalised exploration expenditure	476,404	62,147	343,399	62,147
Exploration expenditure capitalised	(32,610)	(137,215)	(32,610)	(137,215)
Share of associates' loss	237,947	–	–	–
	(1,255,988)	**(448,608)**	**(1,067,983)**	**(448,608)**
Deferred tax asset not brought to account	1,255,988	448,608	1,067,983	448,608
Income tax expense on pre-tax loss	–	–	–	–
Applicable weighted average effective tax rate	0%	0%	0%	0%
Deferred tax asset not taken to account				
Tax losses carried forward:				
Revenue losses carried forward	11,195,916	6,179,071	8,256,672	4,715,239

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet considered probable that future taxable income will be available to utilise them. The Group does not have any capital losses.

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

	2010			2009		
	BEFORE-TAX AMOUNT $000	TAX (EXPENSE) BENEFIT $000	NET-OF-TAX AMOUNT $000	BEFORE-TAX AMOUNT $000	TAX (EXPENSE) BENEFIT $000	NET-OF-TAX AMOUNT $000
Consolidated Group						
Exchange differences on translating foreign controlled entities	1,599,074	–	1,599,074	–	–	–
	1,599,074	**–**	**1,599,074**	**–**	**–**	**–**

NOTE 5: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2010.

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

	CONSOLIDATED	
	2010 $	2009 $
Short term employee benefits	1,050,975	273,517
Post-employment benefits	23,928	12,780
Other long term benefits	–	–
Termination benefits	–	–
Share based payments	53,000	–
	1,127,903	**286,297**

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

KMP Options and Rights Holdings

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

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNER-ATION DURING THE YEAR	EXERCISED DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR	VESTED DURING THE PERIOD	VESTED AND EXERCISABLE	VESTED AND UNEXER-CISABLE
30 June 2010								
John Fillmore	1,099,999	–	–	–	1,099,999	–	1,099,999	–
William Howe	–	–	–	–	–	–	–	–
Philip Wing	–	–	–	–	–	–	–	–
William Etheridge	–	–	–	–	–	–	–	–
Tim Read	–	–	–	–	–	–	–	–
Francisco Vergara-Irarrazaval	–	–	–	–	–	–	–	–
Philip Killen	–	–	–	–	–	–	–	–
Colin Sinclair	–	–	–	–	–	–	–	–
Keith Weston	274,999	–	–	–	274,999	–	274,999	–
Shane Turner	–	1,000,000	–	–	1,000,000		1,000,000	–
	1,374,998	**1,000,000**	**–**	**–**	**2,374,998**	**–**	**2,374,998**	**–**
30 June 2009								
John Fillmore	1,099,999	–	–	–	1,099,999	–	1,099,999	–
Keith Weston	274,999	–	–	–	274,999	–	274,999	–
	1,374,998	**–**	**–**	**–**	**1,374,998**	**–**	**1,374,998**	**–**

i. 1,374,998 options were granted on 4 December 2007, their exercise price is $0.25 and their expiry date is 4 December 2012.
ii. 1,000,000 options were granted on 30 November 2009, their exercise price is $0.25 and their expiry date is 4 December 2012.

KMP Shareholdings

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

	BALANCE AT THE BEGINNING OF THE YEAR	GRANTED AS REMUNERATION DURING THE YEAR	ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF YEAR
30 June 2010					
John Fillmore	2,220,000	–	–	–	2,220,000
William Howe	–	–	–	48,264,168	48,264,168
Philip Wing	–	–	–	15,893,336	15,893,336
William Etheridge		–	–	62,400,000	62,400,000
Tim Read	–	–	–	250,000	250,000
Francisco Vergara - Irarrazaval	–	–	–	50,140,000	50,140,000
Philip Killen	–	–	–	3,949,836	3,949,836
Colin Sinclair	–	–	–	5,766,353	5,766,353
Keith Weston	550,000	–	–	–	550,000
Shane Turner	40,000	–	–	–	40,000
	2,810,000	**–**	**–**	**186,663,693**	**189,473,693**
30 June 2009					
Keith Weston	550,000	–	–	–	550,000
John Fillmore	2,220,000	–	–	–	2,220,000
Shane Turner	40,000	–	–	–	40,000
	2,810,000	**–**	**–**	**–**	**2,810,000**

Other KMP Transactions

There have been no other KMP transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP refer to Note 27 Related Party Transactions.

NOTE 6: AUDITORS' REMUNERATION

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
Audit services				
Parent	70,000	26,161	70,000	26,161
Subsidiaries				
Hampton Mining Limited	20,000	–	–	–
	90,000	26,161	70,000	26,161
Experts reports and professional services	223,287	–	223,287	–
	313,287	**26,161**	**293,287**	**26,161**

NOTE 7: LOSS PER SHARE

		CONSOLIDATED 2010 $	CONSOLIDATED 2009 $
a.	**Reconciliation of earnings to loss**		
	Loss	(7,776,592)	(1,245,134)
	Loss attributable to minority equity interest	(267,977)	–
	Loss used in the calculation of basic and dilutive EPS	**(7,508,615)**	**(1,245,134)**
		NO.	NO.
b.	**Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS**	443,794,287	53,080,827
	Weighted average number of dilutive options outstanding	–	–
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	443,794,287	53,080,827
c.	**Anti-dilutive options on issue not used in dilutive EPS calculation**		
		NO.	NO.
d.	**Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS**	443,794,287	53,080,827
	Weighted average number of dilutive options outstanding	–	–
e.	**Anti-dilutive options on issue not used in dilutive EPS calculation**	27,230,017	26,230,017

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
NOTE 8: CASH AND CASH EQUIVALENTS				
Cash at bank	2,151,232	17,803	1,181,010	17,803
Short-term bank deposits	8,196	973,910	8,196	973,910
	2,159,428	**991,713**	**1,189,206**	**991,713**
NOTE 9: TRADE AND OTHER RECEIVABLES				
Current				
Other receivables	389,751	–	71,915	–
Receivable from equity swap – secured	1,928,000	–	1,928,000	–
Total current trade and other receivables	**2,317,751**	**–**	**1,999,915**	**–**
Non-current				
Other receivables	2,268,800	–	–	–
Receivable from equity swap – secured	1,864,078	–	1,864,078	–
Provision for impairment	(96,625)	–	(96,625)	–
Total non-current trade and other receivables	**4,036,253**	**–**	**1,767,453**	**–**
Total trade and other receivables	**6,354,004**	**–**	**3,767,368**	**–**

The Company has entered into a subscription agreement, an equity swap confirmation, an interest rate swap confirmation and a credit support agreement. Pursuant to these agreements the Company issued 25,000,000 shares at 9p per share for an aggregate subscription amount of £2,250,000. As security for the proceeds of these shares the recipient of the shares has placed £2,250,000 in government bonds with an escrow agent as security for the proceeds receivable. Over a 24 month period the Company will exchange £93,750 worth of government bonds per month for a cash payment the amount of which is determined against a benchmark price of $A0.12 per ordinary share. If the volume weighted average price of an ordinary share for the five dealing days prior to settlement exceeds the benchmark price then the Company will receive more than 100% of the monthly payment due. If the price is less than the benchmark price, the Company will receive less than 100% of the monthly payment due. There is no higher or lower limit on the amount of the payments due to the Company under these arrangements but the total number of shares issued is fixed.

Provision for impairment

The non-current receivable from the equity swap is assessed on recoverability according to the terms of the equity swap agreement. A provision for impairment is recognised when there is objective evidence that the receivable is impaired. Movement in the provision for impairment of receivables is as follows:

	OPENINGBALANCE 1.7.2008	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30.6.2009
Consolidated Group				
Non-current receivable from equity swap	–	–	–	–
Company				
Non-current receivable from equity swap	–	–	–	–

	OPENINGBALANCE 1.7.2009	CHARGE FOR THE YEAR	AMOUNTS WRITTEN OFF	CLOSING BALANCE 30.6.2010
Consolidated Group				
Non-current receivable from equity swap	–	96,625	–	96,625
Company				
Non-current receivable from equity swap	–	96,625	–	96,625

No other receivables are past due or considered impaired.

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
NOTE 10: OTHER ASSETS				
CURRENT				
Prepayments	215,694	2,370	158,537	2,370
GST refund receivable	–	18,910	–	18,910
Total current other assets	**215,694**	**21,280**	**158,537**	**21,280**
NOTE 11: FINANCIAL ASSETS				
Investments in Controlled Entities:				
– Shares at cost	–	–	100,561,933	–

	NOTE	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
NOTE 12: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Advances to joint venture entities		110,485	–	–	–
Equity accounted investments in joint venture entities		4,942,886	–	–	–
	13	**5,053,371**	**–**	**–**	**–**

NOTE 13: INTEREST IN JOINT VENTURES

Interests are held in the following:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	SHARES	OWNERSHIP INTEREST 2010	OWNERSHIP INTEREST 2009	CARRYING AMOUNT OF INVESTMENT 2010	CARRYING AMOUNT OF INVESTMENT 2009
Unlisted:							
SCM Ovalle	Exploration	Chile	Ordinary	50%	–	1,552,146	–
SCM San Lorenzo	Exploration	Chile	Ordinary	50%	–	3,501,225	–
						5,053,371	**–**

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 (ie each party holding 50% of the equity) Chilean company, Sociedad Contractual Minera Ovalle.

In January 2009, in accordance with an agreement between Golden Amazonas (Amazonas) and Hampton Chile entered into on 19 May 2008, SCM San Lorenzo was incorporated and title of the San Lorenzo Properties and US$ 3 million being the purchase price that Hampton Chile paid to acquire 50% of the San Lornezo Properties were transferred to SCM San Lorenzo. The shareholders of SCM San Lorenzo are Hampton Chile, with 50% of the shares, and five minor shareholders with the remaining 50%.

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

	Consolidated 2010 $	Consolidated 2009 $	Company 2010 $	Company 2009 $
a. Movements during the year in equity accounted investment in joint venture entities:				
Balance as at the beginning of the financial year	–	–	–	–
Add new investment during the year	5,846,527	–	–	–
Share of joint venture company's loss after tax	(793,156)	–	–	–
Balance as at the end of the financial year	**5,053,371**	**–**	**–**	**–**
b. Equity accounted losses of joint venture companies are broken down as follows:				
Share of joint venture companies' loss before income tax	(793,156)	–	–	–
Share of joint venture companies' income tax expense	–	–	–	–
Share of joint venture companies' loss after income tax	**(793,156)**	**–**	**–**	**–**
c. Summarised presentation of aggregate assets, liabilities and performance of joint venture				
Current assets	6,682	–	–	–
Non-current assets	9,986,963	–	–	–
Total assets	**9,993,645**	**–**	**–**	**–**
Current liabilities	103,444	–	–	–
Total liabilities	**103,444**	**–**	**–**	**–**
Net assets	**9,890,201**	**–**	**–**	**–**
Loss after income tax	**(1,586,312)**	**–**	**–**	**–**

NOTE 14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2010 %	Percentage Owned 2009 %
a. Controlled Entities consolidated			
Subsidiaries of Metminco Limited:			
Hampton Mining Limited	Australia	69.4	–
North Hill Holdings Group Inc	British Virgin Islands	100	–
***Wholly owned subsidiaries of Hampton*:**			
Hampton Minera Peru S.A.C	Chile	69.4	–
Minera Hampton Chile Limitada	Peru	69.4	–
Wholly owned subsidiaries of North Hill:			
Cerro Norte Mining Inc	British Virgin Islands	100	–
Minera Cerro Norte SA	Peru	100	–
Minera CN SAC	Peru	100	–

NOTE 14. CONTROLLED ENTITIES continued

b. Acquisition of controlled entities

On 8 July 2009 the parent entity acquired a 36.5% ownership interest in Hampton. On 19 May 2010 the parent entity acquired a further 31.9% ownership interest in Hampton. The acquisition resulted in Metminco obtaining control of Hampton (iv).

On 14 May 2010 the parent entity acquired 100% of North Hill. The acquisition resulted in Metminco obtaining control of North Hill (iv).

	FAIR VALUE $
Acquisition of Hampton Mining Limited	
Purchase consideration:	
Cash	16,074,555
Ordinary shares	59,397,920
Non controlling interest (i)	9,339,919
	84,812,394
Less:	
Cash	2,090,132
Receivables (ii)	2,474,582
Prepayments	87,778
Investments	4,605,297
Property, plant and equipment	763,033
Exploration expenditure	75,925,424
Payables	(1,082,736)
Provisions	(51,116)
Identifiable assets acquired and liabilities assumed	**84,812,394**
Acquisition of North Hill Holding Group Inc.	
Purchase consideration:	
Cash	2,221,049
Ordinary shares	22,500,000
	24,721,049
Less:	
Receivables (ii)	19
Exploration expenditure	24,796,230
Payables	(75,200)
Identifiable assets acquired and liabilities assumed	**24,721,049**

(i) A 30.6% interest in Hampton was held by non controlling interests at 30 June 2010.
(ii) The Directors believe the receivables are fully recoverable and no provision for impairment is required.
(iii) Included within administration expense in the statement of comprehensive income are acquisition related costs totaling $21,384. The costs include advisory, legal, accounting and other professional fees.
(iv) The financial statements of Hampton and North Hill are prepared for the year ended 31 December. This reporting period aligns with the reporting periods in Chile where Hampton's business activity is located.
(v) The consolidated loss of Hampton and North Hill included in the Group consolidated loss since the acquisition date amounted to $876,084. If the consolidated results of Hampton and North Hill had been consolidated from 1 July 2009, the loss of the consolidated Group would have been $8,538,456.
(vi) The fair value of the Company's shares was derived from their trading price on the ASX at the date of acquisition.
(vii) The number of share issued for the acquisition of Hampton was 303,690,732. The number of shares issued for the acquisition of North Hill was 150,000,000.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Land				
At cost	372,629	–	–	–
Accumulated depreciation	–	–	–	–
Total land	**372,629**	**–**	**–**	**–**
Plant and equipment				
At cost	583,445	30,034	6,587	30,034
Accumulated depreciation	(135,613)	(10,701)	(3,704)	(10,701)
Total plant and equipment	**447,832**	**19,333**	**2,883**	**19,333**
Total property, plant and equipment	**820,461**	**19,333**	**2,883**	**19,333**

Reconciliations

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

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Land				
Carrying amount at beginning of year	–	–	–	–
Additions through acquisition of entity	347,179	–	–	–
Impact of foreign exchange movement on balance at beginning of year	25,450	–	–	–
Depreciation	–	–	–	–
Carrying amount of plant and equipment at end of year	**372,629**	**–**	**–**	**–**
Plant and equipment				
Carrying amount at beginning of year	19,333	24,625	19,333	24,625
Additions	1,298	1,782	1,298	1,782
Disposals	(13,636)	–	(13,636)	–
Additions through acquisition of entity	415,854	–	–	–
Impact of foreign exchange movement on balance at beginning of year	30,204	–	–	–
Depreciation	(5,221)	(7,074)	(4,112)	(7,074)
Carrying amount of plant and equipment at end of year	**447,832**	**19,333**	**2,883**	**19,333**
Carrying amount at end of year	**820,461**	**19,333**	**2,883**	**19,333**

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
NOTE 16: EXPLORATION AND EVALUATION EXPENDITURE				
Costs carried forward in respect of areas of interest in:				
– exploration and evaluation phases at the end of year	**101,608,247**	**1,035,963**	**–**	**1,035,963**
Reconciliations				
Carrying amount at the beginning of year	1,035,963	785,737	1,035,963	785,737
Expenditure incurred during current year	1,450,772	457,383	108,701	457,383
Additions through acquisition of entity	100,721,654	–	–	–
Impact of foreign exchange movement during the year	(12,129)	–	–	–
Exploration written off	(1,588,013)	(207,157)	(1,144,664)	(207,157)
Carrying amount at the end of year	**101,608,247**	**1,035,963**	**–**	**1,035,963**

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

Capitalised costs amounting to $1,450,772 (2009: $407,383) have been included in cash flows from investing activities.

NOTE 17: TRADE AND OTHER PAYABLES

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Trade payables	855,273	83,643	526,661	83,643
Amount payable to wholly owned subsidiary	–	–	37,191	–
Other payables and accrued expenses	2,494,910	24,184	2,192,368	24,184
	3,350,183	**107,827**	**2,756,220**	**107,827**

NOTE 18: BORROWINGS

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
NON CURRENT				
Unsecured liabilities				
Convertible notes	4,669,079	–	4,669,079	–
Fair value loss	2,185,129	–	2,185,129	–
Total non-current borrowings	6,854,208	–	6,854,208	–
Total borrowings	**6,854,208**	**–**	**6,854,208**	**–**

Convertible loan facility

The Company has a convertible loan facility of $US4 million provided by three parties. The loan is repayable within two years. The interest rate is fixed at 16% per annum which is capitalised at $0.12 per share. The principal may be capitalised at the lender's option at any time after six months following drawdown at the lower of A$0.12 per share and 80% of the average mid market closing price for the Company's shares on the ASX over the three dealing days prior to service of the relevant notice. The lender may convert earlier on a change of control of the Company, defined as the acquisition of 50% or more of the voting rights in the shares of the Company by a a party or a change in more than 50% in the board of directors, a capital raising by the Company of $US2 million or more, or upon the disposal of a material asset. The Company paid a fee to the lender of 4% of funds borrowed on drawdown. At balance date the fair value adjustment on the convertible notes is $2,185,129.

NOTE 19: PROVISIONS

	SHORT-TERM EMPLOYEE BENEFITS $000	TOTAL $000
Consolidated Group		
Opening balance at 1 July 2009	4,024	4,024
Additional provisions	13,379	13,379
Additions through acquisition of entity	51,116	51,116
Balance at 30 June 2010	**68,519**	**68,519**
Company		
Opening balance at 1 July 2009	4,024	4,024
Additional provisions	19,012	19,012
Balance at 30 June 2010	**23,036**	**23,036**

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
Analysis of Total Provisions				
Current	68,519	4,024	23,036	4,024

NOTE 20: CONTRIBUTED EQUITY

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
778,862,608 (2009: 53,250,005) fully paid ordinary shares	**106,133,934**	**5,399,061**	**106,133,934**	**5,399,061**
	NO.	NO.	NO.	NO.
a. Movements in ordinary share capital				
Balance at beginning of the reporting period	53,250,005	53,000,005	53,250,005	53,000,005
Shares issued				
– 5 March 2009	–	250,000	–	250,000
– 9 July 2009	303,690,732	–	303,690,732	–
– 26 September 2009	16,666,667	–	16,666,667	–
– 11 December 2009	7,140,529	–	7,140,529	–
– 23 December 2009	30,000	–	30,000	–
– 19 January 2009	170,000	–	170,000	–
– 1 March 2010	111,793,842	–	111,793,842	–
– 3 May 2010	72,887,884	–	72,887,884	–
– 14 May 2010	150,000,000	–	150,000,000	–
– 19 May 2010	59,899,616	–	59,899,616	–
– 30 June 2010	3,333,333	–	3,333,333	–
At the end of the reporting period	**778,862,608**	**53,250,005**	**778,862,608**	**53,250,005**

NOTE 20: CONTRIBUTED EQUITY continued

b. Movements in ordinary share capital

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
Balance at beginning of the reporting period	**5,399,061**	**5,349,061**	**5,399,061**	**5,349,061**
Shares issued				
– 5 March 2009	–	50,000	–	50,000
– 9 July 2009	39,479,795	–	39,479,795	–
– 26 September 2009	2,227,180	–	2,227,180	–
– 11 December 2009	1,075,188	–	1,075,188	–
– 23 December 2009	5,100	–	5,100	–
– 19 January 2009	28,900	–	28,900	–
– 1 March 2010	14,838,822	–	14,838,822	–
– 3 May 2010	10,933,183	–	10,933,183	–
– 14 May 2010	22,500,000	–	22,500,000	–
– 19 May 2010	8,984,942	–	8,984,942	–
– 30 June 2010	661,763	–	661,763	–
At the end of the reporting period	**106,133,934**	**5,399,061**	**106,133,934**	**5,399,061**

On 8 July 2009 the Company issued 303,690,732 shares in its bid for Hampton on the basis of 4 Metminco shares for each Hampton share. The shares rank for dividends immediately.

On 16 September 2009 the Company issued 16,666,667 shares to raise $2,227,180 net of costs for working capital purposes. The shares rank for dividends immediately.

On 11 December 2009 the Company issued 7,140,529 shares to raise $1,075,188 net of costs for working capital purposes. The shares rank for dividends immediately.

On 23 December 2009 the Company issued 30,000 shares to raise $5,100 for working capital purposes. The shares rank for dividends immediately.

On 19 January 2010 the Company issued 170,000 shares to raise $28,900 for working capital purposes. The shares rank for dividends immediately.

On 1 March 2010 the Company issued 111,793,842 ordinary shares in relation to its listing on the AIM market in the U.K. The shares rank for dividends immediately.

On 3 May 2010 and19 May 2010 the Company issued a total of 132,787,500 ordinary shares to Junior Investment Company to acquire a further 31.9% ownership interest in Hampton. The shares rank for dividends immediately.

On 14 May 2010 the Company issued 150,000,000 ordinary shares to Highland Holding Resources Inc to acquire a 100% ownership interest in North Hill. The shares rank for dividends immediately.

On 30 June the Company issued 3,333,333 shares to raise $661,763 net of costs for working capital purposes. The shares rank for dividends immediately.

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.

c. Capital Management

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

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

There are no externally imposed capital requirements.

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

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

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains between 1% and 10%. The gearing ratios for the year ended 30 June 2010 and 30 June 2009 are as follows:

		CONSOLIDATED		COMPANY	
	NOTE	2010 $	2009 $	2010 $	2009 $
Face value of convertible notes		4,669,079	–	4,669,079	–
Loss on fair value		2,185,129	–	2,185,129	–
Total borrowings	18	**6,854,208**	**–**	**6,854,208**	**–**

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

Borrowings repayable by cash		4,669,079	–	4,669,079	–
Less cash and cash equivalents	8	2,159,428	991,713	1,189,206	991,713
Net debt		2,509,651	Nil	3,479,873	Nil
Total equity		**105,938,295**	**1,956,438**	**96,046,463**	**1,956,438**
Gearing ratio		2.4%	–	3.6%	–

NOTE 21: OPTIONS

EXPIRY DATE	EXERCISE PRICE $	OUTSTANDING AT 30 JUNE 2009	ISSUED DURING YEAR	EXERCISED DURING YEAR	LAPSED DURING YEAR	OUTSTANDING AT 30 JUNE 2010
Unlisted						
2010						
4 December 2012	$0.25	26,230,017	1,000,000	–	–	27,230,017
2009						
4 December 2012	$0.25	26,230,017	–	–	–	26,230,017

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

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $

NOTE 22: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements				
Payable (minimum lease payments)				
– not later than 12 months	197,152	–	–	–
– between 12 months and 5 years	262,286	–	–	–
– greater than 5 years	–	–	–	–
	459,438	**–**	**–**	**–**

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

b. Exploration Tenement Licence Commitments

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Non-cancellable licence fees for exploration tenements contracted for but not capitalised in the financial statements				
Payable (minimum lease payments)				
– not later than 12 months	**661,821**	**–**	**–**	**–**

NOTE 23: COMMITMENTS AND CONTINGENT LIABILITIES

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

On 23 August 2007 Hampton Chile entered into an option to purchase 100% of the Genesis tenements, forming part of the Camaron project located in the Vicuna area of Chile. To exercise its right to acquire the Genesis tenements, Hampton Chile must pay monthly installments of A$11,000 (US$10,000) and complete an independent scoping study which will determine the resources and reserves on the Genesis tenements. 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. Hampton Chile has met its commitments under the option agreement as at the date of this report. An extension to the Genesis option for a further 12 months is expected to be finalised prior to the expiry of the current option in September 2010.

In a letter to the Chairman of Hampton dated 3 March 2010, Mr Hudspeth, executive chairman of Takoradi Limited (Takoradi) and a director of Hampton gave notice that he would be seeking leave under s 237 of the Corporations Act 2001 to bring proceedings in the name of Hampton against Metminco and fellow Hampton Directors in relation to the exercise by Hampton of an option to acquire Alpha 1–900, Gamma 1-1000 and Nelson 1-900 mining tenements located in southern Peru and forming part of an area of Peru known as the Los Calatos Project.

On 22 March 2010, Takoradi announced to the ASX that Mr Hudspeth had applied to the Federal Court to seek leave pursuant to Section 237 of the Corporations Act 2001 to bring proceedings in the name of Hampton against Metminco and fellow Hampton Directors and Directors of Metminco, William Howe and Phillip Wing to protect the assets of Hampton and therefore Takoradi's shareholding in Hampton.

The Chairman of Hampton, Mr Ortuzar and independent directors Mr Rodriguez and Director, Mr Olate, do not support Mr Hudspeth's application. However, Mr Willsteed another Director of Hampton nominated to that Board by Takoradi in January 2010 in accordance with a subscription agreement between Takoradi and Hampton dated April 2006, does support the application. Pursuant to s 237 of the Corporations Act 2001 Mr Hudspeth will need to establish, before any leave can be granted, among other things that:

(a) he is acting in good faith;

(b) it is in the best interests of Hampton; and

(c) there is a serious question to be tried.

The Company believes that Mr Hudspeth's claims are without merit. Accordingly the Company's view is that he will not be able to satisfy the Court that leave should be granted.

No hearing date for the court application has as yet been fixed.

Subject to completion of the Takoradi Share Exchange Agreement (Note 26), Mr. Hudspeth's application to the Federal Court seeking leave under s 237 of the Corporations Act 2001 to pursue legal action on behalf of Hampton will be dismissed on a without admissions basis and each party to the application will pay its own costs.

NOTE 24: OPERATING SEGMENTS

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

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

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

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

b. Inter-segment transactions

There are no inter segment transactions

c. Segment assets

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

d. Segment liabilities

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

NOTE 24: OPERATING SEGMENTS continued

e. *Unallocated items*

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

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations

	MINERAL EXPLORATION		UNALLOCATED		TOTAL	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
i. Segment performance						
Revenue						
Interest revenue	3,827	–	47,470	106,667	51,297	106,667
Total segment revenue	3,827	–	47,470	106,667	51,297	106,667
Total group revenue					51,297	106,667
Segment loss before tax	(1,078,744)	(545,888)	(6,697,848)	(699,246)	(7,776,592)	(1,245,134)
Loss before tax from continuing operations					**(7,776,592)**	**(1,245,134)**
ii. Segment assets						
Segment assets	111,093,211	1,035,963	5,117,994	1,032,326	116,211,205	2,068,289
Segment asset increases for the period						
– capital expenditure	–	–	1,298	1,782	1,298	1,782
– acquisitions	110,742,495	–	–	–	110,742,495	–
	110,742,495	–	1,298	1,782	110,743,793	1,782
Included in segment assets are:						
– Equity accounted associates and joint ventures	5,053,371	–	–	–	5,053,371	–
Reconciliation of segment assets to group assets						
Total group assets					**116,211,205**	**2,068,289**
iii. Segment liabilities						
Segment liabilities	639,446	–	9,633,464	111,851	10,272,910	111,851
Reconciliation of segment liabilities to group liabilities						
Total group liabilities					**10,272,910**	**111,851**

	30 JUNE 2010 $	30 JUNE 2009 $
iv. Revenue by geographical region		
Revenue attributable to external customers is disclosed below, based on the location of the external customer:		
Australia	47,470	106,667
South America	3,827	–
Total revenue	**51,297**	**106,667**
v. Assets by geographical region		
The location of segment assets by geographical location of the assets is disclosed below:		
Australia	5,117,994	2,068,289
South America	111,093,211	–
Total assets	**116,211,205**	**2,068,289**

NOTE 25: NOTES TO THE STATEMENTS OF CASH FLOWS

a. Reconciliation of Cash

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:				
Cash and cash equivalents	2,159,428	991,713	1,189,206	991,713
	2,159,428	**991,713**	**1,189,206**	**991,713**

NOTE 25: NOTES TO THE STATEMENTS OF CASH FLOWS continued

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

	CONSOLIDATED 2010 $	CONSOLIDATED 2009 $	COMPANY 2010 $	COMPANY 2009 $
Loss from ordinary activities after income tax	(7,776,592)	(1,245,134)	(6,697,848)	(1,245,134)
Add/(less) non-cash items:				
Depreciation and amortisation	5,221	7,074	4,112	7,074
Gain on sale of equipment	(362)	–	(362)	–
Gain on consolidation of subsidiary	(600,062)	–	–	–
Fair value loss on convertible notes	2,185,129	–	2,185,129	–
Share of net loss of associates	793,156	–	–	–
Exchange loss/(gains)	(170,942)	–	13,436	–
Impairment of receivables	96,625	–	96,625	–
Impairment of exploration properties	1,588,013	207,157	1,144,664	207,157
Expense on grant of options	53,000	–	53,000	–
Finance costs	186,763	–	186,763	–
Changes in assets and liabilities, net of the effects of purchase and disposal of Controlled Entities during the financial year:				
Decrease/(Increase) in receivables	71,479	12,581	(2,223)	12,581
Decrease/(Increase) in prepayments	(156,167)	(2,370)	(156,167)	(2,370)
(Increase)/Decrease in payables	426,868	(94,703)	846,837	(94,703)
(Increase)/Decrease in provisions	28,577	(504)	19,012	(504)
Net cash used in operating activities	**(3,269,294)**	**(1,115,899)**	**(2,307,022)**	**(1,115,899)**

	CONSOLIDATED 2010 $	2009 $	COMPANY 2010 $	2009 $
c. Acquisition of Entities				
During the year a 69.4% ownership interest in Hampton and a 100% ownership interest in North Hill was acquired. Details of this transaction are:				
Purchase consideration				
Consisting of:				
– Cash consideration	18,295,604	–	18,295,604	–
– Ordinary shares	81,897,920	–	81,897,920	–
Total consideration	100,193,524	–	100,193,524	–
Cash consideration	18,295,604	–	18,295,604	–
Cash outflow	**16,205,472**	**–**	**16,205,472**	**–**
Assets and liabilities held at acquisition date:				
Cash	2,090,132		2,090,132	
Receivables	2,474,601	–	2,474,601	–
Prepayments	87,778	–	87,778	–
Investments	4,605,297	–	4,605,297	–
Property, plant and equipment	763,033	–	763,033	–
Exploration	100,721,654	–	100,721,654	–
Payables	(1,157,936)	–	(1,157,936)	–
Provisions	(51,116)	–	(51,116)	–
	109,533,443	**–**	**109,533,443**	**–**
Gain on consolidation	(600,062)	–	(600,062)	–
Minority equity interests in acquisitions	(9,339,919)	–	(9,339,919)	–
	99,593,462	**–**	**99,593,462**	**–**

Information regarding the acquisitions, including the profit since acquisition, is disclosed in Note 14b.

d. Non-cash Financing and Investing Activities

Share issue

586,478,232 ordinary fully paid shares were issued at an average price of $0.14 per share as part of the consideration for the purchase of Hampton and North Hill.The share issue was based on the fair value of the two companies prior to the purchase.

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

Matters that have arisen in the interval between the end of the 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 Metminco Group, the results of those operations, or the state of affairs of the Metminco Group, in future financial years are as follows:

- In July 2010 the Company completed a capital raising of A$5.5 million by placement of 36,666,666 Metminco Shares at A$0.15 each to institutional and professional investors (A$0.5 million received on 30 June 2010).
- The Company made a final payment of A$1.7 (US$1.5) million to Highland Holdings Resources Inc. in respect of the acquisition of North Hill, the ultimate owner of the Alpha, Gamma and Nelson tenements at the Los Calatos project. All drilling to date by Hampton at the Los Calatos project has been undertaken on these tenements.
- In July 2010 Metminco completed the acquisition of 5,376,562 fully paid ordinary shares in Hampton, increasing its interest in Hampton from 69.4% to 71.9%. Consideration for the acquisition was satisfied by the issue of 21,506,248 fully paid ordinary Metminco shares.
- The Company accepted its full entitlement in accordance with a Hampton pro rata rights offer dated 26 July 2010 and late August 2010 was allotted 3,509,339 fully paid ordinary Hampton shares for a total cost of A$982,615 increasing its interest in Hampton form 71.9% to 72.6%.
- On 29 September 2010 the Company entered into the following share exchange agreements with the remaining Hampton minorities to increase its interest in Hampton from 72.6% to 100%:
  i. Acquisition of 56,511,906 Hampton shares (25.7% interest) from Takoradi Limited for consideration of 195,000,000 shares in the Company and a payment of $3.35 million (Takoradi Share Exchange Agreement);
  ii. Acquisition of 2,858,519 Hampton shares (1.3% interest) from Notesan Pty Limited for consideration of 11,434,076 shares in the Company (Notesan Share Exchange Agreement) and;
  iii. Acquisition of 1,600,000 Hampton shares (0.7% interest) from A J Holdings Corporation, for consideration of 6,400,000 shares in the Company (A J Holdings Exchange Agreement).

  Subject to completion of the Takoradi Share Exchange Agreement, Mr. Hudspeth's application to the Federal Court seeking leave under s 237 of the Corporations Act 2001 to pursue legal action on behalf of Hampton will be dismissed on a without admissions basis and each party to the application will pay its own costs.

  The Takoradi Share Exchange Agreement is subject to approval by the shareholders of the Company and for a period of four months commencing on the completion date, Takoradi will not dispose of more than 50 million of the consideration shares without the prior written approval of the Company. The Notesan Share Exchange Agreement is subject to completion of the Takoradi Share Exchange Agreement and A J Holdings Exchange Agreement is subject to completion of the Notesan Share Exchange Agreement. Completion of the Takoradi Share Exchange Agreement must occur by 31 December 2010, with completion of the A J Holdings agreement to occur within 14 days of the completion of the other two share exchange agreements.

  Hampton and North Hill have also entered into a variation agreement whereby Hampton's option to acquire the Alpha, Gamma and Nelson tenements which form part of the Los Calatos Project is extended from 30 September 2010 to 24 January 2011, by which time Hampton, subject to completion of the above share exchange agreements, will be a 100% owned subsidiary of Metminco.
- After announcing a 350% increase in resources at Los Calatos on 1 July 2010 (refer Review of operations above), Hampton announced on 20 August 2010 that eight exploration targets had been identified within a ´Cluster´ at Los Calatos by diamond core drilling and geochemistry and/or rock chip sampling. The Los Calatos 'Cluster' occurs within an area of approximately 68sq.km. 'Cluster' groupings are often associated with large mineralised porphyries where Giant Systems host Multiple Deposits. Examples include the Escondida system hosting the multiple deposits of Escondida, Zaldivar, Carmen and Ricardo within a 36 sq.km limit, the Highland Valley/Bethlehem system in North America within a 60 sq.km limit and the Grasberg/Ertsberg system in Indonesia within a 16 sq.km limit.

Other than the matters noted above, 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 Group, the results of those operations, or the state of affairs of the Consolidated Group, in future financial years.

NOTE 27: RELATED PARTIES

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

Directors

The names of each person holding the position of Director of Metminco Limited during the financial year are:
John Fillmore, Phillip Wing (appointed 17 July 2009), William J Howe (appointed 17 July 2009), William S Etheridge (appointed 17 July 2009) , Tim Read (appointed 1 April 2009), Francisco Vergara (appointed 1 April 2009) Keith Weston (resigned 31 October 2009) and Shane Turner (resigned 31 October 2009).

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

Transactions with related parties:

a. Directors

Legal services fees totaling $79,638 were paid to JA Fillmore and Co. of which John Fillmore is principal.

Accounting services fees totalling $40,700 were paid to Shane Turner and Associates of which Shane Turner is principal.

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

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

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

b. Associated companies

Advances by Minera Hampton Chile Limitada to Sociedad Contractual Minera Ovalle and Sociedad Contractual Minera San Lorenzo are in USD and are non interest bearing with no fixed repayment terms. Total advances to the associated companies as at 30 June 2010 was $110,485. Refer Notes 12 and 13.

NOTE 28: FINANCIAL RISK MANAGEMENT

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

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

		CONSOLIDATED		COMPANY	
		2010	2009	2010	2009
	NOTE	$	$	$	$
Financial Assets					
Cash and cash equivalents	8	2,159,428	991,713	1,189,206	991,713
Receivables	9	6,354,004	–	3,767,368	–
Total Financial Assets		**8,513,432**	**99,1713**	**4,956,574**	**991,713**
Financial Liabilities					
Financial liabilities at amortised cost					
– Trade and other payables	17	3,350,183	107,827	2,756,220	107,827
– Borrowings	18	6,854,208	–	6,854,208	–
Total Financial Liabilities		**10,204,391**	**107,827**	**9,610,428**	**107,827**

NOTE 28: FINANCIAL RISK MANAGEMENT continued

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

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

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

Credit Risk Exposures

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

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

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

b. Liquidity risk

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

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

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

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

Financial Liability and Financial Asset Maturity Analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		OVER 5 YEARS		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
	$	$	$	$	$	$	$	$
Consolidated Group								
Financial liabilities due for payment								
Convertible notes	–	–	6,854,208	–	–	–	6,854,208	–
Trade and other payables (excluding est. annual leave)	3,350,183	107,827	–	–	–	–	3,350,183	107,827
Total contractual outflows	**3,350,183**	**107,827**	**6,854,208**	–	–	–	**10,204,391**	**107,827**
Total expected outflows	**3,350,183**	**107,827**	**6,854,208**	–	–	–	**10,204,391**	**107,827**
Financial assets – cash flows realisable								
Cash and cash equivalents	2,159,428	991,713	–	–	–	–	2,159,428	991,713
Trade, term and loans receivables	2,317,751	–	4,036,253	–	–	–	6,354,004	–
Convertible note repayment settled by issue of shares	–	–	6,854,208	–	–	–	6,854,208	–
Total anticipated inflows	**4,477,179**	**991,713**	**10,890,461**	–	–	–	**15,367,640**	**991,713**
Net (outflow)/inflow on financial instruments	**1,126,996**	**883,886**	**4,036,253**	–	–	–	**5,163,249**	**883,886**
Company								
Financial liabilities due for payment								
Convertible notes	–	–	6,854,208	–	–	–	6,854,208	–
Trade and other payables (excluding est. annual leave)	2,719,029	107,827	–	–	–	–	2,719,029	107,827
Amounts payable to related parties	37,191	–	–	–	–	–	37,191	–
Total contractual outflows	**2,756,220**	**107,827**	**6,854,208**	–	–	–	**9,610,428**	**107,827**
Total expected outflows	**2,756,220**	**107,827**	**6,854,208**	–	–	–	**9,610,428**	**107,827**
Financial assets – cash flows realisable								
Cash and cash equivalents	1,189,206	991,713	–	–	–	–	1,189,206	991,713
Trade, term and loans receivables	1,999,915	–	1,767,453	–	–	–	3,767,368	–
Convertible note repayment settled by issue of shares	–	–	6,854,208	–	–	–	6,854,208	–
Total anticipated inflows	**3,189,121**	**991,713**	**8,621,661**	–	–	–	**11,810,782**	**991,713**
Net (outflow)/inflow on financial instruments	**432,901**	**883,886**	**1,767,453**	–	–	–	**2,200,354**	**883,886**

NOTE 28: FINANCIAL RISK MANAGEMENT continued

c. Market Risk

i. Interest rate risk

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

ii. Foreign exchange risk

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

iii. Equity price risk

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

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

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
Cash assets held in Australian dollars and subject to floating interest rate	1,131,339	991,713	953,924	991,713
Cash assets held in Australian dollars and subject to a fixed interest rate	8,196	–	–	–
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	1,019,893	–	235,282	–
Total cash assets	**2,159,428**	**991,713**	**1,189,206**	**991,713**
Financial liabilities repayble in US dollars				
Convertible notes	4,669,079	–	4,669,079	–

Sensitivity Analysis

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

Interest Rate Sensitivity Analysis

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

Change in profit				
Increase in interest rate by 2%	43,189	9,917	23,784	9,917
Decrease in interest rate by 2%	(43,189)	(9,917)	(23,784)	(9,917)
Change in equity				
Increase in interest rate by 2%	43,189	9,917	23,784	9,917
Decrease in interest rate by 2%	(43,189)	(9,917)	(23,784)	(9,917)

Foreign Currency Risk Sensitivity Analysis

At 30 June 2010, 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:

	CONSOLIDATED		COMPANY	
	2010 $	2009 $	2010 $	2009 $
Change in profit				
Improvement in AUD to USD by 5%	(48,566)	–	(23,243)	–
Decline in AUD to USD by 5%	48,566	–	23,243	–
Change in equity				
Improvement in AUD to USD by 5%	(48,566)	–	(23,243)	–
Decline in AUD to USD by 5%	48,566	–	23,243	–

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

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

NOTE 28: FINANCIAL RISK MANAGEMENT continued

Net Fair Values continued

	FOOTNOTE	2010 NET CARRYING VALUE $	2010 NET FAIR VALUE $	2009 NET CARRYING VALUE $	2009 NET FAIR VALUE $
Consolidated Group					
Financial assets					
Cash and cash equivalents	(i)	2,159,428	2,159,428	991,713	991,713
Trade and other receivables	(i)	2,317,751	2,317,751	–	–
Term receivables	(ii)	4,036,253	4,036,253	–	–
Total financial assets		**8,513,432**	**8,513,432**	**991,713**	**991,713**
Financial liabilities					
Trade and other payables	(i)	3,350,183	3,350,183	107,827	107,827
Convertible notes	(iii)	6,854,208	6,854,208	–	–
Total financial liabilities		**10,204,391**	**10,204,391**	**107,827**	**107,827**
Parent Entity					
Financial assets					
Cash and cash equivalents	(i)	1,189,206	1,189,206	991,713	991,713
Trade and other receivables	(i)	3,767,368	3,767,368	–	–
Investments		100,561,933	100,561,933	–	–
Total financial assets		**105,518,507**	**105,518,507**	**991,713**	**991,713**
Financial liabilities					
Trade and other payables	(i)	2,756,220	2,756,220	107,827	107,827
Convertible notes	(iii)	6,854,208	6,854,208	–	–
Total financial liabilities		**9,610,428**	**9,610,428**	**107,827**	**107,827**

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

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

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

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

NOTE 29: RESERVES

a. Foreign Currency Translation Reserve

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

b. Option Reserve

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

NOTE 30: COMPANY DETAILS

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

Level 2
224 Queen Street
Melbourne VIC 3000
Australia

The Company's principal office is located at:

119 Willoughby Rd
Crows Nest NSW 2065
Australia.

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

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 29 to 71, are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards;

    b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated group; and

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

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

    a. the financial records of the company for the 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.

John A Fillmore

Chairman

Dated this 30th day of September 2010

INDEPENDENT AUDITOR'S REPORT
to the Members of Metminco Limited

Grant Thornton

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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 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report 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 are 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. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.
Auditor's responsibility

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

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

Grant Thornton

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 have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

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

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 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 the notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Metminco Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Director – Audit & Assurance

Sydney, 30 September 2010

SHAREHOLDER INFORMATION

1. Shareholding

a. Distribution of shareholders

Category SIZE OF HOLDING	Ordinary NUMBER
1 – 1,000	19
1,001 – 5,000	122
5,001 – 10,000	209
10,001 – 100,000	675
100,001 – and over	321
	1346

b. The number of shareholdings held in less than marketable parcels is 29.

c. The names of the substantial shareholders listed in the holding company's register as at 6 October 2010 are:

Category SHAREHOLDER	Ordinary NUMBER
Highland Holdings Resources	150,000,000
Junior Investment Company	132,787,500
Mining Investment Services	62,400,000

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.	HSBC Custody Nominees	152,611,910	18.27
2.	Highland Holdings Resources Inc	150,000,000	17.96
3.	Mining Investment Services (ATF WSE Superannuation Fund)	49,600,000	5.94
4.	Computershare Clearing Pty Ltd	44,145,021	5.29
5.	Tangarry Pty Ltd	41,066,664	4.92
6.	NJ Howe & WJ Howe (ATF Howe Superannuation Fund)	30,800,000	3.69
7.	National Nominees Limited	28,969,213	3.47
8.	Wilnic Pty Ltd	17,464,168	2.09
9.	Mr Maxwell James Green	15,600,000	1.87
10.	Mining Investment Services	12,800,000	1.53
11.	Mr M. James Green & RL Green (ATF Green Superannuation Fund)	10,400,000	1.25
12.	Chile Copper Mine Pty Ltd	10,266,668	1.23
13.	RBC Dexia Investor Services	9,699,854	1.16
14.	Monetti Pty Ltd	8,449,526	1.01
15.	Nutsville Pty Ltd	5,850,000	0.70
16.	JBN Holdings Pty Ltd	5,679,492	0.68
17.	Mr Colin Sinclair & Ms Maria Jaureguiberry (Sinclair Family S/F A/C)	5,578,956	0.67
18.	Hammerfest Investments	5,566,668	0.67
19.	Mr Neville Joel Katz	5,130,952	0.61
20.	Mr John Daniel Powell	5,110,066	0.61
		614,789,158	**73.62**

Percentage holding of twenty largest shareholders is 73.62%

Total ordinary fully paid shares on issue: 835,258,549 shares

f. 20 largest optionholders – Options expiring 4 December 2012 (exercise price 25 cents)

	NAME	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1.	Surpion Pty Ltd	1,100,000	4.0
2.	Mr John Daniel Powell	1,100,000	4.0
3.	Kelmist Pty Ltd	1,099,999	4.0
4.	Mr Mark William Bolton	1,050,000	3.9
5.	Rylet Pty Ltd	1,043,439	3.8
6.	Mr Shane Gordon Turner	1,000,000	3.7
7.	Victoria House Investments Pty	1,000,000	3.7
8.	Mr Leslie Robert Knight (Knight Super Fudn A/C)	845,000	3.1
9.	Aznanob Pty Ltd	835,000	3.1
10.	Notemarl Pty Ltd	800,000	2.9
11.	Mr Werner Damm	800,000	2.9
12.	Minico Pty Ltd	740,000	2.7
13.	Brahman Pastoral Pty Ltd	650,000	2.4
14.	Citicorp Nominees Pty Ltd	522,500	1.9
15.	Pethol (Vic) Pty Lty	500,000	1.8
16.	Ms Sonia Popovic	500,000	1.8
17.	Mr Rodney Laurence Staggard (DLB Superannution Fund A/C)	500,000	1.8
18.	Mr Clarke Barnett Dudley	438,000	1.6
19.	Mr John Richard Hassell (The Hassell S/F A/C)	430,000	1.6
20.	Tigerland Investments Pty Ltd	382,400	1.4
		15,336,338	**56.1**

Percentage holding of twenty largest optionholders is 56.10%
Total options expiring 4 December 2012 on issue: 27,230,017 options

g. As at 6 October 2010 the Company had on issue 4,500,000 unlisted options exercisable at 30 cents share per fully paid ordinary on or before 31 July 2012 to Chalmsbury Nominees Pty Ltd (Black A/C).

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

3. The registered office in Australia is:

Level 2
224 Queen Street
Melbourne VIC 3000
Australia

The principal office in Australia is:

119 Willoughby Rd
Crows Nest
Sydney NSW 2065
Australia
Telephone +61 2 9956 3800

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

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited and AIM Market of the London Stock Exchange

6. Unquoted Securities

Options over Unissued Shares

A total of 27,230,017 options are on issue. 21,977,065 options are on issue to 269 holders of ordinary securities. 2,099,999 options are on issue to two directors, one of which retired from office on 31 October 2009.

CORPORATE DIRECTORY

Directors
John Anthony Fillmore *(Chairman)*
William James Howe *(Non Executive Director)*
Timothy Philip Read *(Non Executive Director)*
Francisco Vergara-Irarrazaval *(Non Executive Director)*
William Stirling Etheridge *(Director)*
Phillip John Wing *(Director)*

Company Secretary
Philip Walter Killen

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