

METMINCO LIMITED
REPORT FOR THE HALF YEAR ENDED
30 JUNE 2011
ABN 43 119 759 349

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REPORT OF THE DIRECTORS

The Directors present their report, together with the financial statements of the Group being Metminco Limited (Metminco or the Company) and its controlled entities (Consolidated Group or Metminco Group), for the half year ended 30 June 2011.

Directors

The following persons held the office of Director during the half year ended 30 June 2011:

Antonio Ortúzar (<i>appointed 16 March 2011</i>)	Non Executive Chairman
William Howe	Managing Director
Timothy Read	Non Executive Director
Francisco Vergara-Irarrazaval	Non Executive Director
William Etheridge	Director
Phillip Wing	Director

John Fillmore (*appointed 10 May 2007, resigned as a Director of the Company and Chairman of the Board on 16 March 2011*)

Company Secretary

Philip Killen was the Company Secretary for the half year ended 30 June 2011 and was in office at the date of this report.

Operating results

The loss of the Consolidated Group for the half year ended 30 June 2011 was \$5,274,840 (2010 loss \$5,311,436) after providing for income tax.

REPORT OF THE DIRECTORS continued

Review of operations

The Metminco Group holds 100% equity interests in a portfolio of base and precious metal projects located in the world-class Andean porphyry province of Chile and Peru. A summary of Metminco's projects is given below, with the two most advanced projects being the Los Calatos copper-molybdenum porphyry deposit in southern Peru and the Mollacas copper leach deposit in Region IV, Chile.

The Company's premier project, Los Calatos, is located near and in a similar geological setting to three large operating copper-molybdenum porphyry mines held by other mining groups, namely the Cerro Verde, Cuajone and Toquepala mines (Figure 1).

JORC compliant resources of 926 million tonnes, comprising Indicated Resources of 111 million tonnes at 0.39% copper and 380 ppm (0.038%) molybdenum and Inferred Resources of 815 million tonnes at 0.37% copper and 260 ppm (0.026%) molybdenum have been estimated at Los Calatos at a 0.2% copper cut-off grade.

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

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



Figure 1: Metminco projects in Chile and Peru

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

LOS CALATOS

The Los Calatos Project is located in a historically well defined copper-molybdenum porphyry belt in southern Peru, approximately 80 kilometres due southeast of the important regional city of Arequipa, and approximately 60 kilometres northwest of the town of Moquegua. Tacna, near the Chile border, is approximately 170 kilometres southeast of the project.

Production from mines in this region exceeded 600,000 tonnes of copper metal in 2009. With the proposed upgrade to the Toquepala, Cuajone and Cerro Verde mines and the development of the Tia Maria and Quellaveco mines, production from this belt is anticipated to increase to more than 1.2 million tonnes of copper metal per annum. Molybdenum is a significant byproduct of copper mining from this belt (refer Figure 2).

The project is included within 26 granted exploration licences covering 214 square kilometres, and is accessed by sealed road (Pan American Highway) from Moquegua and Arequipa, except for the last 50 kilometres which is unsealed. The port of Ilo is located approximately 160 kilometres by road to the south of the project area. The project area is located at an altitude of approximately 2,900 metres above sea level.

Metminco is currently undertaking a 50,000 metre diamond third phase drilling program at the Los Calatos Project which commenced in December 2010. The program is designed to infill and extend the current resources of the Los Calatos porphyry system, and to test a number of new targets identified by surface mapping, and geochemical and geophysical surveys.

The main area of interest at Los Calatos is defined at surface by a 3.3 kilometre long by up to 1 kilometre wide northwesterly trending zone of advanced argillic alteration or "LIX capping" (Figure 3). This LIX-capping overlies a sub-vertical porphyry system that is developed to drilled depths in excess of 1,700 metres.

Five drill rigs are currently operating on site, with a further drill rig being requested in order to expedite the completion of the phase 3 drill program of which 13 holes have been completed for a total of 18,200 metres (Table 1). Inclined diamond drilling has been undertaken to vertical depths in excess of some 1,700 metres in order to test the full extent of the mineralisation associated with the porphyry system evident at Los Calatos.

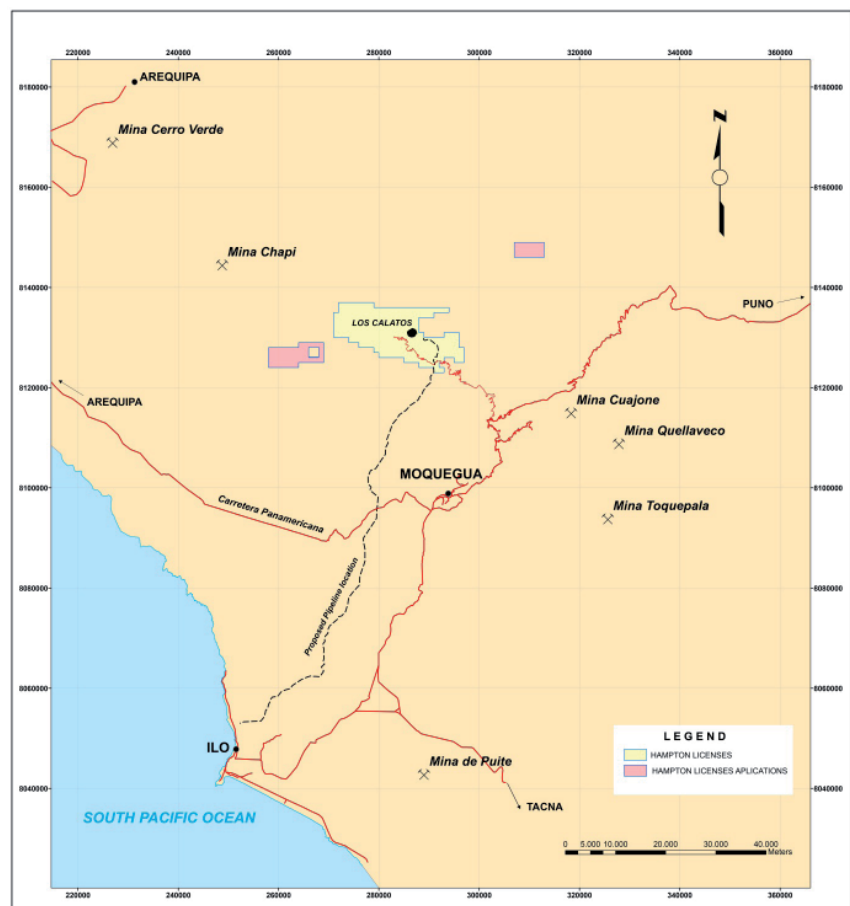


Figure 2: Los Calatos copper-molybdenum project – location near other porphyry deposits, far south Peru.

REPORT OF THE DIRECTORS continued

Table 1 : Los Calatos Project: Summary of Phase 3 drill hole results (20 August 2011)

HOLE ID	EASTING	NORTHING	RL	AZIMUTH	DIP	HOLE DEPTH	DEPTH		INTERVAL	Cu	Mo
							FROM	TO			
	m	m	m	degrees	degrees	m	m	m	m	%	ppm
CD 24	286812	8130982	2964	360	-65	1034.6	26	118	92	0.29	20
							118	265	147	0.24	210
							339	907	568	0.49	649
						includes	542	612	70	1.02	620
							918	943	25	0.49	260
							959	972	13	0.55	130
							978	984	6	0.62	90
						cumulative	851m @ 0.43% Cu and 482ppm Mo				
CD 25	286715	8130888	2982	360	-60	908.95	75	94	19	0.01	350
							192	617	425	0.52	1360
							628	833	205	0.98	1690
						includes	637	772	136	1.21	2190
						cumulative	630m @ 0.67% Cu and 1467ppm Mo				
CD 26	286618	8131028	2987	220	-60	1041	94	111	17	0.22	20
CD 27											
	287124	8131641	3016	220	-60	1940	770	778	8	0.22	0
							816	826	10	0.16	0
							847	869	22	0.39	70
							877	916	39	0.44	720
							931	1037	106	0.51	670
							1037	1124	87	0.83	560
							1139	1940	801	0.37	118
						cumulative	1,073m @ 0.42% Cu and 226ppm Mo				
CD 28	287405	8130896	2924	219.9	-60.3	1212	231	274	43	0.20	20
							285	342	57	0.54	60
							370	374	4	0.28	10
							418	434	16	0.2	110
							853	1068	215	0.57	90
						cumulative	335m @ 0.50% Cu and 73ppm Mo				
CD 29	287712	8131257	2924	220	-60	1250	1035	1166	131	0.19	20
CD 30	287207	8130602	2943	220	-60	850	144	177	33	0.43	40
CD 31	286876	8131286	2956	220	-60	1769	16	32	16	0.13	0
							59	314	255	1.68	310
						includes	125	262	137	2.79	520
							328	475	147	0.23	126
							481	944	463	0.31	344
						includes	875	944	69	0.43	1040
							944	1419	475	0.52	512
							1419	1446	27	0.34	250
							1446	1555	109	0.43	190
							1555	1646	91	0.40	240
							1646	1728	82	0.54	350
							1728	1769	41	0.48	450
						cumulative	1,690m @ 0.60% Cu and 346ppm Mo				
CD 32	287715	8131260	2938	220	-70	1463	1338	1436	98	0.14	10
							1448	1463	15	0.29	30
CD 33	287153	8131250		220	-60	1319	537	782	245	0.40	402
							1082	1095	13	0.25	0
							1204	1319	115	0.35	207
						cumulative	373m @ 0.38% Cu and 328ppm Mo				

LOS CALATOS continued

The block model used in the estimation of the Mineral Resource announced in July 2010 (see section: Resource Inventory) included holes drilled to a vertical depth of 1,100 metres, and a width of mineralisation of up to 500 metres. The current drilling program has returned results showing that significant intercepts of copper and molybdenum mineralisation have been encountered down to vertical depths approaching 1,700 metres below surface, and widths varying from 700 metres at shallow depths widening to approximately 1,000 metres at 1,500 metres below surface in the central part of the porphyry system. Furthermore, some of the holes drilled in the current program have intercepted significant mineralisation from shallow depths which may enhance the early cash flows of any possible future development at the Los Calatos Project.

Four drill holes are in progress for a further 6,300 metres, and an additional 9 drill holes totalling 13,200 metres, are planned to define the mineralisation limits for a total of 37,350 metres. On completion of these drill holes Metminco will be in a position to evaluate the requirement for in-fill drilling to fully determine the resource outline.

On completion of these in-fill drill holes, Metminco expects to be in a position to complete an updated Mineral Resource estimate scheduled for completion during 2012, and thereafter commission a pre-feasibility study on the project.

In addition, extensive regional scale mapping, geochemical traverse sampling and geophysical surveys have been undertaken by the Company over the last three years, covering a large part of the exploration licences. This work has identified eight significant surface alteration and geochemically and geophysically anomalous zones which collectively fall within a porphyry 'cluster'.

On 11 July 2011 the Company announced that the Los Calatos Project had been declared a "Project of National Interest" by the Peruvian Government.

A "Project of National Interest" is an exceptional designation that allows Metminco's wholly owned subsidiary, Minera Hampton Peru SAC, to acquire surface title to the Los Calatos project tenements, which are located on State-owned barren lands, by direct purchase from the Peruvian government. The general rule is that State-owned property can only be transferred by a public auction.

This designation only applies in circumstances where the project's feasibility and economic benefit for the country can be demonstrated to the Peruvian government.

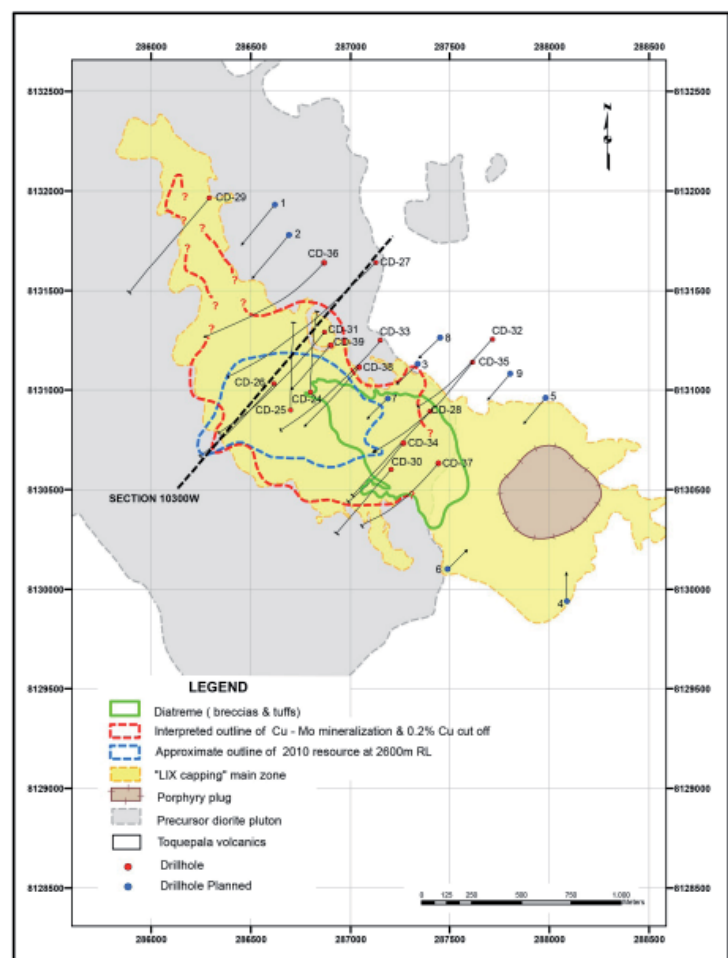


Figure 3 : LIX capping over the Los Calatos porphyry system

REPORT OF THE DIRECTORS continued

MOLLACAS

The Mollacas Project covers an area of 33 square kilometres and is located at an elevation of approximately 1,500 metres above sea level in Region IV Chile, approximately 65 kilometres east of the town of Ovalle. The Mollacas Project is 160 kilometres by road from the important port of La Serena, and approximately 450 kilometres north of Santiago (Figure 1).

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

A Scoping Study undertaken by SRK Consulting, Chile, in 2008 estimated that current resources (see section: Resource Inventory) at Mollacas could be mined over a 7 year mine life producing approximately 13,500 tonnes per annum cathode at a unit operating cost of approximately US\$0.91 per pound. At a copper price of US\$2.50/pound the Net Present Value of the project is estimated as US\$103 million at a Discount Rate of 8% with an Internal Rate of Return of 70%.

In November 2008, Hampton completed a 3,970 metre drilling program, providing material for leach testing. Detailed column leach testwork on oxide and supergene ores for the Mollacas deposit, undertaken by CIMM laboratories in Santiago, was completed in late October 2010. Analysis of the leach results indicated recoveries of up to 80% of soluble copper or up to 72% of total copper.

Metminco commenced a drilling program in late June 2011 comprising 3,000 metres of diamond drilling at the Mollacas Project to provide drill data for conversion of mineral resources at Mollacas to measured and indicated status and to provide sufficient material for further metallurgical testwork. Two drill rigs are currently operating at Mollacas with a third scheduled to commence during September 2011. The metallurgical testwork will provide information for leaching and solvent extraction/electrowinning design, and will refine copper recoveries and provide more accurate estimates of operating and capital costs.

In addition, reverse circulation drilling of 12 holes for 2,000 metres will be undertaken to provide clearance for infrastructure development and for hydrogeological and hydrological studies. Base line environmental studies have also commenced.

The Company is in the process of purchasing land adjacent to the deposit in preparation for the future development of the project (Figure 4).



Figure 4: View looking east over the Mollacas copper leach SXEW project showing drilled deposit and valley to west (foreground), proposed site for leach pads and plant.

VALLECILLO

The Vallecillo Project covers an area of 179 square kilometres (including recent applications), and is located at an elevation of approximately 2,500 metres above sea level, 50 kilometres northeast of Ovalle and 25 kilometres north of the Mollacas Project (Figure 1).

The Vallecillo Project contains porphyry and porphyry related base and precious metal mineralisation. JORC compliant resources have been defined for gold-zinc breccia mineralisation within the La Colorada deposit (see section: Resource Inventory).

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

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

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

A geophysical survey comprising induced polarisation, resistivity and ground magnetics has been scheduled for completion over these exploration areas to assist in refining targets which are to be drilled during the last quarter of 2011.

Figure 5:

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

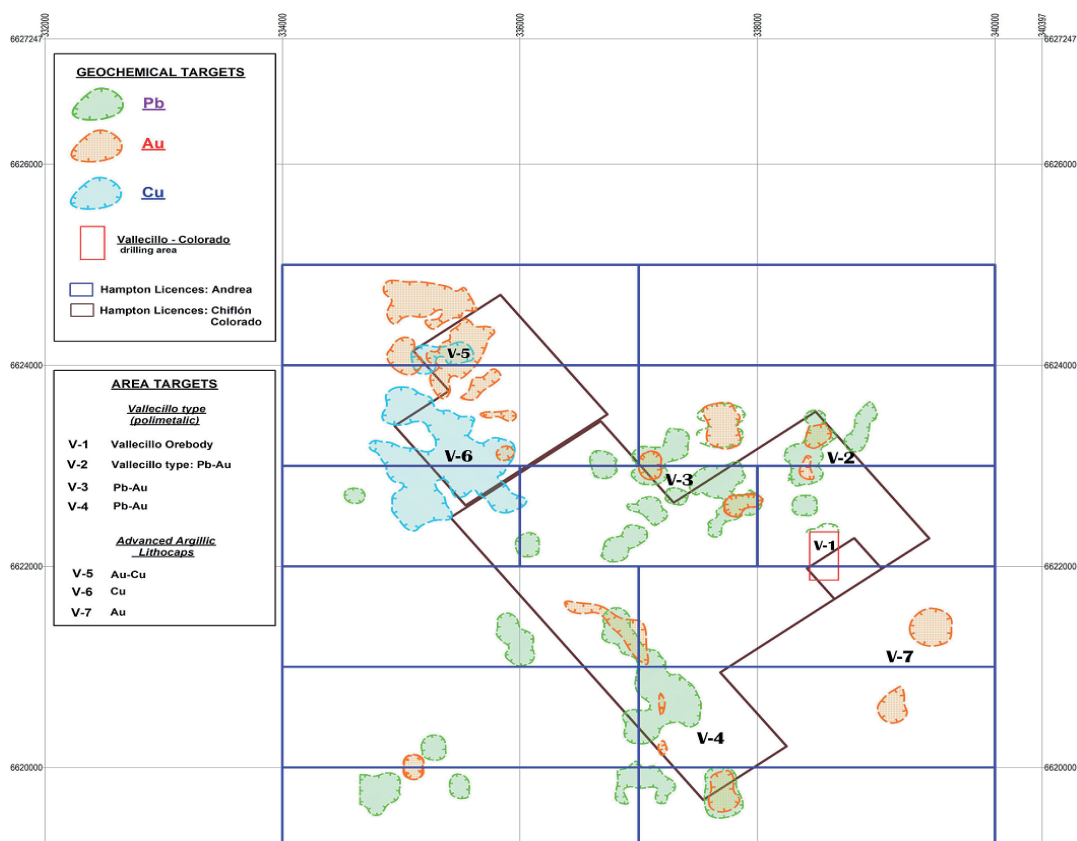
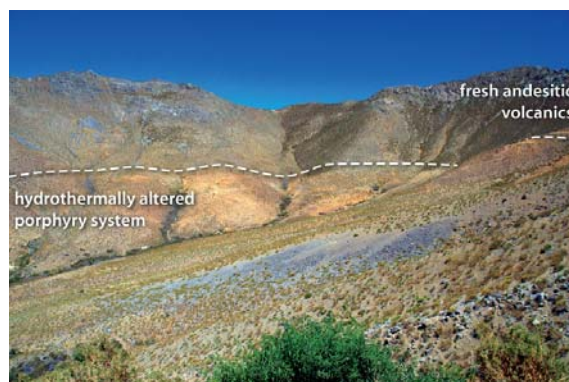


Figure 6: Vallecillo project: Plan showing granted and application leases and current exploration targets (Pb/Au/Cu)

REPORT OF THE DIRECTORS continued

CAMARON

The Camaron Project covers an area of approximately 130 square kilometres and is located at an elevation of 1,500 metres above sea level approximately 40 kilometres to the north of the Vallecillo Project, some 20 kilometres south of the town of Vicuna and 60 kilometres to the east of the port of La Serena. The Company holds 100 square kilometres of tenements in its own right and has an option to purchase 100% of the remaining 30 square kilometres of tenements (Figure 1).

Broad-spaced grid geochemical mapping and sampling completed in late 2009 returned significant copper, gold and molybdenum values and identified a number of drill targets.

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

A geophysical survey comprising induced polarisation, resistivity and ground magnetics has been scheduled for completion over portions of this area to assist in refining targets which are to be drilled during the last quarter of 2011.

LA PIEDRA

The Company has entered into an option agreement to purchase a 100% interest in the La Piedra Project, located at an elevation of 2,500 to 3,500 metres above sea level in Region V, approximately 75 kilometres to the northeast of Chile's capital city, Santiago (Figure 1).

The La Piedra tenements cover an area of 60.5 square kilometres and include a number of hydrothermal alteration zones. The most significant of which measures in excess of 2 kilometres in length and 1 kilometre in width, and is exposed at surface over a vertical distance of approximately 600 metres. Hydrothermal breccias and porphyry intrusives are the dominant rock types associated with the alteration zones.

Metminco plans to complete a surface mapping and sampling program as well as a surface geophysical survey (ground magnetics and induced polarisation and resistivity) by the end of the last quarter of 2011, prior to initiating a drilling program to evaluate the identified copper and molybdenum anomalies.

ISIDRO

The Isidro Project, which is located immediately north and east of Vicuna and hence north of the Camaron Project, covers an area of approximately 250 square kilometres: 230 square kilometres of which are 100% owned by the Company; and the remaining 20 square kilometres is held by SCM San Lorenzo which is 50% owned by Metminco (Figure 1).

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

Future exploration will comprise regional reconnaissance, prospect scale mapping and geochemical sampling assisted by satellite imagery to define drill targets. A maiden drilling program is scheduled to commence in 2012.

LOICA

The Loica Project covers an area of 35 square kilometres and is located approximately 100 kilometres southeast of Ovalle (Figure 1). It comprises a large copper-molybdenum porphyry system, approximately 4 kilometres long, and is oriented north-south. The Company's drilling of the upper part of the Loica system in 2007 intersected significant widths of low grade Cu-Mo mineralisation.

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

OTHER AREAS

Reconnaissance exploration activities are being planned for areas currently held under application over the Caldera (42 square kilometres) in the Arica, and Jaspe (14 square kilometres) in the Antofagasta area of northern Chile.

REPORT OF THE DIRECTORS continued

RESOURCE INVENTORY

Mineral resource estimates as at 30 June 2011

PROJECT	CATEGORY	RESOURCE	GRADE		CONTAINED TONNES	
			COPPER	MOLYBDENUM	COPPER EQUIVALENT METAL ⁴	
		million tonnes	%	%	million tonnes	million pounds
LOS CALATOS ¹	INDICATED	111.26	0.39	0.038	0.65	1,422.71
	INFERRED	814.97	0.37	0.026	4.07	8,983.50
MOLLACAS ²	INDICATED	7.21	0.56		0.04	89.05
	INFERRED	9.83	0.52		0.05	112.68

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

NOTES:

- 1 Reported at a 0.2% copper cutoff
- 2 Reported at a 0.2% copper cutoff
- 3 Reported at a 0.3 grams per tonne gold cutoff
- 4 Copper equivalence assumes the copper/molybdenum price ratio of 5:1

Competency Statements

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

The information in this report that relates to Mineral Resources for the Mollacas Project is based on information compiled and reviewed by George G. Even, Principal Geologist of SRK Consulting, Chile (SRK), in Santiago, who is a member of the AusIMM (overseas branch). Mr. Even has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Even consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr. Ernesto Jaramillo, Senior Resource Geologist of SRK Consulting, Chile, performed the updating of the geologic model as well as the estimation and classification of the mineral resources.

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

CORPORATE

A\$30.4 million Capital Raising

On 3 June 2011 the Company completed a capital raising of A\$30.4 million by placement of 80 million new fully paid shares in the Company (Shares) at an issue price of A\$0.38 per Share (Placement). The Placement, which was primarily to institutional investors in Australia, Asia, Chile and the United Kingdom, further broadened Metminco's shareholder base and introduced a number of new "cornerstone" investors to the Company.

The capital raising was completed in two tranches as follows:

- A\$7.6 million by issue of 20 million Shares at an issue price of A\$0.38 per Share completed 6 May 2011; and,
- A\$22.8 million by issue of 60 million Shares at A\$0.38 per Share, approved by shareholders at the Company's Annual General Meeting on 30 May 2011.

BGF Equities acted as the lead manager and underwriter for the Placement.

Acquisition of Los Calatos "buy back right" and purchase of remaining 50% of SCM Ovalle

On 28 April 2011 the Company completed the following transactions, which in the opinion of Directors, significantly strengthened the Company's asset base and enhanced long term shareholder value.

- *Acquisition of Barrick's "buy back right" over 51% of the Los Calatos project*

Barrick Gold Corporation (Barrick) surrendered a conditional once off "buy back right" over certain tenements comprising the Los Calatos project in exchange for 75 million Shares.

The risk that Barrick could exercise this "buy back right", and in doing so acquire 51% of the Los Calatos project for significantly lower than a resources based market value, has now been removed.

- *Purchase of 50% of SCM Ovalle*

The Company purchased a 50% interest in SCM Ovalle from EM Dos resulting in SCM Ovalle becoming a wholly owned subsidiary of Metminco. Metminco now owns 100% of the Mollacas copper leach project, the Vallecillo Au-Zn project and the Loica Cu-Mo deposit.

Metminco paid EM Dos US\$35 (A\$33.9) million satisfied by issue of 70,250,855 Shares and payment of US\$10 million in cash.

Together with the Placement, these transactions removed the complexity and uncertainty surrounding the ownership and the future development timetable of the projects and paves the way for the Company to advance the Los Calatos, Mollacas and Vallecillo projects.

Early repayment of US\$0.5 million convertible notes

Metminco completed early repayment of convertible notes totalling US\$0.5 million by issue of 4,845,000 Shares in satisfaction of the principal value of the convertible notes. The Company also paid US\$80,000 in early repayment fees. As previously announced on 1 April 2010, these notes were entered into by Metminco as part of the A\$20 million capital raising and admission to the AIM Market of the London Stock Exchange. The majority of funds from this capital raising were applied to acquire Junior Investment Company's 31% shareholding in Hampton Mining Limited (Hampton) in May 2010. Hampton became a wholly owned subsidiary of Metminco in December 2010. There are now no convertible notes outstanding.

Option to acquire La Piedra Project

On 30 June 2011, Minera Hampton Chile Limitada (Minera Hampton) entered into an option agreement to purchase a 100% interest in the La Piedra Project (La Piedra Option).

To maintain the La Piedra Option, Minera Hampton is required to make the following option payments:

- US\$350,000 on signing the La Piedra Option (already paid);
- US\$350,000 on before 30 June 2012;
- US\$350,000 on before 30 June 2013;
- US\$1,000,000 on or before 30 June 2014.

To exercise the La Piedra Option, Minera Hampton must pay US\$28 million in cash, or US\$14 million in cash and US\$14 million in Metminco Limited shares (at Metminco Group's election), on or before 30 June 2015.

REPORT OF THE DIRECTORS continued

The La Piedra Option will provide the Metminco Group with sufficient time to evaluate the prospectivity of the La Piedra tenements, and to delineate Mineral Resources, ahead of the option expiry date of 30 June 2015.

Minera Hampton may elect to terminate the La Piedra Option at any time before 30 June 2015.

S&P/ASX 300

On 18 March 2011 Metminco joined the S&P/ASX 300 index which exposes Metminco to stronger institutional investment support and wider investor recognition for its portfolio of assets in Chile and Peru.

Board Changes

On 16 March 2011, Mr Antonio Vicuna Ortuzar (48), a Chilean national and resident, was appointed to the Board of the Company. Mr Ortuzar, a lawyer by profession, is a highly respected figure in the global resources sector and has extensive experience and networks in the financial markets in both North and South America as well as in London. Mr Ortuzar also assumed the role of Chairman of the Board.

Mr Ortuzar's appointment followed the resignation of Mr John Fillmore (founding chairman of Metminco). Mr Fillmore resigned from the Board and as Chairman of the Company in order to focus on his growing Melbourne legal practice and to develop new mining and exploration ventures. John Fillmore provided Metminco with outstanding service as Chairman of the Board.

Matters subsequent to the end of the financial period

Matters subsequent to the end of the financial period follow:

- a) On 11 July 2011 the Company announced that the Los Calatos Project had been declared a "Project of National Interest" by the Peruvian Government.

A "Project of National Interest" is an exceptional designation that allows Metminco's wholly owned subsidiary, Minera CN SAC, to acquire surface title to the Los Calatos project tenements, which are located on State-owned barren lands, by direct purchase from the Peruvian government. The general rule is that State-owned property can only be transferred by a public auction.

This designation only applies in circumstances where the project's feasibility and economic benefit for the country can be demonstrated to the Peruvian government.

Metminco believes the designation of the project as a "Project of National Interest" will significantly assist the Company in procuring the relevant surface rights.

- b) On 26 July 2011 the Company appointed Canaccord Genuity Limited as its Nominated Adviser and Joint Broker on the AIM market, and Liberum Capital Limited as Joint Broker on the AIM market.

Auditor's Independence Declaration

The lead auditor's independence declaration under S307C of the Corporations Act 2001, is set out on page 13 for the half year ended 30 June 2011, and forms part of this report.

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



William Howe
Managing Director

12 September 2011
Sydney

AUDITOR'S INDEPENDENCE DECLARATION to the Directors of Metminco Limited



Grant Thornton

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Auditor's Independence Declaration To The Directors of Metminco Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Metminco Limited for the half-year ended 30 June 2011, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A G Rigele
Director - Audit & Assurance

Sydney, 12 September 2011

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STATEMENTS OF COMPREHENSIVE INCOME

for the half year ended 30 June 2011

	NOTE	30 JUNE 2011 \$	30 JUNE 2010 \$
Revenue			
Interest revenue		207,626	26,381
Gain on consolidation of subsidiary		–	600,062
Realised fair value loss on convertible notes		(66,649)	(2,185,129)
Unrealised fair value adjustment on equity swap		(268,243)	(96,625)
Finance costs		(610,767)	(360,810)
Foreign exchange gain/(loss)		(284,043)	170,942
Administration expenses		(281,198)	(1,281,753)
Corporate expenses		(3,751,406)	(1,264,467)
Occupancy expense		(220,160)	(68,871)
Exploration expenditure impaired		–	(578,637)
Share of net loss of associates and joint ventures		–	(272,529)
Loss before income tax	2	(5,274,840)	(5,311,436)
Income tax expense		–	–
Loss for the period		(5,274,840)	(5,311,436)
Other comprehensive income			
Exchange differences on translating foreign controlled entities		(1,803,497)	1,599,074
Total comprehensive loss		(7,078,337)	(3,712,362)
Loss attributable to:			
Members of the parent entity		(5,274,840)	(5,043,459)
Non controlling interests		–	(267,977)
		(5,274,840)	(5,311,436)
Total comprehensive loss attributable to:			
Members of the parent entity		(7,078,337)	(3,933,511)
Non controlling interests		–	221,149
		(7,078,337)	(3,712,362)
Loss per share			
Basic loss per share (cents)		(0.40)	(0.69)
Diluted loss per share		(0.40)	(0.69)

The accompanying notes form part of these financial statements

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2011

	NOTE	30 JUNE 2011 \$	31 DECEMBER 2010 \$
ASSETS			
Current assets			
Cash and cash equivalents		31,436,784	23,189,432
Trade and other receivables		1,935,327	1,999,828
Equity swap derivative		1,012,511	1,648,388
Other assets		43,151	196,571
Total current assets		34,427,773	27,034,219
Non-current assets			
Trade and other receivables		2,877,217	3,340,018
Equity swap derivative		–	465,147
Investments accounted for using equity method		2,830,596	4,160,154
Property, plant and equipment	4	2,845,936	669,378
Exploration and evaluation expenditure	5	170,723,193	102,297,461
Total non-current assets		179,276,942	110,932,158
TOTAL ASSETS		213,704,715	137,966,377
LIABILITIES			
Current liabilities			
Trade and other payables		2,435,233	2,021,494
Short term provisions		165,538	73,382
Total current liabilities		2,600,771	2,094,876
Non-current liabilities			
Financial liabilities	7	–	1,701,892
Total non-current liabilities		–	1,701,892
TOTAL LIABILITIES		2,600,771	3,796,768
NET ASSETS		211,103,944	134,169,609
EQUITY			
Issued capital	9	280,514,496	196,501,824
Reserves		(41,793,940)	(39,990,443)
Accumulated losses		(27,616,612)	(22,341,772)
TOTAL EQUITY		211,103,944	134,169,609

The accompanying notes form part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

for the half year ended 30 June 2011

	NOTE	ISSUED CAPITAL \$	ACCUMULATED LOSSES \$	OPTION RESERVE \$	FOREIGN CURRENCY TRANSLATION RESERVE \$	ACQUISITION RESERVE	NON- CONTROLLING INTERESTS \$	TOTAL \$
Total equity at								
1 January 2010		48,220,524	(6,157,407)	302,628	-	-	-	42,366,745
Loss attributable to members of the parent entity		-	(5,043,459)	-	-	-	-	(5,043,459)
Loss attributable to non-controlling interest		-	-	-	-	-	(267,977)	(267,977)
Other comprehensive income		-	-	-	1,109,948	-	489,126	1,599,074
Total comprehensive income for the period		-	(5,043,459)	-	1,109,948	-	221,149	(3,712,362)
Recognition of non-controlling interest in Hampton		-	-	-	-	-	9,371,502	9,371,502
Shares issued during the period	9	58,703,123	-	-	-	-	-	58,703,123
Transaction costs		(789,713)	-	-	-	-	-	(789,713)
Total equity at 30 June 2010		106,133,934	(11,200,866)	302,628	1,109,948	-	9,592,651	105,938,295
Total equity at								
1 January 2011		196,501,824	(22,341,772)	3,032,656	(1,516,437)	(41,506,662)	-	134,169,609
Loss attributable to members of the parent entity		-	(5,274,840)	-	-	-	-	(5,274,840)
Other comprehensive income		-	-	-	(1,803,497)	-	-	(1,803,497)
Total comprehensive income for the period		-	(5,274,840)	-	(1,803,497)	-	-	(7,078,337)
Shares issued during the half year	9	85,683,630	-	-	-	-	-	85,683,630
Transaction costs		(1,670,958)	-	-	-	-	-	(1,670,958)
Total equity at 30 June 2011		280,514,496	(27,616,612)	3,032,656	(3,319,934)	(41,506,662)	-	211,103,944

The accompanying notes form part of these financial statements

STATEMENTS OF CASH FLOWS

for the half year ended 30 June 2011

	NOTE	30 JUNE 2011	30 JUNE 2010
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(3,559,785)	(2,235,385)
Interest received		207,626	26,828
Finance cash used in operating activities		(81,859)	(173,304)
Net cash used in operating activities		(3,434,018)	(2,381,861)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,224,520)	–
Proceeds from sale of assets		–	13,998
Payments for exploration expenditure		(6,165,871)	(1,376,882)
Payment for subsidiaries net of cash acquired		(10,144,360)	(13,131,228)
Net cash used in investing activities		(18,534,751)	(14,494,112)
Cash flows from financing activities			
Proceeds from issue of shares		30,400,000	12,348,235
Proceeds from borrowing		–	4,407,334
Payment in respect to capital raising		(1,670,958)	(789,713)
Proceeds from equity swap		1,843,772	156,251
Proceeds from issue of shares to non-controlling interest by subsidiary		–	31,584
Net cash provided by financing activities		30,572,814	16,153,691
Net increase/(decrease) in cash held		8,604,045	(722,282)
Effect of exchange rates on cash holdings in foreign currencies		(356,693)	324,840
Cash and cash equivalents at beginning of half year		23,189,432	2,556,870
Cash and cash equivalents at end of half year		31,436,784	2,159,428

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

Reporting entity

Metminco Limited is a company domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 30 June 2011 comprises the Company and its controlled entities.

The consolidated annual financial report of the consolidated entity for the period ended 31 December 2010 was authorised for issue by the Directors on 31 March 2011 and is available upon request from the Company's registered office at Level 6, 122 Walker St, North Sydney 2060, Australia or from the Company's website at www.metminco.com.au.

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

Statement of Compliance

This general purpose financial report for the half year ended 30 June 2011 has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134 Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report does not include all the notes of the type normally included in an annual financial report.

Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Metminco Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Significant Accounting Policies

The accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are consistent with those applied by the consolidated entity in its annual financial report for the year ended 31 December 2010.

Going concern basis of accounting

The Consolidated Group made a loss for the financial year. The Consolidated Group is an exploration entity without an operating cash flow and the net cash position of the Consolidated Group will continue to decrease until such time as the Group has an operating cashflow.

The Consolidated 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 Consolidated Group has sufficient cash reserves to maintain its current portfolio and meet its debts as and when they fall due.

NOTE 2: LOSS FOR THE PERIOD

Expenses

Expenses from continuing operations:

AIM listing costs

Employee and Directors' benefits expense

Depreciation and amortisation

6 MONTHS ENDED 30 JUNE 2011	6 MONTHS ENDED 30 JUNE 2010
\$	\$
–	(1,164,478)
(2,248,217)	(738,718)
(47,962)	(74,044)

NOTE 3: CONTROLLED ENTITIES

		COUNTRY OF INCORPORATION	PERCENTAGE OWNED	
			30 JUNE 2011 %	31 DECEMBER 2010 %
a. Controlled entities consolidated				
<i>Subsidiaries of Metminco Limited:</i>				
Hampton Mining Limited	Australia	100	100	
Metminco Chile Limitada	Chile	100	100	
North Hill Holdings Group Inc	British Virgin Islands	100	100	
<i>Wholly owned subsidiaries of Hampton:</i>				
Hampton Mining Peru SAC ²	Peru	0	100	
Minera Hampton Chile Limitada ³	Chile	0	100	
<i>Wholly owned subsidiaries of North Hill:</i>				
Cerro Norte Mining Inc	British Virgin Islands	100	100	
North Hill Ovalle Inc ¹	British Virgin Islands	100	0	
North Hill Peru Inc ¹	British Virgin Islands	100	0	
North Hill Colombia Inc ¹	British Virgin Islands	100	0	
Minera Cerro Norte SA ²	Peru	0	100	
Minera CN SAC ²	Peru	100	100	
Minera Hampton Chile Limitada ³	Chile	100	0	
SCM Ovalle ⁴	Chile	100	50	

1 Entities incorporated during the period

2 Entities were merged to form one company - Minera CN SAC (subsequently renamed Minera Hampton Peru SAC)

3 Hampton Mining Limited sold 100% of Minera Hampton Chile Limitada to North Hill Ovalle Inc

4 Equity previously equity-accounted, however consolidated as at 30 June 2011

b. Acquisition with respect of controlled entities

On 28 April 11, North Hill Ovalle Inc acquired a 50% ownership interest in SCM Ovalle Hampton. The acquisition resulted in Metminco having ownership of 100% and control of SCM Ovalle. As at 30 June 2011 this acquisition has been provisionally accounted for and has not yet been allocated to specific areas of interest.

On 28 April 11, Barrick Gold Corporation (Barrick) surrendered a potential right to purchase 51% of the issued capital of Minera CN SAC for 200% of expenditure incurred on the Los Calatos Project in exchange for 75 million Metminco Shares.

<i>Acquisition of SCM Ovalle</i>	FAIR VALUE \$
Purchase consideration:	
Initial investment	1,349,229
Cash	9,414,800
Ordinary shares	24,510,523
	35,274,552
Less:	
Receivables	9,354
Property, plant and equipment	6,457
Exploration expenditure	35,258,741
Identifiable assets acquired	35,274,552

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 3: CONTROLLED ENTITIES continued

Acquisition of Barrick's potential "buy back right" of 51% of Minera CN SAC

FAIR VALUE
\$

Purchase consideration:

Metminco Shares

28,500,000

Identifiable assets acquired

28,500,000

- (i) A 50% interest in SCM Ovalle was held by non controlling interests at 31 December 2010. The Consolidated Group held 100% of issued capital of Minera CN SAC.
- (ii) The Directors believe the receivables are fully recoverable and no provision for impairment is required.
- (iii) Included within corporate costs in the statement of comprehensive income are acquisition related costs totaling approximately \$50,000. The costs include advisory, legal, accounting and other professional fees.
- (iv) The financial statements of SCM Ovalle and Minera CN SAC are prepared for the year ended 31 December. This reporting period aligns with the reporting periods of the Consolidated Group.
- (v) The consolidated loss of SCM Ovalle included in the Consolidated Group loss since the acquisition date is nil. If the consolidated results of SCM Ovalle had been consolidated from 1 January 2011, the loss of the consolidated Group would have been \$5,374,844.
- (vi) The consolidated loss of Minera CN SAC is included on a 100% basis in the Consolidated Group loss for the period.
- (vii) The fair value of the Company's Shares was derived from their trading price on the ASX at the date of acquisition.
- (viii) The number of Shares issued for the acquisition of SCM Ovalle was 70,250,855 and the number of Shares issued for the acquisition of Barrick's potential right to purchase a 51% interest in Minera CN SAC was 75,000,000.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Land

At cost

Total land

Plant and equipment

At cost

Accumulated depreciation

Total plant and equipment

Total property, plant and equipment

Reconciliations

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

Land

Carrying amount at beginning of period

Additions through acquisition of entity

Impact of foreign exchange movement on balance at beginning of period

Carrying amount of at end of period

Plant and equipment

Carrying amount at beginning of period

Additions

Disposals

Additions through acquisition of entity

Impact of foreign exchange movement on balance at beginning of period

Depreciation

Carrying amount of plant and equipment at end of period

Carrying amount at end of period

	30 JUNE 2011 \$	31 DECEMBER 2010 \$
At cost	2,121,351	314,111
Total land	2,121,351	314,111
At cost	944,702	548,017
Accumulated depreciation	(220,117)	(192,750)
Total plant and equipment	724,585	355,267
Total property, plant and equipment	2,845,936	669,378
Carrying amount at beginning of period	314,111	372,629
Additions through acquisition of entity	1,838,668	–
Impact of foreign exchange movement on balance at beginning of period	(31,428)	(58,518)
Carrying amount of at end of period	2,121,351	314,111
Carrying amount at beginning of period	669,378	447,832
Additions	385,852	11,160
Disposals	–	–
Additions through acquisition of entity	6,457	–
Impact of foreign exchange movement on balance at beginning of period	(289,140)	(24,717)
Depreciation	(47,962)	(79,008)
Carrying amount of plant and equipment at end of period	724,585	355,267
Carrying amount at end of period	2,845,936	669,378

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of areas of interest in:

- exploration and evaluation phases at the end of half year

Reconciliations

Carrying amount at the beginning of period

Expenditure incurred during current period

Additions through acquisition of entity and acquisition of potential 'buy back right'

Impact of foreign exchange movement during the period

Exploration written off

Carrying amount at the end of half year

30 JUNE 2011	31 DECEMBER 2010
\$	\$
170,723,193	102,297,461
102,297,461	101,608,247
6,165,871	3,388,601
63,758,741	–
(1,498,880)	(2,689,512)
–	(9,875)
170,723,193	102,297,461

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

Capitalised costs amounting to \$6,165,871 (for the six months ended 31 December 2010: \$3,388,601) have been included in cash flows from investing activities.

NOTE 6: RECEIVABLES AND DERIVATIVES

The Company entered into a subscription agreement, an equity swap confirmation, an interest rate swap confirmation and a credit support agreement on 1 April 2010. Pursuant to these agreements the Company issued 25,000,000 shares at 9p per share for an aggregate subscription amount of £2,250,000. As security for the proceeds of these shares the recipient of the shares has placed £2,250,000 in government bonds with an escrow agent as security for the proceeds receivable.

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

The secured equity swap receivable is measured at amortised cost.

Fair Value of Equity Swap

The derivative from the equity swap is assessed on recoverability according to the terms of the equity swap agreement. A fair value gain / (loss) has been taken to the Statement of Comprehensive Income and amounts to the unrealised loss of \$268,243. The fair value of the equity swap is based on the future discounted cash flow assuming the 30 day VWAP of shares, GBP/AUD exchange rate and applicable United Kingdom interest rate as at 30 June 2011 (31 December 2010: 90day VWAP).

NOTE 7: FINANCIAL LIABILITIES

Convertible loan facility

During the half year ended 30 June 2011, Metminco completed early repayment of convertible notes totalling US\$0.5 million by issue of 4,845,000 Shares in satisfaction of principal. The Company also paid US\$80,000 in early repayment fees. As previously announced on 1 April 2010, these notes were entered into by Metminco as part of the A\$20 million capital raising and admission to the AIM Market of the London Stock Exchange. The majority of funds from this capital raising were applied to acquire Junior Investment Company's 31% stake in Hampton Mining Limited (Hampton) in May 2010 and with it a controlling interest in Hampton, which in turn lead to Hampton becoming a wholly owned subsidiary of Metminco in December 2010. There are now no convertible notes outstanding.

NOTE 8: DIVIDENDS

The company resolved not to pay or declare any dividends in the period ended 30 June 2011 (2010: \$ nil).

NOTE 9: ISSUED CAPITAL

1,462,616,146 (31 December 2010: 1,231,107,839)
fully paid ordinary shares

a. Movements in ordinary shares

	30 JUNE 2011 \$	31 DECEMBER 2010 \$
	196,501,824	106,133,934
Opening balance	196,501,824	106,133,934
Shares issued		
– 1 July 2010	–	1,425,000
– 19 July 2010	–	3,251,665
– 28 July 2010	–	3,225,937
– 1 October 2010	–	274,886
– 29 November 2010	–	29,500,000
– 3 December 2010	–	41,525,286
– 3 December 2010	–	405,000
– 3 December 2010	–	3,125
– 17 December 2010	–	35
– 24 December 2010	–	10,690,526
– 31 December 2010	–	66,430
– 31 March 2011	60,626	–
– 19 April 2011	450,000	–
– 28 April 2011	28,500,000	–
– 28 April 2011	24,510,523	–
– 3 May 2011	7,600,000	–
– 26 May 2011	18,281	–
– 26 May 2011	1,744,200	–
– 6 June 2011	22,800,000	–
Costs of capital raising	(1,670,958)	–
Closing balance	280,514,496	196,501,824

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 9: ISSUED CAPITAL continued

Ordinary shares

	30 JUNE 2011 NO.	31 DECEMBER 2010 NO.
At beginning of the reporting period	1,231,107,839	778,862,608
Shares issued during reporting period		
– 1 July 2010	–	1,556,360
– 1 July 2010	–	9,999,999
– 19 July 2010	–	23,333,334
– 28 July 2010	–	21,506,248
– 1 October 2010	–	1,374,430
– 29 November 2010	–	150,000,000
– 3 December 2010	–	212,834,076
– 3 December 2010	–	1,350,000
– 3 December 2010	–	12,500
– 17 December 2010	–	100
– 24 December 2010	–	30,114,160
– 31 December 2010	–	164,024
– 31 March 2011	161,671	–
– 19 April 2011	1,200,000	–
– 28 April 2011	75,000,000	–
– 28 April 2011	70,250,855	–
– 3 May 2011	20,000,000	–
– 26 May 2011	50,781	–
– 26 May 2011	4,845,000	–
– 6 June 2011	60,000,000	–
At reporting date	1,462,616,146	1,231,107,839

On 31 March 2011 the Company issued 161,671 shares in settlement of interest for the quarter ended 31 March 2011 in respect of a US\$500,000 convertible note facility.

On 19 April 2011 the Company issued 1,200,000 shares in settlement of convertible note facility.

On 28 April 2011 the Company issued 70,250,855 shares to Inversiones Em Dos Limitada as part of the consideration for 50% of Sociedad Contractual Minera Ovalle.

On 28 April 2011 the Company issued 75,000,000 shares to Barrick Gold Corporation surrendering its buy back right in connection with the Los Calatos Project.

On 03 May 2011 the Company issued 20,000,000 shares to selected professional and institutional investors.

On 26 May 2011 the Company issued 4,895,781 shares on exercise of conversion rights by convertible note holders in settlement of US\$500,000 in loans and accrued interest to date of early repayment.

On 06 June 2011 the Company issued 60,000,000 shares to selected professional and institutional investors.

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

NOTE 10: CAPITAL AND LEASING COMMITMENTS

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable (minimum lease payments)

– not later than 12 months

– between 12 months and 5 years

– greater than 5 years

30 JUNE 2011	31 DECEMBER 2010
\$	\$
298,447	261,514
313,884	656,955
–	–
612,331	918,469

The Group has non-cancellable leases over 10 premises with terms ranging from 2 to 32 months. Rent is payable monthly in advance.

b. Exploration Tenement Licence Commitments

Payable minimum lease payments

– not later than 12 months

498,849	415,096

NOTE 11: OTHER COMMITMENTS AND CONTINGENT LIABILITIES

- The holder of the surface titles in respect of the Mollacas Project, Agrícola Bauzá Ltda, has filed various actions against Minera Hampton Chile Limitada (Minera Hampton) and SCM Ovalle in respect of claims relating to access and environmental accusations. All claims determined by the Chilean judiciary to date have been successfully defended.
- In January 2011 wholly owned subsidiary Minera Hampton finalised the purchase of a 33% interest in the Genesis tenements (which form part of the Camaron project) for US\$782,000 (A\$738,000) and entered into an 18 month option agreement to acquire the remaining 67% (Genesis Option Agreement).

On signing the Genesis Option Agreement Minera Hampton paid US\$370,000 (A\$350,000) with 2 further option payments of US\$370,000 (A\$350,000) payable on the six month and twelve month anniversary. If Minera Hampton exercises the option then it must pay US\$1 million on the exercise date and 3 further annual payments each of US\$1 million on the second, third and fourth anniversary of exercise of the option (in total US\$4 million – A\$3.8 million) as an advance payment against future royalty payments, and pay 1.7% Net Smelter Return on future production from the Genesis tenements.

- On 30 June 2011, Minera Hampton (a wholly owned subsidiary) entered into an option agreement to purchase a 100% interest in the La Piedra Project (La Piedra Option).

To maintain the La Piedra Option, Minera Hampton is required to make the following option payments:

- US\$350,000 on signing the La Piedra Option (already paid);
- US\$350,000 on before 30 June 2012;
- US\$350,000 on before 30 June 2013;
- US\$1,000,000 on or before 30 June 2014.

To exercise the La Piedra Option, Minera Hampton must pay US\$28 million in cash, or US\$14 million in cash and US\$14 million in Metminco Limited shares (at Metminco Group's election), on or before 30 June 2015.

Minera Hampton may elect to terminate the La Piedra Option at any time before 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS continued

NOTE 12: OPERATING SEGMENTS

The Consolidated Group'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.

	MINERAL EXPLORATION		UNALLOCATED		TOTAL	
	30 JUNE 2011	30 JUNE 2010	30 JUNE 2011	30 JUNE 2010	30 JUNE 2011	30 JUNE 2010
	\$	\$	\$	\$	\$	\$
<i>a. Segment performance</i>						
Revenue						
Interest income	549	3,828	207,077	23,743	207,626	27,571
Total segment revenue	549	3,828	207,077	23,743	207,626	27,571
Total group revenue					207,626	27,571
Segment loss before tax	(1,322,070)	(1,078,744)	(3,952,770)	(4,232,331)	(5,274,840)	(5,311,076)
Loss before tax from continuing operations					(5,274,840)	(5,311,076)

<i>b. Segment assets</i>						
Segment assets	181,428,778	111,319,144	32,275,928	26,647,233	213,704,716	137,966,377
Segment asset increases for the period						
– capital expenditure	8,231,855	3,394,353	158,535	5,158	8,390,390	3,399,511
– acquisitions	62,425,323	–	–	21,755,171	62,425,323	21,755,171
	70,657,178	3,394,353	158,535	21,760,329	70,815,713	25,154,682
Included in segment assets are:						
– Equity accounted associates and joint ventures	2,830,596	4,160,154	–	–	2,830,596	4,160,154
<i>c. Segment liabilities</i>						
Segment liabilities	1,885,488	842,819	715,282	2,953,949	2,600,770	3,796,768
Reconciliation of segment liabilities to group liabilities						
Total group liabilities					2,600,770	3,796,768

d. Revenue by geographical region

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

Australia	207,077	23,743
South America	549	3,828
Total revenue	207,626	27,571

e. Assets by geographical region

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

Australia	32,275,928	26,647,233
South America	188,428,788	111,319,144
Total assets	220,704,716	137,966,377

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

Matters subsequent to the end of the financial period follow:

- a) On 11 July 2011 the Company announced that the Los Calatos Project had been declared a “Project of National Interest” by the Peruvian Government.

A “Project of National Interest” is an exceptional designation that allows Metminco’s wholly owned subsidiary, Minera CN SAC, to acquire surface title to the Los Calatos project tenements, which are located on State-owned barren lands, by direct purchase from the Peruvian government. The general rule is that State-owned property can only be transferred by a public auction.

This designation only applies in circumstances where the project’s feasibility and economic benefit for the country can be demonstrated to the Peruvian government.

Metminco believes the designation of the project as a “Project of National Interest” will significantly assist the Company in procuring the relevant surface rights.

- b) On 26 July 2011 the Company appointed Canaccord Genuity Limited as its Nominated Adviser and Joint Broker on the AIM market, and Liberum Capital Limited as Joint Broker on the AIM market.

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes set out on pages 14 to 27 are in accordance with the *Corporations Act 2001* including:
 - a. complying with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - b. giving a true and fair view of the financial position as at 30 June 2011 and of its performance for the half year ended on that date.
2. in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'William J Howe', with a stylized, cursive script.

William J Howe

Director

Dated this 12th day of September 2011

INDEPENDENT AUDITOR'S REVIEW REPORT to the Members of Metminco Limited



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Independent Auditor's Review Report To the Members of Metminco Limited

We have reviewed the accompanying half-year financial report of Metminco Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Metminco Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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INDEPENDENT AUDITOR'S REVIEW REPORT continued



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metminco Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

A stylized blue ink signature of "Grant Thornton" in a cursive script.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A stylized blue ink signature, likely belonging to A G Rigele, consisting of a large loop and a trailing flourish.

A G Rigele
Director - Audit & Assurance

Sydney, 12 September 2011

CORPORATE DIRECTORY

Directors

Antonio Vicuña Ortuzar (*Chairman*)
William James Howe (*Managing Director*)
Timothy Philip Read (*Non Executive Director*)
Francisco Vergara-Irarrazaval (*Non Executive Director*)
Phillip John Wing (*Director*)
William Stirling Etheridge (*Director*)

Company Secretary

Philip Walter Killen

Registered Office

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ASX and AIM code

MNC

Share Registry

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Depository

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Bristol BS99 6ZZ
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Auditor

Grant Thornton Corporate Finance Pty Limited
Level 17
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Sydney NSW 2000
Australia

Solicitors

Gadens Lawyers
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Australia