



Metallum commences trucking ore from Panga mine

ASX ANNOUNCEMENT

16 July 2014

Highlights

- **Metallum has commenced trucking copper-bearing material from the Panga Mine at the El Roble Project, Chile**
- **Metallum has received a permit from the ENAMI, Manuel Antonio Matta Plant, Copiapo to deliver copper-bearing material**
- **Planning and permit application submitted for nearby Paraguay mine**
- **Ramp up of production planned and underway**

Perth-based copper developer **Metallum Limited (ASX: MNE)** is pleased to announce it has commenced trucking copper-bearing material from the Panga mine at the El Roble copper Project, Chile to a nearby toll treatment plant.

Metallum has received a permit to commence delivery of copper-bearing material to the local ENAMI facilities. This paved the way for Metallum to commence trucking material extracted from the underground Panga mine, where the Company has a production agreement to extract up to 5,000 tonnes of copper-bearing material per month. It should be noted that the extraction of 5,000 tonnes of copper-bearing rock per month is not a production target.

In addition, Metallum has submitted all documentation obtain the necessary mine operation permit to commence underground mine work at the Paraguay mine, 1km from Panga, as soon as possible. It expects to receive this licence in August.

Metallum Managing Director Zeff Reeves said: "Having the first trucks of copper-bearing material delivered to the mill is an important milestone for Metallum as we work towards executing our strategy of funding long-term growth from small-scale production.

"Our grade control sampling has delineated a small high-grade zone on the 956S level at Panga (Figure 1), on which we have begun stoping. This high-grade zone is the first area we have commenced work on to provide a steady flow of material which we can truck to the mill.

"Now we have commenced trucking, our plan is to continue to increase deliveries over the coming month as the 956S stope is extracted.

"Mining at Paraguay will commence once we have all the necessary permits in hand. The big advantage we have at Paraguay is there is mineralised material ready for stoping already exposed, which should provide an initial 1,500 to 2,000 tonnes, and as soon as we commence work there, we will be moving material that can be trucked to the mill immediately."

Panga Mining

The main focus of mining activities at Panga has been the 956S level where a high-grade copper zone averaging 4.22% Cu has been delineated. The zone is approximately 12m in strike length and averages between 1.00m and 2.20m in width. Vertical mining (stopping) has commenced on this small copper-bearing zone as the 956S level is advanced further toward the main target areas below the historic stopes.

The 956S stope is designed to be mined using a shrink stopping method, up to the level above, approximately 20m vertical distance (Figure 2). It is calculated that between 750 tonnes and 1,000 tonnes of copper-bearing material exists in this small panel. The stopping area has been prepared for bulk ore extraction via the installation of two shafts through to the level above. Installation of the shafts produces modest volumes of copper-bearing material and provides drill and blast crews access to commence extraction at a higher production rate, which is now underway.

Currently, the surface stockpile at Panga contains approximately 400 tonnes of material extracted from the shafts and development tunnels, and a further 250 tonnes to 300 tonnes remains underground, which is used to access the stope area. Trucking of the surface stockpile has commenced and it is expected that between 300 tonnes and 500 tonnes of material will be delivered each week continuously from Panga and this will increase once additional stopping areas are prepared and extracted.

With stopping now commenced on the first stopping area at Panga extraction rates are expected to increase over the next month, particularly as more mineralised zones become exposed as the 956S level is developed.

Other activities carried out at Panga recently include the installation of a 30m high ventilation shaft between the 956S and 975 levels, which impacted on the available manning for stopping activities. Currently the mine is operated on a single day shift with two drill crews, but the Company intends to increase this once it begins to receive cashflow from sales. Typically once material is delivered, notification of delivered copper grade and payment will be made within 10-14 business days of delivery.

In conjunction with this production area, MNE is advancing the 956S development drive further to the south-west to intersect the interpreted down-dip extensions of the historically mined stopes. The development rate during the June was reduced due to the installation of the ventilation shaft and production shafts in preparation for stopping. The Company believes that an additional stopping panel can be delineated as the drive is advanced to provide additional tonnage to be mined from Panga.

Paraguay Permitting

Metallum has commenced mine planning and permitting work at the Paraguay mine. This includes a full geotechnical assessment, detailed planning, scheduling and budgeting in order to commence underground mining activities as soon as possible. The Company has submitted all permitting documentation to government authorities to obtain an operating permit to extract up to 5,000 tonnes of copper-bearing material per month, and it expects to receive this during August. It should be noted that the extraction of 5,000 tonnes of copper-bearing rock per month is not a production target.

The Company has delineated an approximately 40m-long strike zone of well mineralised copper-bearing vein at Paraguay (Figure 5) available to immediately commence stopping activities when an operating licence is granted.

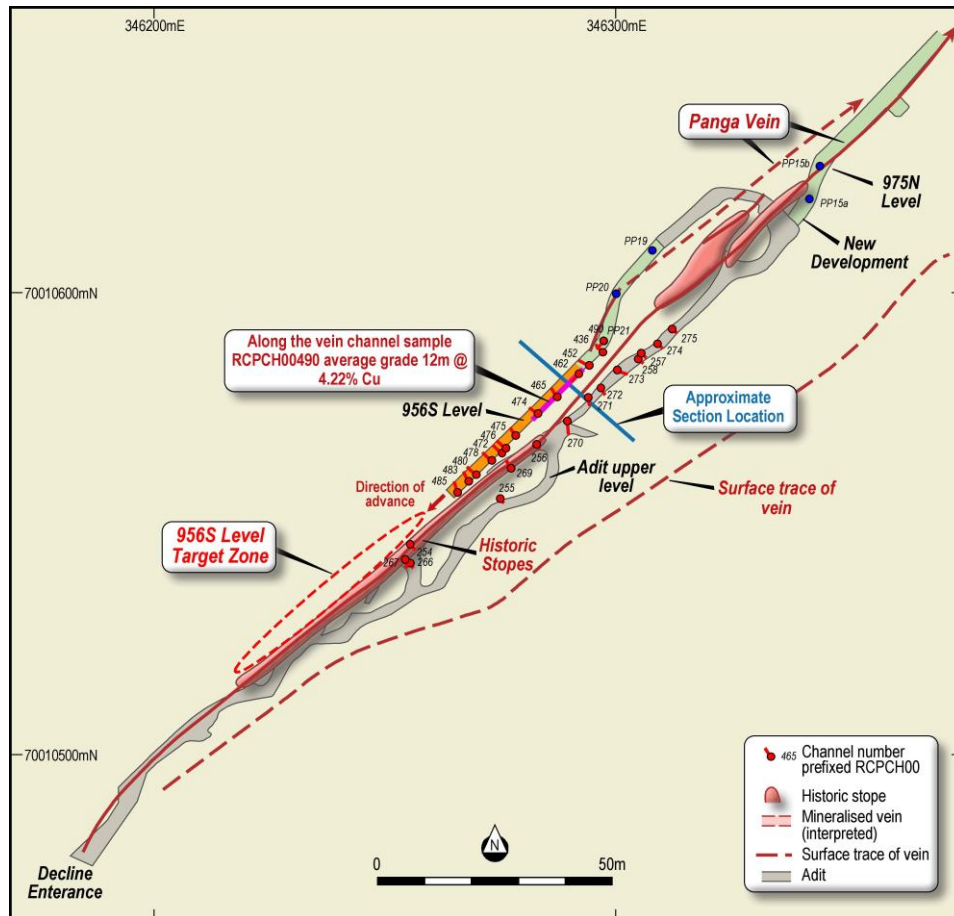


Figure 1 – Level plan of the Panga mine showing location of the high-grade copper zone where MNE has commenced vertical mining and target zone to the south-west of the advancing 956S drive.

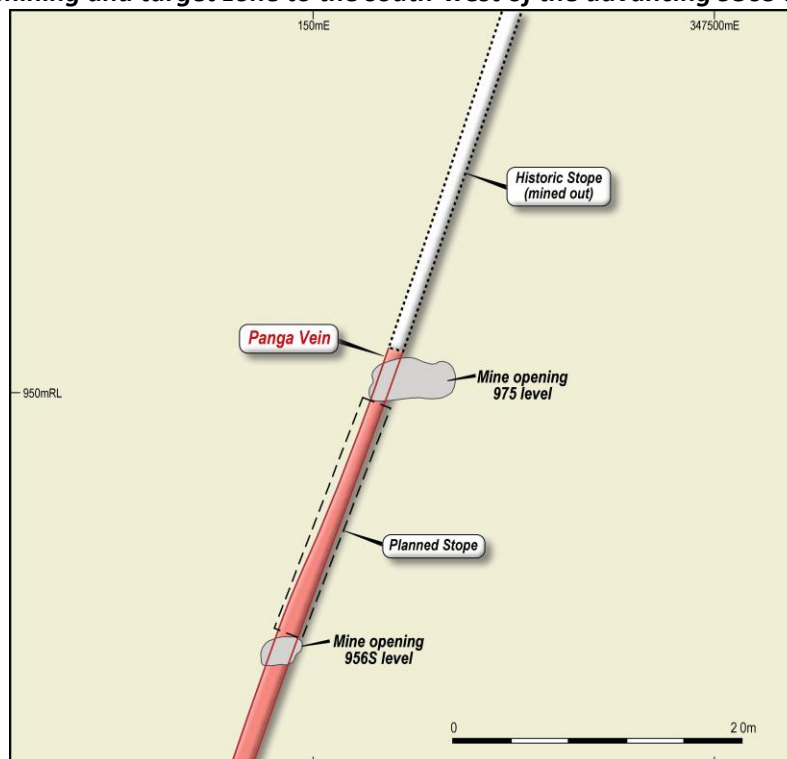


Figure 2 – Schematic section through the Panga mine at the position as shown in Figure 1. Dashed black line indicates current stope design on the 956S Level.



Figure 3 – Part of the high-grade stockpile at Panga mine.



Figure 4 – Mining activities at Panga, top left – truck loading, top right – underground bobcat, bottom – airleg drilling level 956S development face.

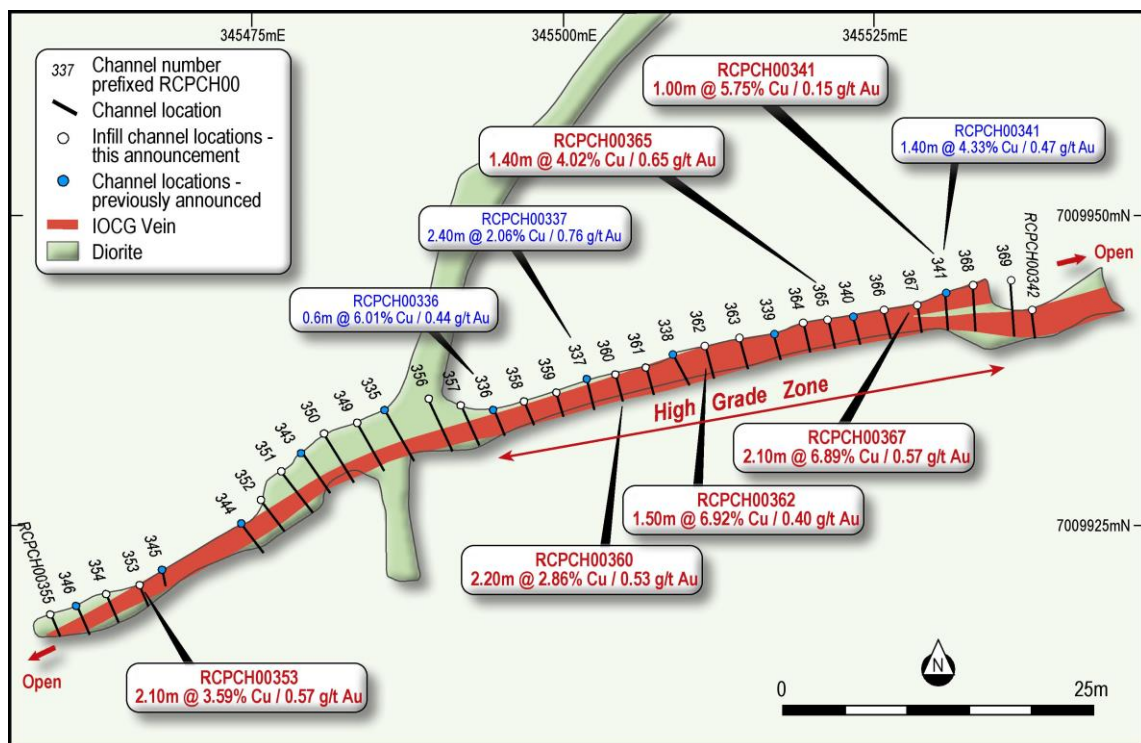


Figure 5 – Plan view of the Paraguay mine showing high-grade results. Results in red announced to ASX on 18 February 2014, results in blue announced 14 March 2014.

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.

Metallum Limited also has an interest in the Comval Copper Project in the Philippines, and its Australian-based projects, Boorara and Teutonic, are 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

Appendix 1 Channel Sampling Data

Location Table

hole_id	psad56_northing	psad56_easting	psad56_rl	max_depth	Dip	Azimuth
RCPCH00490	7010967.90	346483.40	931.60	35.00	0	254

Assay Table

Hole_ID	Depth_From	Depth_to	Sample_ID	Cu %	Au ppm
RCPCH00490	0.00	2.00	MGC04214	0.16	0.24
RCPCH00490	2.00	4.00	MGC04215	3.91	0.35
RCPCH00490	4.00	6.00	MGC04216	3.95	0.24
RCPCH00490	6.00	8.00	MGC04217	8.17	0.70
RCPCH00490	8.00	10.00	MGC04218	2.97	1.38
RCPCH00490	10.00	12.00	MGC04219	2.10	1.20
RCPCH00490	12.00	14.00	MGC04220	0.11	0.08
RCPCH00490	14.00	16.00	MGC04221	0.04	0.09
RCPCH00490	16.00	18.00	MGC04222	0.09	0.05
RCPCH00490	18.00	20.00	MGC04223	0.08	0.06
RCPCH00490	18.00	20.00	MGC04224	0.00	0.00
RCPCH00490	20.00	22.00	MGC04225	0.02	0.09
RCPCH00490	22.00	24.00	MGC04226	0.03	0.13
RCPCH00490	24.00	26.00	MGC04227	0.02	0.05
RCPCH00490	26.00	28.00	MGC04228	0.08	0.04
RCPCH00490	28.00	30.00	MGC04229	0.30	0.59
RCPCH00490	33.00	35.00	MGC04230	0.10	0.11

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

Criteria	Explanation
Sampling techniques	<ul style="list-style-type: none"> • Drill core samples are half core samples cut longitudinally down core axis • 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	<ul style="list-style-type: none"> • NA - No drill results are presented in this announcement
Drill sample recovery	<ul style="list-style-type: none"> • NA - No drill results are presented in this announcement
Logging	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The current drill and channel spacing is deemed appropriate for the current early stage of exploration
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> • Mining Group 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. • Mining Group has an exclusive option agreement to acquire the properties (refer ASX Announcement 15 August 2013) • Mining Group 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	<ul style="list-style-type: none"> • No information has been used in this report from exploration by other parties.
Drill hole information	<ul style="list-style-type: none"> • Details of channel, drill holes, depth and intercept depths are contained within this announcement (Appendix 1).
Geology	<ul style="list-style-type: none"> • The El Roble Project and Praguay 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	<ul style="list-style-type: none"> • 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 <ol style="list-style-type: none"> 1) $A1 \times B1 = C1$, $A2 \times B2 = C2$, $A3 \times B3 = C3$ 2) $A1 + A2 + B2 = \text{total interval}$ 3) $(C1 + C2 + C3) / \text{total interval} = \text{length weighted grade average}$ • No metal equivalent values have been used.
Relationship between mineralization widths and intercept lengths	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Pertinent maps, plans and sections are within this announcement
Balanced Reporting	<ul style="list-style-type: none"> • Full results of all samples taken are presented in Appendix 1 of this announcement.
Other substantive exploration data	<ul style="list-style-type: none"> • No other data other than that presented has been used or relied upon.
Further work	<ul style="list-style-type: none"> • 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.