



METALLUM LIMITED

ABN 73 149 230 811

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2016

METALLUM LIMITED

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METALLUM LIMITED

CORPORATE DIRECTORY

DIRECTORS

Winton Willesee - Chairman
Shannon Coates - Non-Executive Director
Erlyn Dale - Non-Executive Director

COMPANY SECRETARY

Shannon Coates

REGISTERED AND PRINCIPAL OFFICE

Suite 5, 62 Ord Street
WEST PERTH WA 6005

Telephone: (08) 9322 4328
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SHARE REGISTRY

Automic Registry Services
Level 2
267 St Georges Terrace
PERTH WA 6000

AUDITORS

RSM Australia Partners
8 St Georges Terrace
PERTH WA 6000

SOLICITORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6005

AUSTRALIAN SECURITIES EXCHANGE

Australian Securities Exchange
Level 40, Central Park
152 St Georges Terrace
PERTH WA 6000

(ASX: MNE)

METALLUM LIMITED

DIRECTORS' REPORT

The Directors of Metallum Limited and its subsidiaries ("the Group" or "consolidated entity") submit herewith the financial report of the Company for the half-year ended 31 December 2016.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Winton Willesee - Chairman
Shannon Coates - Non-Executive Director
Erlyn Dale - Non-Executive Director

RESULTS

The net loss for the half-year attributable to members of the consolidated entity was \$322,654 (2015: \$1,227,622).

REVIEW OF OPERATIONS

Metallum Limited (ASX: MNE) is an Australian-based exploration and development company that acquires and develops resource projects around the world.

As at the date of this report, the Company currently has interests in its Australian-based Teutonic Project as well as the Comval Copper Project in the Philippines.

Teutonic

Following the improved sentiment for resource companies and projects within the capital markets, the Company refocused on its Teutonic Project in the Eastern Goldfields region of Western Australia.

During the quarter, the Company added to its ground holdings at its Teutonic Project having made application for additional ground to the south of its existing tenement and is considering further additions to the project area.

The next work program is being designed to follow up the encouraging drill intercepts at the Mustang electromagnetic ("EM") conductor at Teutonic ("Mustang") which were drilled in late 2015. Work carried out at Mustang included surface EM, diamond drilling and subsequent downhole EM surveys. The result of this work concluded that the first two drill holes at Mustang displayed characteristics consistent with proximity to a volcanogenic massive sulphide ("VMS") mineralising system and that drilling intercepted the possible distal portion of a VMS system, similar to the deposits approximately 30km north at Bentley and Jaguar.

In order to fully investigate and follow up these results, work programs to carry out further geophysics along the prospective geological trend – along strike of the Mustang EM anomaly – are being developed.

The Company anticipates being in a position to release details of its upcoming program in the coming days.

Comval Copper Gold Project

The Company is continuing to hold its Comval Project on care and maintenance while it seeks external investment to assist in progressing the project. The Company's interest is now being diluted in accordance with the original acquisition terms.

Complementary Projects

The Company is continuing its program to seek and review complementary resource projects to add to its portfolio.

METALLUM LIMITED

DIRECTORS' REPORT

Corporate

On 17 June 2016, the Company entered into a binding Heads of Agreement (**HOA**) with Sydney-based financial software and services company, Squirrel Limited (**Squirrel**) pursuant to which it agreed to acquire 100% of the issued capital of Squirrel. During the period, the Company undertook due diligence on Squirrel and as a result of non-satisfaction of certain conditions precedent to the transaction, the Company terminated the HOA.

During the period, the Company's share registry, Automic Registry Services relocated to, Level 2, 267 St Georges Terrace, Perth WA 6000.

EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the end of the half-year which has significantly affected or may significantly affect the operations of the consolidated entity, the results of the consolidated entity, or the state of affairs of the consolidated entity as reported for the half-year ended 31 December 2016.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2016 is included within this financial report.

Signed in accordance with a resolution of the Directors.



Winton Willesee
Chairman
Perth, 8 March 2017

RSM Australia Partners

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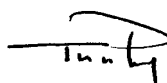
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Metallum Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 8 March 2017

METALLUM LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2016

	Note	Consolidated 31 December 2016 \$	Consolidated 31 December 2015 \$
Revenue	2	-	184,917
Cost of sales		-	(580,038)
Gross loss		-	(395,121)
Interest income	2	5,911	220
Other income	2	-	98,761
Other financial fees		(895)	(33,085)
Consultant and legal fees		(103,849)	(89,721)
Employee benefits expense		(67,932)	(233,859)
Administrative expenses		(7,029)	(39,816)
Corporate and compliance fees		(111,596)	(117,864)
Depreciation and amortisation		(15)	(2,354)
Exploration and evaluation expenditure		(25,339)	(245,721)
Equity based payments		-	(23,954)
Unrealized gain / (loss) on foreign exchange		-	(12,876)
Impairment of projects		-	(103,003)
Other expenses		(14,244)	(67,605)
Loss before income tax expense		(324,988)	(1,265,998)
Income tax (expense)		-	-
Net loss for the period		(324,988)	(1,265,998)
Other comprehensive (loss) / income, net of income tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operation		376	18,587
		376	18,587
Total comprehensive loss for the period (net of tax)		(324,612)	(1,247,411)
Loss attributable to:			
Members of Metallum Limited		(322,654)	(1,227,622)
Non-controlling interest		(2,334)	(38,376)
		(324,988)	(1,265,998)
Total comprehensive profit/(loss) attributable to:			
Members of Metallum Limited		(346,673)	(1,211,978)
Non-controlling interest		22,061	(35,433)
		(324,612)	(1,247,411)
Loss per share			
Basic and diluted (loss) per share (cents per share)		(0.24)	(0.16)

The accompanying notes form part of these financial statements

METALLUM LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	Consolidated 31 December 2016 \$	Consolidated 30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,086,079	1,471,968
Other receivables		25,656	19,959
Total Current Assets		1,111,735	1,491,927
Non-Current Assets			
Plant and equipment		448	464
Trade and other receivables		35,115	33,761
Total Non-Current Assets		35,563	34,225
Total Assets		1,147,298	1,526,152
LIABILITIES			
Current Liabilities			
Trade and other payables		124,658	180,100
Total Liabilities		124,658	180,100
Net Assets		1,022,640	1,346,052
EQUITY			
Issued capital	3	24,806,331	24,805,131
Reserves	4	6,029,241	6,053,260
Accumulated losses		(28,687,603)	(28,364,949)
Equity attributable to the owners of Metallum Limited		2,147,969	2,493,442
Non-controlling interest		(1,125,329)	(1,147,390)
Total Equity		1,022,640	1,346,052

The accompanying notes form part of these financial statements

METALLUM LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2016

Consolidated	Issued Capital	Reserves	Accumulated Losses	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2016	24,805,131	6,053,260	(28,364,949)	(1,147,390)	1,346,052
Loss for the period	-	-	(322,654)	(2,334)	(324,988)
Other comprehensive income	-	(24,019)	-	24,395	376
Total comprehensive loss for period	-	(24,019)	(322,654)	22,061	(324,612)
Transactions with owners					
Shares issued during the period	1,200	-	-	-	1,200
At 31 December 2016	24,806,331	6,029,241	(28,687,603)	(1,125,329)	1,022,640
At 1 July 2015	21,549,115	5,925,201	(26,631,426)	(1,529,230)	(686,340)
Loss for the period	-	-	(1,227,622)	(38,376)	(1,265,998)
Other comprehensive income	-	15,644	-	2,943	18,587
Total comprehensive loss for period	-	15,644	(1,227,622)	(35,433)	(1,247,411)
Transactions with owners					
Options Issued during the period	-	124,220	-	-	124,220
Shares issued during the period	813,152	-	-	-	813,152
Costs of capital raising	(137,570)	-	-	-	(137,570)
At 31 December 2015	22,224,697	6,065,065	(27,859,048)	(1,564,663)	(1,133,949)

The accompanying notes form part of these financial statements

METALLUM LIMITED
STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2016

	Consolidated 31 December 2016 \$	Consolidated 31 December 2015 \$
Cash flows from operating activities		
Sales revenue	-	199,381
Other income received	4,557	98,981
Payments to suppliers and employees	(366,307)	(843,177)
Net cash (used in) operating activities	(361,750)	(544,815)
Cash flows from investing activities		
Exploration and evaluation expenditure	(25,339)	(122,587)
Net cash (used in) investing activities	(25,339)	(122,587)
Cash flows from financing activities		
Repayment of borrowings	-	(301,191)
Proceeds from borrowings	-	465,500
Proceeds from issue of securities, net of costs	1,200	506,038
Net cash provided by financing activities	1,200	670,347
Net (decrease)/increase during the period	(385,889)	2,945
Cash at beginning of the half-year	1,471,968	181,481
Cash at end of the half-year	1,086,079	184,426

The accompanying notes form part of these financial statements

METALLUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting. Metallum Limited and its controlled entities ("consolidated entity") is a for profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Metallum Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Metallum Limited's annual financial report for the year ended 30 June 2016 and corresponding interim reporting period, except as disclosed below.

Adoption of new and revised Accounting Standards

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

METALLUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2016

2. REVENUE

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Sales revenue	-	184,917
Interest income	5,911	220
Gain on recoverability of assets	-	50,998
Other income	-	47,763
	<u>-</u>	<u>47,763</u>

3. ISSUED CAPITAL

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Issued Capital		
Ordinary shares – fully paid (net of costs)	<u>24,806,331</u>	<u>24,805,131</u>

Movement in ordinary shares on issue

	# of Shares	\$
Balance at beginning of half-year	135,351,400	24,805,131
12 August 2016 – Options exercise	50,000	1,200
Balance at end of period	<u>135,401,400</u>	<u>24,806,331</u>

4. RESERVES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Options reserve (a)	4,910,450	4,910,450
Foreign exchange translation reserve (b)	1,118,791	1,142,810
Balance at end of period	<u>6,029,241</u>	<u>6,053,260</u>

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
(a) Options reserve		
Balance at end of the period	<u>4,910,450</u>	<u>4,910,450</u>

Movements in Options

	# of Options	\$
Balance at beginning of period	132,606,790	4,910,450
Options exercised – 31 July 2016 @ \$0.024	(50,000)	-
Options expired unexercised – 31 July 2016 @ \$0.024	(132,185,816)	-
Options expired unexercised – 17 October 2016 @ \$13.60	(20,000)	-
Options expired unexercised – 30 November 2016 @ \$20.00	(2,500)	-
Balance at end of period	<u>348,474</u>	<u>4,910,450</u>

METALLUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2016

4. RESERVES (CONTINUED)

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
(b) Foreign exchange translation reserve		
Balance at beginning of period	1,142,810	1,139,047
Movement in foreign currency translation	(24,019)	3,763
Balance at end of period	1,118,791	1,142,810

5. LOSS PER SHARE

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
(a) Loss used in the calculation of basic loss per share	(322,654)	(1,227,622)
	Number of shares	Number of shares
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic loss per share:	135,389,716	773,226,198

The diluted earnings per share is not disclosed as the Company made a loss for the period.

6. SEGMENT INFORMATION

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity is managed primarily on the basis of business category and geographical areas. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated entity.

METALLUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2016

6. SEGMENT INFORMATION (CONTINUED)

Segment assets

Where an asset is used across multiple segments, the asset is allocated proportionately to the applicable segments based on its use. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include, interest bearing liabilities and trade and other payables.

	Australia Corporate	Australia Exploration	Foreign Exploration	Total
	\$	\$	\$	\$
(i) Segment performance				
31 December 2016				
Other revenue	5,905	-	6	5,911
Total segment revenue	5,905	-	6	5,911
Total segment expenses before depreciation and income tax	(298,132)	(10,663)	(22,089)	(330,884)
Depreciation and amortisation	(15)	-	-	(15)
Total segment expenses	(298,147)	(10,663)	(22,089)	(330,899)
Segment results before tax	(292,242)	(10,663)	(22,083)	(324,988)

METALLUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2016

6. SEGMENT INFORMATION (CONTINUED)

	Australia Corporate	Australia Exploration	Foreign Exploration	Total
	\$	\$	\$	\$
(i) Segment performance				
31 December 2015				
External revenue	-	-	184,917	184,917
Other revenue	47,983	-	50,998	98,981
Total segment revenue	47,983	-	235,915	283,898
Total segment expenses before depreciation and income tax	(542,278)	(206,508)	(798,756)	(1,547,542)
Depreciation and amortisation	(2,354)	-	-	(2,354)
Total segment expenses	(544,632)	(206,508)	(798,756)	(1,549,896)
Segment results before tax	(496,649)	(206,508)	(562,841)	(1,265,998)

(ii) Revenue by geographical region

Revenue attributed to external customers for the half-year ended 31 December 2015 are located in Chile.

There is no revenue attributable to external customers for the half-year ended 31 December 2016.

(iii) Segment assets	Australia Corporate	Australia Exploration	Foreign Exploration	Total
31 December 2016	\$	\$	\$	\$
Total segment assets	1,140,166	-	7,132	1,147,298
Total group assets				1,147,298
(iii) Segment liabilities				
Total segment liabilities	76,729	-	47,929	124,658
Total group liabilities				124,658

METALLUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2016

6. SEGMENT INFORMATION (CONTINUED)

(iii) Segment assets	Australia Corporate	Australia Exploration	Foreign Exploration	Total
31 December 2015	\$	\$	\$	\$
Total segment assets	195,343	58,923	50,963	305,229
Total group assets				305,229
(iii) Segment liabilities				
Total segment liabilities	733,272	196,067	509,839	1,439,178
Total group liabilities				1,439,178

(iv) Assets by geographical region

During the half year 31 December 2015, all reportable segment assets are located in Australia, Philippines and Chile.

During the half year 31 December 2016, all reportable segment assets are located in Australia and Philippines.

7. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

8. COMMITMENTS

There has been no change in commitments since the last annual reporting date.

9. EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the end of the half-year which has significantly affected or may significantly affect the operations of the consolidated entity, the results of the consolidated entity, or the state of affairs of the consolidated entity as reported for the half-year ended 31 December 2016.

METALLUM LIMITED

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Metallum Limited, the Directors of the Company declare that:

1. The financial statements and notes thereto are in accordance with the *Corporations Act 2001* including:
 - a) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Winton Willesee
Chairman
Perth, 8 March 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF METALLUM LIMITED

We have reviewed the accompanying half-year financial report of Metallum Limited which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metallum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Metallum Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

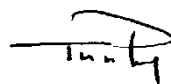
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Metallum Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 8 March 2017