



Metallum acquires additional El Roble concession and receives first revenue

ASX ANNOUNCEMENT

27 August 2014

Highlights

- Acquisition of additional strategic and high grade “San Sebastian” concession within the heart of the El Roble vein system provides potential for third mine
- High-grade sampling results at San Sebastian include:
 - 2.20m @ 5.79% Cu and 1.24g/t Au
 - 1.60m @ 5.44% Cu and 0.41g/t Au
 - 2.00m @ 3.75% Cu and 0.28g/t Au
 - 2.00m @ 4.27% Cu and 1.06g/t Au
 - Remnant pillar rock-chip assays include copper grades of 14.25%, 9.99%, 9.79% and 5.81%
- First revenues received from Panga mine material sales; trucking continues
- Mining Licence for Metallum’s second mine on the Paraguay lease progressing through approval process

Perth-based copper developer **Metallum Ltd (ASX: MNE)** is pleased to announce it has signed an option agreement to acquire 100% of the San Sebastian concession covering 50 hectares over a major mineralised structure adjoining the Company’s El Roble project area in Chile. Total consideration for the acquisition is US\$250,000, which Metallum will pay in three instalments over 12 months.

Metallum also continues to mine from two stopes within the Panga mine at El Roble. Trucking of mineralised material is ongoing, with work focused on increasing extraction rates as development exposes additional mineralised stopping areas. Payment has been received for the first parcel of material delivered. The Company will provide revenues and delivery information in its September quarterly report.

Metallum Managing Director Zeff Reeves said: “The acquisition of the San Sebastian concession further consolidates our ground holding over the El Roble vein system, with San Sebastian sitting within the heart of the system, over one of the major mineralised structures within the project.

“Previous mining at San Sebastian extracted material from a main mineralised structure averaging approximately 3m in width along about 150m of strike, from what we can see in the old stopes.

“The main vein has only been mined to about 50m depth on the side of a hill and remains open down dip and along strike, so it provides good potential for us to commence mining there soon, especially considering some of the exceptional grades we have seen from our due diligence sampling.

“Our work at Panga has also been progressing well with extraction of material from two small stopes now occurring, and trucking to the plant continuing. We’re currently increasing the rate of extraction from Panga

and we'd hope to have trucked approximately 1,000 tonnes by the end of September. We've also received our first revenues from the project, which is another step forward in executing our strategy of funding long-term growth through small scale production."

The addition of the San Sebastian concession adds further potential to the El Roble project, where Metallum continues to truck copper-bearing material from the Panga mine to a nearby toll treatment plant. The Company is awaiting a permit to commence similar mining operations at a second mine, Paraguay, at El Roble.

Metallum is focused on achieving growth and shareholder value through the development of near-term, small-scale mining operations at El Roble to enable self-funded growth.

San Sebastian Geology and Due Diligence Results

The San Sebastian concession covers 50 hectares within the heart of the El Roble vein system. Historical mining has occurred on a major mineralised structure which Metallum interprets via a ground magnetics survey as being the northern extension of the structure being mined at the high grade Descubridora mine, currently being mined by the project owner (Figure 1). Sampling by the Company at Descubridora has previously reported copper grades up to **34.40%** (ASX announcement 4 March 2014).

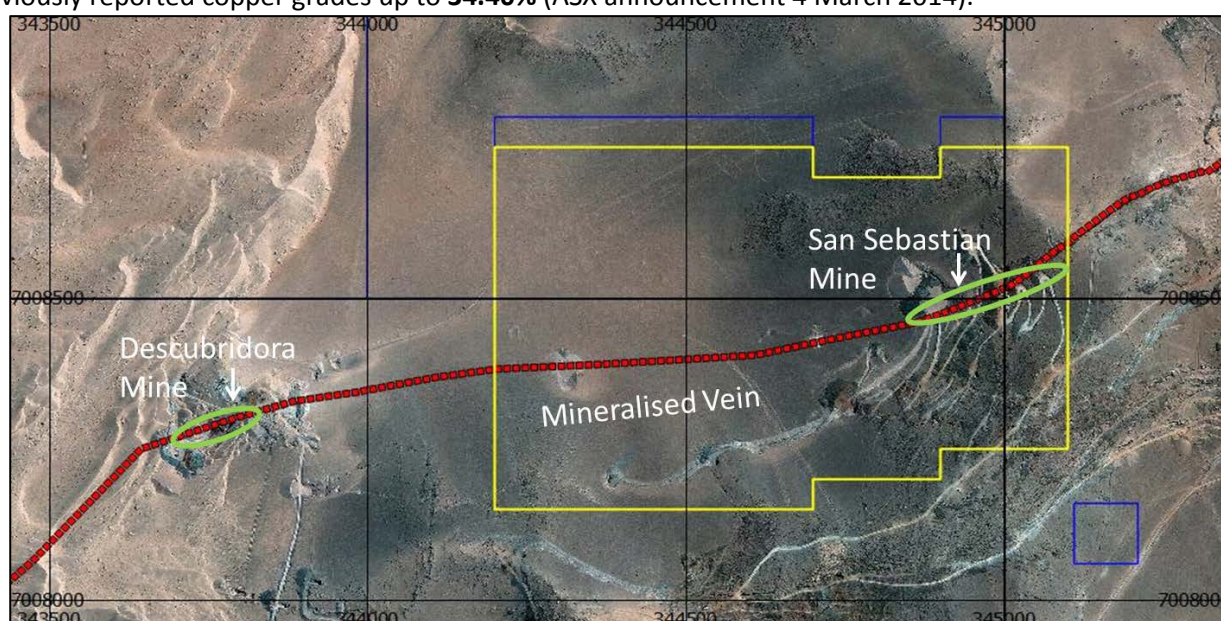


Figure 1 – Location of the San Sebastian concession (yellow lines). San Sebastian Mine is located approximately 1.2km along strike of the same structure (dashed red line) as the high grade Descubridora mine. Grid is 500m x 500m.

The main mine area at San Sebastian is accessed via an adit which has been installed into the side of a hill along the vein, in the northern part of the concession. An additional tunnel is located approximately 40m below the main mine tunnel in the footwall side of the vein (Figure 2). As part of the Company's due diligence work at San Sebastian, channel samples were taken from within the old mine, across the strike of the vein, and remnant pillars were also sampled where safe to do so. Two sludge holes were drilled using an airleg drill, from the lower footwall adit. These holes were designed to test for the location of the vein, with both holes intersecting the vein and confirming its location and copper mineralisation (Figure 3). Tables 1 and 2 present significant results from the due diligence sampling, and full results are presented in Appendix 1.

The lower adit is approximately 130m long and runs parallel to the strike of the vein and has the potential to provide an access to the vein below the historic mine approximately 40m above. It may be possible to use this tunnel to access the mineralised vein, as well as take advantage of topography to access the down-dip extent of the vein by the installation of further adits down the side of the hill.

In addition to the main mineralised structure, there are a number of secondary veins identified on the property which have been historically mined. These veins are currently being assessed as additional sources of mineralised material that can be mined from the property.

The Company intends on submitting the necessary documentation for San Sebastian to Chilean authorities as soon as possible, to obtain a mining licence to extract up to 5,000 tonnes per month of copper-bearing material¹. This will make San Sebastian the third area the Company will access for small-scale mining activities in addition to Panga and Paraguay.



Figure 2 – Overview photo of the San Sebastian Mine and the interpreted trace of the mineralised vein (in red) and location of existing adits.

¹ It should be noted that the mining licence to extract 5,000 tonnes is not a production target.

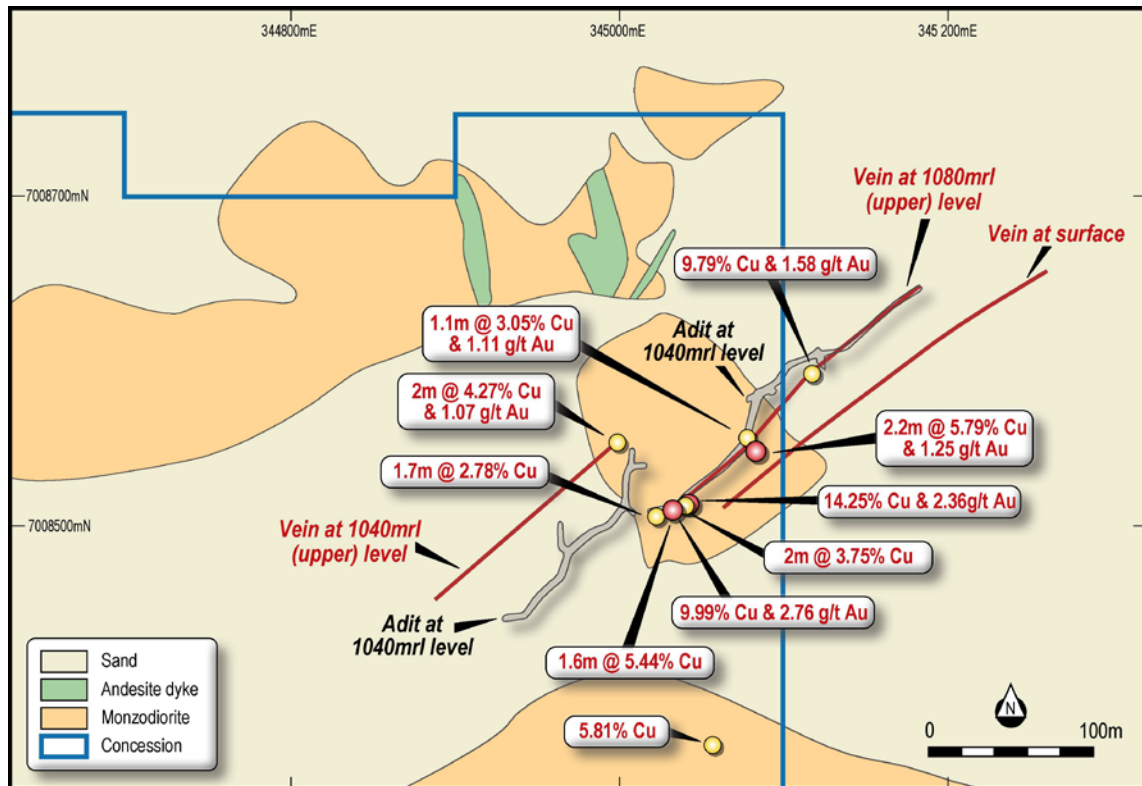


Figure 3– San Sebastian mine plan and assay results

samp_id	northing	easting	rl	Cu %	Au ppm	Type
MGC04239	7008034.91	344868.03	1124.00	3.59	0.49	RKCH
MGC04240	7008025.94	344855.08	1115.00	5.81	0.41	RKCH
MGC04241	7008035.90	344852.03	1114.00	4.84	0.86	RKCH
MGC04242	7008165.21	344822.55	1090.50	1.94	0.79	RKCH
MGC04243	7008173.73	344842.23	1088.00	3.28	0.76	RKCH
MGC04244	7008170.35	344835.03	1087.00	9.99	2.76	RKCH
MGC04253	7008172.35	344840.53	1086.50	14.25	2.36	RKCH
MGC04256	7008239.60	344885.47	1074.50	4.50	1.65	RKCH
MGC04258	7008631.50	345100.00	1070.00	9.79	1.58	RKCH

Table 1 – High grade rock chip results from due diligence sampling within the San Sebastian mine

Hole ID	northing	easting	rl	depth_from	depth_to	Width	Cu%	Au/g/t	Type
RCPCH00500	7008212.81	344876.08	1075.50	0.00	1.10	1.10	3.05	1.11	CH
RCPCH00501	7008204.27	344881.50	1074.00	0.00	2.20	2.20	5.79	1.25	CH
RCPCH00553	7008165.17	344820.23	1089.50	0.00	1.70	1.70	2.78	0.36	CH
RCPCH00554	7008168.27	344830.12	1088.50	0.00	1.60	1.60	5.44	0.41	CH
RCPCH00555	7008171.41	344839.18	1087.30	0.00	2.00	2.00	3.75	0.29	CH
RCPSD00001	7008212.02	344795.56	1036.50	9.00	11.00	2.00	4.27	1.07	SLUDGE

Table 2 – High grade channel and sludge hole results from due diligence sampling at the San Sebastian mine, full results and sample information is presented in Appendix 1.

San Sebastian Acquisition Terms

Metallum has entered into an option to acquire 100% of the San Sebastian concessions through its Chilean subsidiary company, Minera Panga SpA. Consideration for the 100% interest in the San Sebastian concession is \$250,000, payable in three equal instalments of \$83,333 over 12 months, with the first payment payable immediately, \$83,333 payable six months from the date of execution of the option agreement and \$83,333 payable 12 months from the date of execution of the option agreement.

During the option period, Metallum has full and sole rights to explore the concessions and has the ability to pay the full consideration at any time within a 12-month period from signing of the agreement, at which time it then has the right to exploit (mine) from the concessions. The Company has the right to withdraw from the option agreement at any time during the 12 month period and will forego any option payments paid as of the withdrawal date.

Apex Boom Limited (introducer) has an effective 12% beneficial interest in the San Sebastian concession. Consideration for the acquisition by the Company of this remaining 12% interest in the San Sebastian concession will be an amount equal to $NPV \times 0.7 \times 0.12$, whereby the NPV is the net present value forecast derived from an industry standard feasibility study and reviewed and modified by an independent expert third party.

Under the terms of the agreement with Apex Boom, Metallum is entitled to 100% of the revenues generated from the San Sebastian concession prior to the completion of a feasibility study.

Mining and Permitting Update

Metallum continues to mine from two stopes within the Panga mine at El Roble. Trucking of mineralised material is ongoing, with work focused on increasing extraction rates as development exposes additional mineralised stoping areas. Payment has been received for the first parcel of material delivered. The Company will provide revenues and delivery information in its September quarterly report.

The Company is still awaiting the approval for mining to commence at the Paraguay mine. The permitting process is progressing and the Company anticipates the relevant permits to be awarded within the coming weeks.

For more information visit the Metallum website at www.metallum.com.au or contact:

Zeffron Reeves
Managing Director
Metallum Limited
zreeves@metallum.com.au
P: + 61 8 9322 4328

Robert Gundelach
Investor Relations
NWR Communications
robert@nwrcommunications.com.au
P: +614 51 896 420

About Metallum Limited

Metallum Limited (ASX: MNE) is an Australian-based company that acquires and develops copper and gold projects around the world with a focus on Chile. The Company has an interest in the highly prospective, high grade El Roble Copper Project in Region III of Chile, targeting IOCG-style copper and gold mineralisation. The Company is focused on achieving growth and shareholder value through the development of near-term, small-scale mining operations at El Roble which will enable self-funded growth into the future. El Roble is ideally located 25km from the port of Caldera and within 80km of two copper toll treatment plants within the world class Atacama IOCG region, which has a history of high-grade copper production. The Company has commenced trucking copper-bearing material from the Panga mine at El Roble for processing at a nearby plant.

Metallum Limited also has an interest in the Comval Copper Project in the Philippines, and its Australian-based project, Teutonic, is prospective for gold and base metals.

Metallum Limited has a strong Board and management team with considerable technical, commercial and corporate experience in the resources sector.

For more information visit the Metallum Limited website at www.metallum.com.au

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), a member of the Australian Institute of Geoscientists and is an employee of the Company. Mr Reeves has sufficient experience that 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Appendix 1 Sampling Data

i) Location Data for Channels and drill holes

hole_id	psad56_northing	psad56_easting	psad56_rl	max_depth	Dip	Azimuth
RCPCH00374	7008175.76	344816.07	1063.00	2.20	0	164
RCPCH00497	7008544.50	345007.50	1090.50	0.60	0	170
RCPCH00498	7008553.00	345027.00	1088.00	0.70	0	140
RCPCH00500	7008592.50	345060.50	1075.50	1.10	0	140
RCPCH00501	7008585.00	345065.50	1074.00	2.20	0	150
RCPCH00502	7008551.50	345025.50	1086.50	0.60	0	170
RCPCH00503	7008600.00	345064.50	1073.00	0.80	0	320
RCPCH00505	7008633.50	345110.50	1070.50	1.00	0	310
RCPCH00550	7008589.00	345058.30	1074.80	3.00	0	310
RCPCH00551	7008602.80	345063.50	1073.00	2.30	0	350
RCPCH00553	7008545.50	345005.00	1089.50	2.70	0	170
RCPCH00554	7008548.50	345014.90	1088.50	2.80	0	170
RCPCH00555	7008551.80	345023.20	1087.30	3.00	0	145
RCPCH00557	7008552.30	345023.00	1086.00	2.30	0	175
RCPCH00559	7008592.30	345058.30	1074.50	3.00	0	155
RCPCH00560	7008577.70	345057.50	1067.80	2.80	0	135
RCPSD00001	7008581.50	344985.00	1036.50	20.00	0	335
RCPSD00002	7008572.00	344983.70	1036.50	21.00	0	335

ii) All Channel and drill hole assays for this announcement

Hole ID	depth_from	depth_to	Cu %	Au ppm	Co ppm	Fe %
RCPCH00374	0.00	0.50	0.29	0.01	40	4.99
RCPCH00374	0.50	1.50	1.57	0.67	190	13.25
RCPCH00374	1.50	2.20	0.08	0.02	30	4.81
RCPCH00500	0.00	0.40	0.96	1.34	50	11.15
RCPCH00500	0.40	0.70	1.54	0.04	100	9.19
RCPCH00500	0.70	1.10	6.26	1.69	690	18.05
RCPCH00501	0.00	0.40	4.55	4.79	290	23.00
RCPCH00501	0.40	1.40	0.48	0.06	60	4.83
RCPCH00501	1.40	1.80	15.55	0.75	620	10.20
RCPCH00501	1.80	2.20	10.55	1.16	460	7.19
RCPCH00502	0.30	0.60	0.98	0.04	70	4.66
RCPCH00503	0.00	0.80	2.08	0.05	160	8.83
RCPCH00523	0.00	0.20	6.11	0.63	910	13.45
RCPCH00523	0.20	0.50	0.41	0.07	430	8.61
RCPCH00553	0.00	1.00	0.35	0.16	100	9.71
RCPCH00553	1.00	1.70	6.26	0.65	180	7.03
RCPCH00553	1.70	2.70	0.06	0.09	30	3.87
RCPCH00554	0.00	0.20	12.75	0.36	140	13.45
RCPCH00554	0.20	0.50	1.45	0.41	70	12.35
RCPCH00554	0.50	0.90	0.76	0.07	30	11.70
RCPCH00554	0.90	1.60	7.73	0.63	280	8.56
RCPCH00554	1.60	2.80	0.24	0.03	20	4.97
RCPCH00555	0.00	0.15	3.41	0.34	1210	8.16
RCPCH00555	0.15	0.45	4.78	0.60	1050	14.10
RCPCH00555	0.45	1.40	5.20	0.35	1130	10.05
RCPCH00555	1.40	2.00	1.03	0.03	60	4.91
RCPCH00555	2.00	3.00	0.05	0.01	20	5.11
RCPCH00557	0.00	0.20	4.88	2.47	700	20.20
RCPCH00557	0.20	1.20	0.12	0.02	160	6.10
RCPCH00557	1.20	1.30	0.10	0.15	610	11.60
RCPCH00557	1.30	2.30	0.08	0.01	120	3.58
RCPCH00559	0.00	1.00	0.62	0.05	20	5.97
RCPCH00559	1.00	1.20	2.19	0.13	30	3.31
RCPCH00559	1.20	1.80	0.58	0.01	40	6.59
RCPCH00559	1.80	2.00	2.42	0.07	120	5.53
RCPCH00559	2.00	3.00	0.00	0.00	5	0.40
RCPCH00559	2.00	3.00	0.60	0.01	50	5.54
RCPCH00560	0.00	0.50	0.55	0.14	30	9.21
RCPCH00560	0.50	0.90	0.94	2.55	90	13.00
RCPCH00560	0.90	1.20	1.37	3.02	60	36.40
RCPCH00560	1.20	1.70	0.54	0.05	10	3.07
RCPCH00560	1.70	2.80	0.72	0.01	30	5.30
RCPSD00001	7.00	8.00	0.94	0.10	50	7.24
RCPSD00001	8.00	9.00	6.47	1.13	70	11.85
RCPSD00001	9.00	10.00	2.07	1.01	140	29.40
RCPSD00001	10.00	11.00	0.17	0.08	20	5.85
RCPSD00002	15.00	16.00	0.15	0.02	20	4.74
RCPSD00002	16.00	17.00	0.73	0.05	80	8.53
RCPSD00002	17.00	18.00	0.49	0.18	60	7.74
RCPSD00002	18.00	19.00	0.61	0.70	40	9.37
RCPSD00002	19.00	20.00	0.18	0.28	20	5.48
RCPCH00505	0.00	1.00	2.80	4.03	360	7.58
RCPCH00550	0.00	1.00	0.13	0.00	20	4.99
RCPCH00550	1.00	1.15	1.62	0.69	360	12.25
RCPCH00550	1.15	1.70	0.89	0.03	100	4.91
RCPCH00550	1.70	2.50	1.08	0.09	110	6.69
RCPCH00550	2.50	3.00	0.66	0.07	40	5.77
RCPCH00550	2.50	3.00	1.43	0.77	960	26.40
RCPCH00551	0.00	1.00	0.67	0.19	110	7.88
RCPCH00551	1.00	1.30	2.19	0.19	260	5.02
RCPCH00551	1.30	2.30	0.23	0.00	10	3.15

APPENDIX 2: JORC Table 1, Section 1 Sampling Techniques and Data

Criteria	Explanation
Sampling techniques	• Drill samples are sludge samples from percussion drill cuttings • Minimum sample interval was 0.25m and maximum of 1.00m are collected from core, sampled to geological boundaries. • Rock chip samples collected are of a minimum 2kg weight. • Minimum sample interval was 0.50m and maximum of 2.00m were collected along installed channels. • Samples sent to ALS Laboratories, Copiapo, Chile • Samples were pulverised to obtain a 30g charge for fire assay for gold • A 0.5g charge was digested by four acid near total digest and analyses using ICP-OES for multi-element analysis, including copper • Ore grade copper samples over 10,000ppm (10%) are re-assayed using AAS • High grade gold samples over 10 g/t are re-assayed using a fire assay fusion and gravimetric finish.
Drilling techniques	• Drill holes are sludge holes drilled with a hand held airleg drill
Drill sample recovery	• Sample recovery was over 90% however due to drilling technique sample contamination is possible between samples
Logging	• All drill holes and rock samples are geologically logged by qualified geologists. • Geological data is recorded in the Company's geological database. • Logging is qualitative in nature and describes lithology, alteration, structure and mineralisation visually observed by the logging geologist. • Total length of each sample interval has been logged.
Sub-sampling techniques and sample preparation	• The sample collection and preparation technique is deemed suitable and industry standard for drill core and rock sampling. • Samples are coarse crushed to 70% passing 2mm and then split produce a 30g sample for gold assay and 0.5g sample for multi-element assay. Sub samples are then pulverised to 85% passing 75 microns prior to assay. • No duplicate samples have been carried out. • Sample size is deemed appropriate. • Samples may be subject to nonuniform grade distribution and nugget effect in relation to copper grade due to geological and mineralogical characteristics.
Quality of assay data and laboratory tests	• Assay techniques are deemed suitable and accurate for the elements being tested. • Standard reference materials have been submitted in each sample run every 20 samples. • Blank reference materials are submitted in each sample run every 50 samples.
Verification of sampling and assaying	• All significant intersections have been calculated using weighted averaging to sample length. • All significant intersections have been checked by alternative company geological personnel. • No duplicate sampling or twinned holes have been completed • All data collected is done so in accordance with the Company's written data collection procedures and is kept within the Company's electronic database. Original sample logs and written data collection forms are also retained in the Company's data library. • No adjustment to data has been done.
Locations of data points	• All drill holes and channels have been surveyed using a measurement from known survey points in underground areas with appropriate control points used and referenced to ensure accuracy of survey information. • Co-ordinates have an error of +/-10cm.. • Co-ordinates are recorded in PSAD56 co-ordinate system
Data spacing and distribution	• The current drill and channel spacing is deemed appropriate for the current early stage of exploration
Orientation of data in relation to geological structure	• Wherever possible drill holes and channels have been planned to intersect mineralised structures perpendicular to the structure. • Drill Hole intercepts are downhole widths and do not indicate true widths of any mineralised structure.
Sample security	• All sampling was conducted under the supervision of the companies project manager who supervised sample collection and the chain of custody from the drill to the sample

	preparation and logging facility is continually monitored by the project manager. Samples are shipped to the lab by qualified couriers or Company personnel under locked bags.
Audits or reviews	No audit or review has been conducted due to the early stage exploration nature of the work.

JORC Table 7: Section 2 Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	- Metallum does not own any of the properties sampled or mapped and sampling and mapping completed was done so as part of a due diligence process in order to assess the properties. - Metallum has an exclusive option agreement to acquire the properties (announced this announcement) - Metallum has a production agreement over the Panga Mine, granting exclusive access to carry out further geological and mining studies and to extract copper and gold ore.
Exploration by other parties	No information has been used in this report from exploration by other parties.
Drill hole information	Details of channel, drill holes, depth and intercept depths are contained within this announcement (Appendix 1).
Geology	The El Roble Project the Panga mine and San Sebastian mine area consists of quartz and iron oxide veins, containing copper and gold mineralisation. The veins are hosted within intrusive dioritic and andesitic volcanic rocks of the Chilean Cretaceous Belt.
Data aggregation methods	- Intercept widths are along channel widths, intercept calculated by length weighted average for all samples and no internal dilution was used, where length is the along channel length for each sample interval - Intercepts comprise of aggregated length weighted average for all samples taken in each channel. Length weighted averages have been calculated using the following formula assuming 3 samples were taken from the channel, where: A=sample interval, B=sample assay value $A1 \times B1 = C1$, $A2 \times B2 = C2$, $A3 \times B3 = C3$ $A1 + A2 + B2 = \text{total interval}$ $(C1 + C2 + C3) / \text{total interval} = \text{length weighted grade average}$ - No metal equivalent values have been used.
Relationship between mineralization widths and intercept lengths	- Channels and drill holes were designed to be installed perpendicular to the interpreted strike of the mineralized structures unless stated. - Intercept widths are along downhole widths and are not true geological widths.
Diagrams	Pertinent maps, plans and sections are within this announcement
Balanced Reporting	Full results of all samples taken are presented in Appendix 1 of this announcement.
Other substantive exploration data	No other data other than that presented has been used or relied upon.
Further work	- Further exploration work including mapping, sampling and drilling is required, on areas throughout the property. - These areas will be identified in the future through further analysis and interpretation of results. - Diagrams cannot be provided until areas for future exploration have been identified, other than what is presented within this notice.