



El Roble – High Grade Production Rates Increase

ASX ANNOUNCEMENT

15 January 2014

Highlights

- **Production continuing to increase, current production rates between 60 and 100 tonnes of material per day being mined and stockpiled at San Sebastian Mine**
- **Commencement of production at Paraguay Mine targeted within the next two weeks to further increase production rates**
- **4.72% Cu average grade for all material delivered from San Sebastian to mill to date**
- **Additional 800 tonnes previously stockpiled at the San Sebastian access shafts now also being trucked to mill**
- **Further high grade copper results from San Sebastian access shafts indicate major high grade copper zone including assays of up to 18.65% Cu and:**
 - **1.50m @ 6.59% Cu and 1.29g/t Au**
 - **0.90m @ 6.45% Cu and 1.19g/t Au**
 - **1.00m @ 5.65% Cu and 0.42g/t Au**
 - **1.20m @ 5.50% Cu and 0.03g/t Au**
 - **1.40m @ 4.56% Cu and 1.93g/t Au**

Perth-based copper developer **Metallum Ltd (ASX: MNE)** is pleased to provide an update on mining and trucking activities at the El Roble Copper Project in Chile.

Since taking 100% ownership of the San Sebastian concession (ASX announcement 10 December 2014), the Company has delivered over 700 tonnes of copper bearing material which has been processed by the ENAMI processing plant in Copiapo. A further 800 tonnes of high grade material has been stockpiled and is currently being trucked. To date, the average grade of all material that has been processed is 4.72% Cu, well above the expected grade of 3.00% Cu (ASX announcement 28 October 2014 – Company Presentation). Material is being sourced from the installation of three in vein access shafts at the San Sebastian Mine, at a rate of between 60 and 100 tonnes per day. Once the access shafts are completed, full production stoping will commence.

Installation of ore passes at the Paraguay Mine has also commenced, in preparation for the commencement of in vein access shafts and stoping. The Company is aiming to begin trucking material from Paraguay within the next two weeks.

Metallum Managing Director, Mr Zeff Reeves, said: “San Sebastian is continuing to deliver very impressive grades and it is a credit to our team on site to be able to extract material at a modest rate from the access shafts only.

“The next step at San Sebastian once the access shafts have broken through is to begin stoping the entire panel from the bottom up and when this starts we will see a steady increase in tonnages over the next 6 to 8 weeks. The grade and width continuity within this stoping panel is very encouraging and bodes well for mining activities at San Sebastian.

“With the much higher than expected grades coming from San Sebastian, and with Paraguay beginning to contribute some tonnage, the Company is progressing toward achieving its goal of becoming cash flow positive”, Mr Reeves added.

San Sebastian Mine Work

Since taking ownership of the San Sebastian Mine (ASX announcement 10 December 2014) the Company has focused on the installation of “in vein” stope access shafts at San Sebastian and the trucking of the high grade material being mined from this work.

Approximately 1,600 tonnes of material have been mined from San Sebastian since early December and 715 tonnes have been processed by the ENAMI treatment plant, with a reported average grade of 4.72% Cu. Stope preparation work is now producing between 60 and 100 tonnes per day. This mining rate will increase once the stope is fully prepared and shrink stoping commences, which is expected to take place during February.

Grade control sampling of the access shafts indicates that grade and width continuity is good as the shafts are progressed upward and the Company is targeting a mined grade greater than 4% copper for this first stope. Recent significant sampling results are presented in Table 1.

A recently installed ventilation fan and underground haulage truck has also improved the efficiency of the drill and blast cycle and will greatly assist in increasing mined tonnages from the mine.

Earthmoving equipment has arrived on site and preparatory work has begun to establish additional development levels below the current active 1040 level to access additional stoping areas. Work will also be carried out to further assess the down dip continuity of the recently delineated Viuda vein (ASX announcement 23 December 2014).

Channel ID	From (m)	To (m)	Interval (m)	Cu %	Au g/t
RCPCH00759	0.40	1.90	1.50	6.59	1.29
RCPCH00761	0.00	1.40	1.40	4.56	1.92
RCPCH00764	0.00	0.90	0.90	6.45	1.19
RCPCH00766	0.00	1.20	1.20	5.50	0.03
RCPCH00767	0.00	1.00	1.00	5.65	0.42

Table 1 – Significant intercepts from recent shaft grade control sampling, full results presented in Appendix 1.

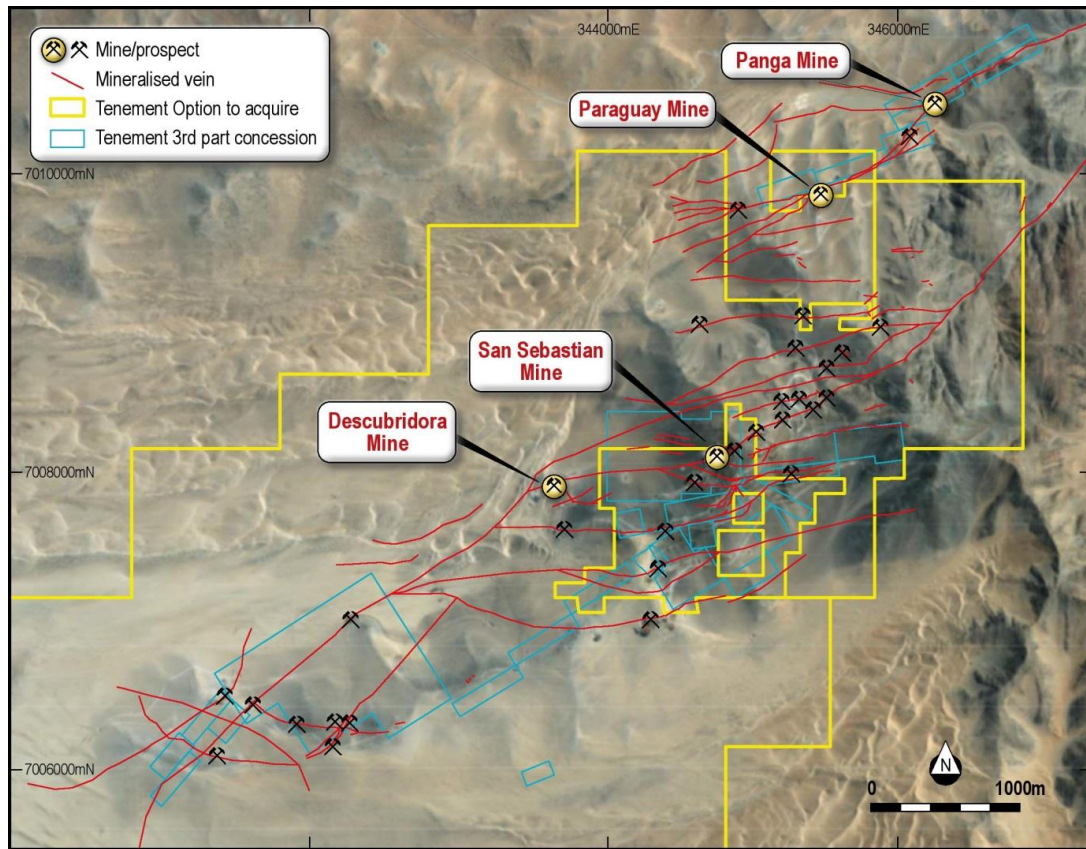


Figure 1 – Map of the north east sector of the El Roble Project, Chile, showing the location of the San Sebastian, Paraguay and Panga Mines within a strike continuous mineralised corridor where Metallum has mapped over 60km of prospective veins.

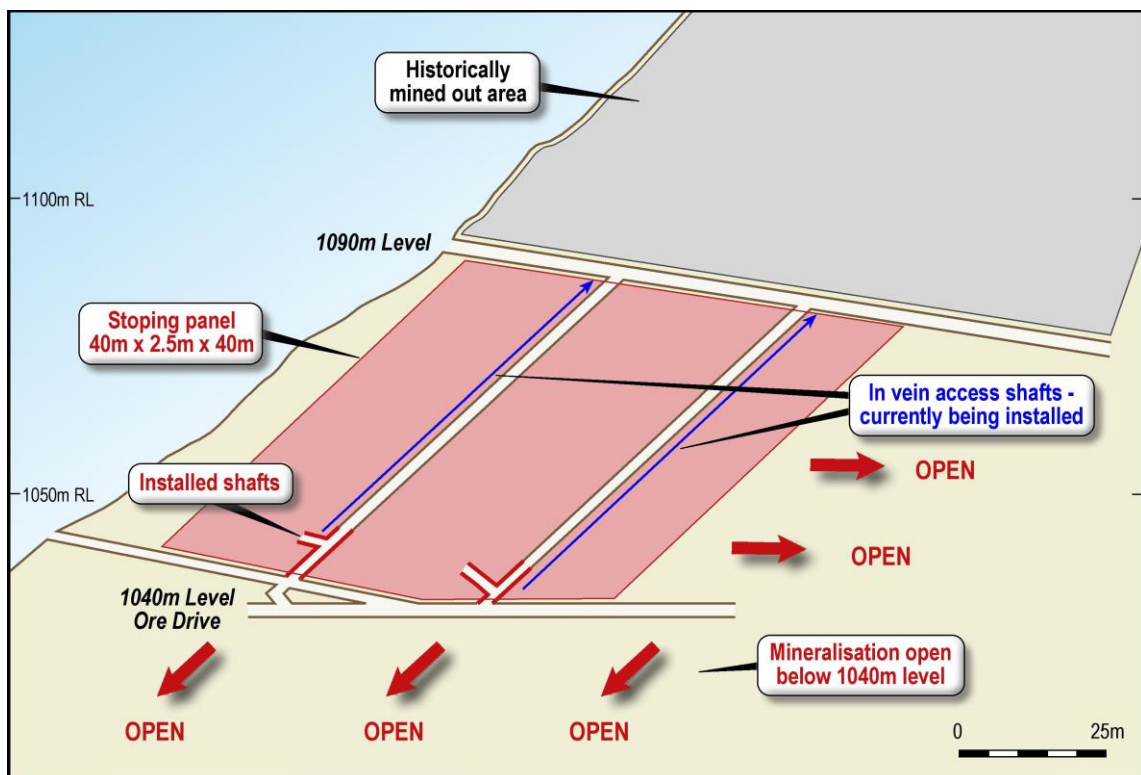


Figure 2- Schematic long section of the San Sebastian mine showing location and access of the first stopping panel currently being prepared between the 1040 level and 1090 level.

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.

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

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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. 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 is a full time employee and Managing Director of Metallum Limited. 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

1) Location Data

hole_id	psad56_northing	psad56_easting	psad56_rl	max_depth	Azimuth	Dip
RCPCH00737	7008574.40	344974.30	1043.14	1.00	0	250
RCPCH00738	7008572.20	344972.10	1043.40	1.50	0	290
RCPCH00739	7008573.30	344976.60	1044.24	3.00	45	360
RCPCH00740	7008570.80	344971.10	1048.10	3.00	40	360
RCPCH00741	7008601.83	345055.31	1028.18	1.60	35	280
RCPCH00759	Not Surveyed			1.90	-32	10
RCPCH00760	Not Surveyed			1.45	-32	10
RCPCH00761	Not Surveyed			1.40	-32	200
RCPCH00764	7008587.38	344991.73	1036.18	0.90	-32	200
RCPCH00765	7008585.10	344990.75	1038.64	1.35	-37	10
RCPCH00766	7008589.56	344995.03	1035.15	1.35	-37	10
RCPCH00767	Not Surveyed			1.00	-37	10

2) Assays

Hole_ID	Depth_From	Depth_to	Sample_ID	Cu %	Au_ppm
RCPCH00737	0.00	0.50	MGC00281	1.26	0.53
RCPCH00737	0.50	1.00	MGC00282	3.37	3.88
RCPCH00738	0.00	1.50	MGC00283	2.58	1.01
RCPCH00759	0.00	0.50	MGC00369	0.12	0.01
RCPCH00759	0.50	0.90	MGC00370	9.28	2.90
RCPCH00759	0.90	1.90	MGC00371	5.51	0.65
RCPCH00760	0.00	0.45	MGC00372	1.20	0.05
RCPCH00760	0.45	0.85	MGC00373	0.69	0.13
RCPCH00760	0.85	1.45	MGC00374	0.95	2.93
RCPCH00761	0.00	0.70	MGC00385	8.32	3.71
RCPCH00761	0.70	1.40	MGC00386	0.80	0.14
RCPCH00764	0.00	0.40	MGC00406	2.01	0.47
RCPCH00764	0.40	0.70	MGC00407	15.70	2.17
RCPCH00764	0.70	0.90	MGC00408	1.44	1.16
RCPCH00765	0.00	0.70	MGC00414	0.56	0.01
RCPCH00765	0.70	1.10	MGC00415	7.86	1.36
RCPCH00765	1.10	1.35	MGC00416	1.84	0.21
RCPCH00766	0.00	0.20	MGC00417	2.44	0.07
RCPCH00766	0.20	0.50	MGC00418	18.65	0.05
RCPCH00766	0.50	1.20	MGC00419	0.74	0.02
RCPCH00767	0.00	0.30	MGC00423	0.25	0.01
RCPCH00767	0.30	0.60	MGC00424	16.00	1.18
RCPCH00767	0.60	1.00	MGC00425	1.95	0.17

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

Criteria	Explanation
Sampling techniques	- 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 submitted to ALS were pulverised to obtain a 30g charge for fire assay for gold - ALS samples used a 0.5g charge was digested by four acid near total digest and analyses using ICP-OES for multi-element analysis, including copper - ALS 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	NA - No drill results are presented in this announcement
Drill sample recovery	NA - No drill results are presented in this announcement
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. - Collar locations for channels RCPCH00375-RCPCH00381 have not been surveyed and have been located using measurements from known survey points. No elevation data is available until survey has been completed. - Co-ordinates have an error of +/-10cm. - Co-ordinates are recorded in WGS84 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 owns 100% of the San Sebastian concession on which the Viuda and San Sebastian mines are located
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 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 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.