Sinchao Reports 2012 Audited Financial Results

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TORONTO, ONTARIO -- (Marketwire) -- 06/15/12 -- Sinchao Metals Corp. ('Sinchao' or the 'Company') (TSX VENTURE: SMZ) reports that for year ended March 31, 2012, it has recorded a net loss US$6,171,449 or US$0.08 per share compared to a net loss of US$12,194,546 or US$0.16 per share for the same period in 2011. This was mainly due to a write-off of exploration properties of US$5,050,619 and US$11,465,806 for the years ended March 31, 2012 and March 31, 2011 respectively.

Sinchao ended the quarter with a cash position of US$76,161 and a working capital deficit of US$1,943,485. The Company will need to raise additional funds or borrow the funds to provide the necessary finance for business activities.

On March 2, 2012 the Company and Southern Legacy Minerals Inc. ("Southern Legacy"), a private mineral exploration company organized under the laws of the State of Idaho, announced that they have entered into an agreement to combine the two companies by means of a share exchange or statutory arrangement (the "Transaction"). The Transaction will consolidate a majority of the Company's deposit claims, located within the Yanacocha-Hualgayoc mining district in the department of Cajamarca, Northern Peru, and form a diversified mineral exploration company with base and precious metals properties in Peru, Chile and Colombia. The two companies have agreed to combine through Sinchao acquiring all of the issued and outstanding common shares of Southern Legacy by means of a share exchange on the basis of (0.8352) of a common share of Sinchao for each one common share of Southern Legacy. The Sinchao shareholder meeting has been planned for June 27, 2012 to approve the transaction. The Andean board has agreed to support the transaction and will vote its current 65.81% in favour of the transaction. On completion of the transaction, which includes a CAD$7.1 million financing, Andean will own approximately 17% of the renamed Southern Legacy.

On completion of the Transaction, Southern Legacy will repay all loans made by Andean to Sinchao. At March 31, 2012, the Company owed Andean and its subsidiaries US$1,151,973.

Selected Financial Information

(Expressed in United States Dollars, except share capital amounts):

	March 31, 2012	March 31, 2011
Net Loss for the year	$ 6,181,554	$ 12,194,546
Loss per share	$ 0.08	$ 0.16
Total assets	$ 14,212,172	$ 18,895,141
Working capital deficit	$ 1,943,485	$ 1,502,011
Mineral properties	$ 14,069,363	$ 18,736,365
Share Capital:		
Outstanding	87,497,244(1)	76,327,800
Warrants	2,222,222(1)	Nil
Options	2,405,000	3,575,000

1. Subsequent to the year ended March 31, 2012, 2,222,222 warrants were exercised.

Cash Flow and Liquidity

As at March 31, 2012, Sinchao had working capital deficit of US$1,943,485, compared to a working capital deficit of US$1,502,011 at March 31, 2011. For the year ended March 31, 2012, Sinchao increased cash by US$5,531, which was mainly 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. This was partially offset by cash used in operations of US$968,294 and expenditures on exploration and evaluation of US$285,121.

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 year ended March 31, 2012 that will be available shortly on www.sedar.com.

On behalf of Sinchao Metals Corp.,

Bruce Ramsden
Vice President, Finance and CFO

This news release may contain forward-looking information within the meaning of the Securities Act (Ontario) ("forward-looking statements"). Such forward-looking statements may include the Company's plans for its mineral projects, the overall economic potential of its properties, the availability of adequate financing and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by such forward-looking statements to be materially different. Such factors include, among others, risks and uncertainties relating to potential political risks involving the Company's operations in a foreign jurisdiction, uncertainty of production and costs estimates and the potential for unexpected costs and expenses, physical risks inherent in mining operations, currency fluctuations, fluctuations in the price of gold and other metals, completion of economic evaluations, changes in project parameters as plans continue to be refined, the inability or failure to obtain adequate financing on a timely basis, and other risks and uncertainties, including those described in the Company's Financial Statements, Management Discussion and Analysis and Material Change Reports filed with the Canadian Securities Administrators and available at www.sedar.com.

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