

Sinchao Metals Corp. Reports Financial Results for the Quarter Ended June 30, 2011

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VANCOUVER, BRITISH COLUMBIA -- ([Marketwire](#)) -- 09/28/11 -- [Sinchao Metals Corp.](#) ('Sinchao' or the 'Company') (TSX VENTURE: SMZ) reports that for the three months ended June 30, 2011, it incurred a loss of US\$187,869 or US\$0.00 per share compared to a loss of US\$204,020 or \$0.00 per share for the same period in 2010.

Financial Position

As at June 30, 2011, Sinchao had a cash and cash equivalent position of US\$63,686, and a working capital deficiency of US\$1,731,662. The Company will need to raise additional funds or borrow the funds from [Andean American Gold Corp.](#) ('Andean'), its majority shareholder.

Results of Operations

| | Three months ended June 30, 2011 | Three months ended June 30, 2010 |
|-------------------------|-------------------------------------|-------------------------------------|
| Loss before tax | \$187,869 | \$620,735 |
| Loss per share | \$0.00 | \$0.01 |
| Total assets | \$19,287,092 | \$28,706,171 |
| Working capital deficit | \$1,731,662 | \$1,014,604 |
| Mineral properties | \$19,134,900 | \$28,518,910 |
| Share Capital: | | |
| Outstanding | 76,386,133 | 75,977,800 |
| Warrants | Nil | Nil |
| Options | 2,475,000 | 2,955,000 |

Cash Flow and Liquidity

At June 30, 2011, the Company had a working capital deficit of US\$1,731,662, compared to US\$1,502,011 at March 31, 2011. Sinchao's net cash increase/ (decrease) for the three months ended June 30, 2011 was (US\$6,944) and (US\$965,461) for the same period in 2010.

During the three months ended June 30, 2011, the Company issued 58,333 common shares.

Subsequent Event

On August 17, 2011 the Company announced that it has agreed to issue to Andean a total of 8,888,889 common shares at a deemed price of CAD\$0.09 per share in settlement of CAD\$800,000 of indebtedness owing by the Company to AAG.

In addition, Andean has agreed to a private placement in the Company of a further 2,222,222 units at a price

of CAD\$0.09 per unit for proceeds of CAD\$200,000. Each unit will be comprised of one common share and one share purchase warrant, such warrant entitling the holder to acquire a further common share of the Company at a price of CAD\$0.12 for a term of five (5) years.

Closing of the private placement and the debt settlement are expected to take place on September 30, 2011.

The information above should be reviewed in conjunction with the Company's unaudited condensed consolidated financial statements, management discussion and analysis, for the three ended June 30, 2011 that will be available shortly on www.sedar.com. For further information call (416) 368-9500 or toll free: 1-888-356-4784 or visit our website at www.smzmetals.com. The technical disclosure in this news release has been reviewed by Andrew Gourlay, P.Geol., Geological Consultant and a Qualified Person as defined by National Instrument 43-101.

About Sinchao

Sinchao Metals Corp. is the owner of a gold-silver-copper exploration property, located in Cajamarca province in Northern Peru, 30 kilometers from Yanacocha, the largest gold mine in South America. The Company's major shareholder is Andean American Gold Corp which holds 65% of Sinchao Metals.

On behalf of Sinchao Metals Corp.,

Bruce Ramsden
Vice President, Finance and CFO

Certain of the information contained in this news release constitutes 'forward-looking statements' within the meaning of securities laws. Such forward-looking statements, including but not limited to those with respect to the prices of metals and minerals, purchase payments, royalty payments, estimated future production and estimated costs of future production involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any forecast results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of metals and minerals, the actual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the documents of the Company filed from time to time with the British Columbia Securities Commission.

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