

# Sinchao Metals Corp. Reports Financial Results for the Quarter Ended December 31, 2011

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TORONTO, ONTARIO -- ([Marketwire](#) - Feb. 14, 2012) - [Sinchao Metals Corp.](#) ('Sinchao' or the 'Company') (TSX VENTURE: SMZ) reports that for the three and nine months ended December 31, 2011, it incurred a net loss of US\$167,983 or US\$0.00 per share and US\$604,134 or US\$0.01 per share compared to US\$240,241 or US\$0.00 per share and US\$600,626 or US\$0.01 per share for the same period in 2010. Sinchao ended the quarter with cash on hand of US\$180,399 and a working capital deficit of US\$1,206,247.

Sinchao is a Canadian-based exploration company which owns a gold-silver-copper-zinc-Lead exploration project in the Yanacocha-Hualgayoc mining district in the department of Cajamarca, Northern Peru. The Company is a subsidiary of Andean American Gold Corp. ("Andean"), which owns approximately 64.95% of the outstanding shares.

## FINANCIAL POSITION

As at December 31, 2011, Sinchao had a cash and cash equivalent position of US\$180,399, and a working capital deficiency of US\$1,206,247 compared to a working capital deficit of US\$1,502,011 at March 31, 2011. The Company will need to raise additional funds or borrow the funds from Andean American Gold Corp. ("Andean"), its majority shareholder, to provide the necessary finance for business activities.

## RESULTS OF OPERATIONS

|                         | Nine months ended<br>December 31, 2011 |            | Nine months ended<br>December 31, 2010 |            |
|-------------------------|--|------------|--|------------|
| Loss before tax         | \$                                     | 604,134    | \$                                     | 600,626    |
| Loss per share          | \$                                     | 0.01       | \$                                     | 0.01       |
| Total assets            | \$                                     | 18,893,358 | \$                                     | 30,100,238 |
| Working capital deficit | \$                                     | 1,206,247  | \$                                     | 1,506,551  |
| Mineral properties      | \$                                     | 18,648,088 | \$                                     | 30,004,635 |
| Share Capital:          |  |            |  |            |
| Outstanding             |  | 87,497,244 |  | 76,027,800 |
| Warrants                |  | 2,222,222  |  | Nil        |
| Options                 |  | 2,405,000  |  | 3,875,000  |

## CASH FLOW AND LIQUIDITY

As at December 31, 2011, Sinchao had working capital deficit of US\$1,206,247, compared to a working capital deficit of US\$1,502,011 at March 31, 2011. For the nine months ended December 31, 2011, Sinchao increased cash by US\$109,769, which was due to a private placement of CAD\$200,000 by Andean and the conversion of CAD\$800,000 debt owing to Andean into common shares of the Company, which was offset by cash used in operations of US\$498,772, expenditures on exploration and evaluation of US\$211,248.

## INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')

The Company adopted IFRS on April 1, 2011, with a transition date of April 1, 2010. Under IFRS 1 First-time Adoption of IFRS, the IFRS are applied retrospectively at the transition date of April 1, 2010. The effect of the transition from Canadian Generally Accepted Accounting Principles ('Canadian GAAP') to IFRS is not material and the explanation of how the transition from Canadian GAAP to IFRS has affected Sinchao's financial position, financial performance and cash flows are set out in the financial statements.

The information above should be reviewed in conjunction with the Company's unaudited condensed consolidated financial statements, management discussion and analysis, for the three and six months ended September 30, 2011 that will be available shortly on [www.sedar.com](http://www.sedar.com). For further information call (416) 368-9500 or toll free: 1-888-356-4784 or visit our website at [www.szmzmetals.com](http://www.szmzmetals.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.

On behalf of Sinchao Metals Corp.,

Bruce Ramsden  
Vice President, Finance, CFO and Corporate Secretary

*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.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### Contact Information

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