Successful Exploration Program - Metallum Identifies Multiple Bedrock Conductors at Teutonic

ASX ANNOUNCEMENT **23 May 2017**

HIGHLIGHTS

- **Multiple bedrock conductors have been identified from the recently completed Moving Loop Electromagnetic (MLEM) survey at the Company's Teutonic Project.**
- **MLEM survey completed along 5.8kms of prospective strike north of the Mustang VMS target with over 40 line kms of survey lines completed.**
- **Multiple late time response conductors have been identified within the target stratigraphic horizon being prospective for base metal VMS style mineralisation.**
- **The option agreement over the Teutonic Project has been extended for a further 12 months, now expiring in August 2018.**
- **Previous drilling at Mustang intersected massive to semi massive banded sulphide anomalous in copper and zinc consistent with being part of a Volcanogenic Massive Sulphide (VMS) base metal mineralising system.**

Perth-based exploration Company **Metallum Ltd (ASX: MNE)** is pleased to announce that it has completed a detailed MLEM survey to test the northern extensions of the Mustang electromagnetic (EM) conductor ("Mustang Conductor") at its Teutonic Project (MNE earning 70%) in the Eastern Goldfields region of Western Australia.

Preliminary results from the MLEM survey have identified a number of prospective bedrock conductors, occurring within the target stratigraphic horizon which contains the Mustang conductor and within the regionally important VMS corridor which hosts the Bentley and Jaguar VMS zinc and copper deposits approximately 20kms to the north.

Previous work has identified that the prospective VMS corridor extends along strike to the north of the tenement E37/1037 and the MLEM survey has tested the prospective corridor to the northern tenement boundary (Figure 2). The results further confirm the prospectivity of the Teutonic Project to host base metal mineralisation similar to the deposits to the north.

The Company has also commenced further ground MLEM surveying along the prospective corridor to the south on its recently granted E37/1281 tenement. This work is expected to commence in the next two to three weeks with results to be available in approximately six weeks' time.

Metallum Chairman Winton Willesee said "*The Company is encouraged by the strength and location of the bedrock conductors identified by the MLEM survey and we will now work to refine these targets in the context of the local geology to define possible drill targets. These results combined with the regional position of the conductors along with the VMS style mineralisation drilled previously at Mustang provide further exciting*

evidence of the potential of the Teutonic Project to host significant VMS mineralisation. Furthermore we have just extended our option over the Teutonic Project for a further 12 months giving us another year to conduct further exploration over this highly prospective belt"

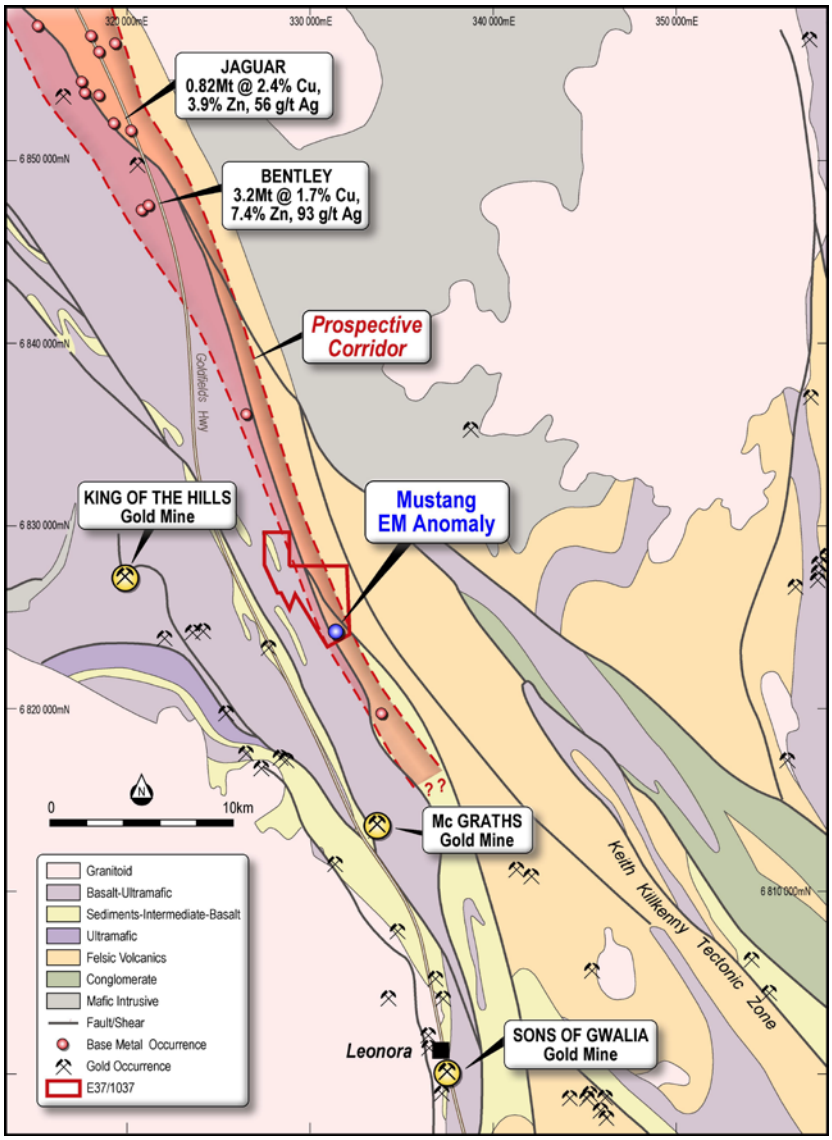

Figure 1– Regional geology and location of the Teutonic Project and Mustang Conductor showing proximity to the Jaguar and Bentley VMS deposits. Resource figures for Bentley and Jaguar sourced from Independence Group's website.

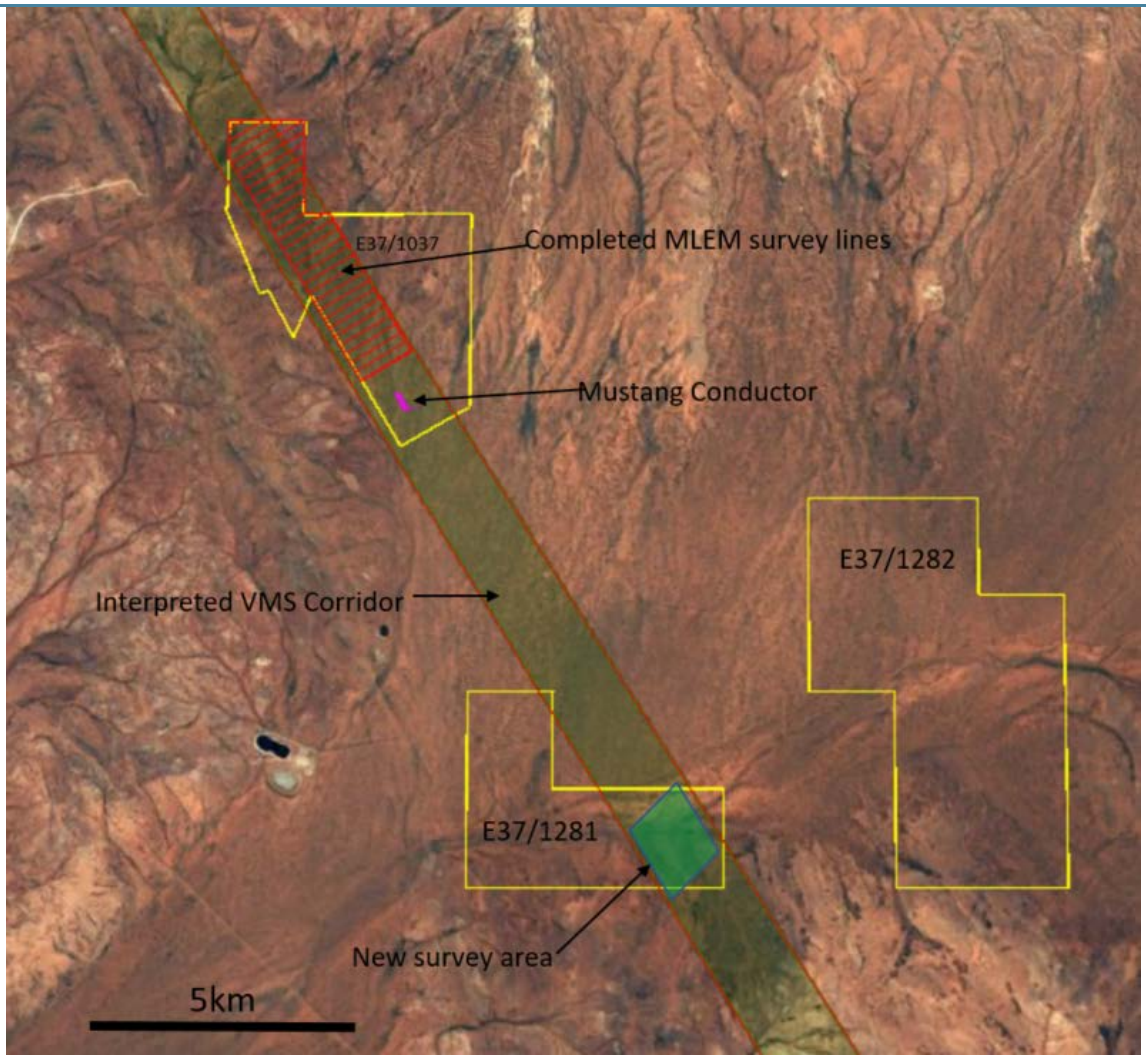

Figure 2 – Satellite image showing location of competed ground MLEM program (red) along strike from the Mustang EM Conductor (pink), within the interpreted VMS corridor (green). A new MLEM survey is commencing at E37/1281.

2017 MLEM SURVEY

During April and May 2017 the Company completed approximately 40 line kms of MLEM survey lines covering approximately 5kms of strike along the prospective VMS corridor at the Teutonic Project. The survey has delineated a number of late time response, bedrock conductors, within the interpreted corridor which has elements of favourable geology to host VMS base metal mineralisation.

Historic VMS mineralisation and more recent discoveries along the belt by Independence Group (ASX:IGO) have identified felsic volcanic rocks being in the proximity of base metal massive sulphide mineralisation. The corridor along which the Teutonic EM anomalies occur are associated with mapped, or historically drilled package of rocks containing sediments, mafic and felsic volcanic rocks.

The bedrock conductors identified are similar in size to the Mustang conductor, although the late time response of the new conductors are somewhat weaker and less defined than Mustang.

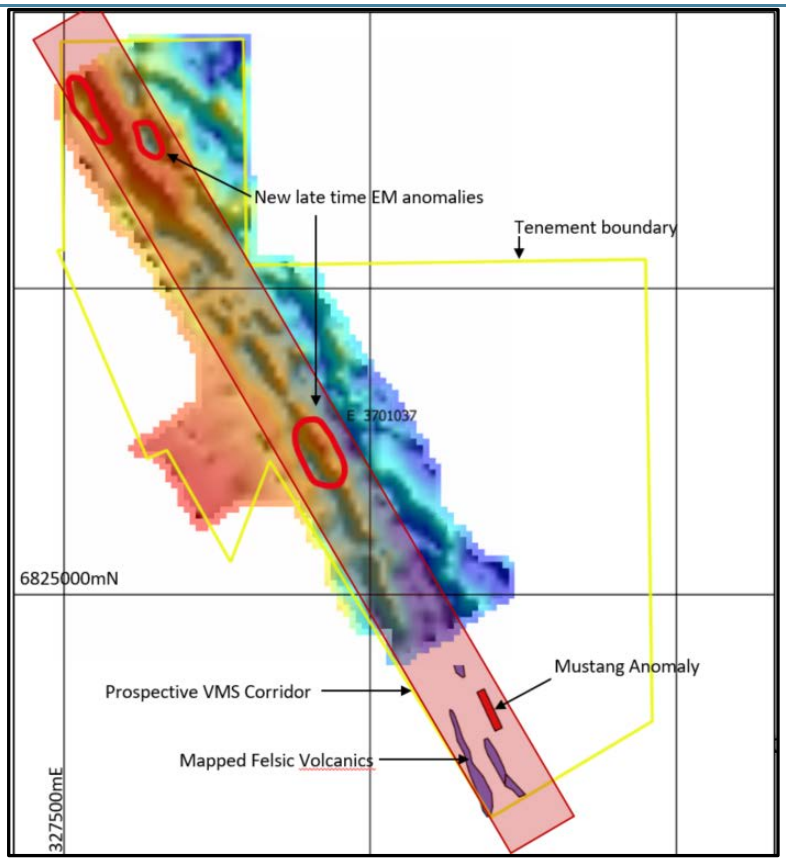

Figure 3 – Image of MLEM survey data- Slingram Z component, channel 30 showing new bedrock conductors (red) within the prospective VMS corridor (shaded red) along strike from the Mustang Anomaly and mapped felsic volcanic rocks. Map datum GDA94 zone 51 – grid is 2.5km x 2.5km.

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. The Company currently has interests in its Australian-based Teutonic Project as well as the Comval Copper Project in the Philippines.

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 a consultant 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: JORC Table 1, Section 1 Sampling Techniques and Data

Criteria	Explanation

Sampling techniques	• This ASX release reports on new targets generated at the company's Teutonic Project. The ASX release reports only on new targets generated from a recently completed Moving Loop electromagnetic Survey (MLEM). Sections describing drilling data collection and verification refer to previous drilling conducted at the Teutonic project and previously released to the ASX (ASX announcement 7 January 2016)
	• MLEM Survey was designed by Resource Potentials Pty Ltd and field work was conducted by Gem geophysics Pty Ltd
	  • Key specifications of the MLEM survey are:
	  • Stations Spacing: 100m
	  • Loop: 200m x 200m
	  • Line Spacing: 150m
	  • Components: x y z
	  • Line direction: 058-302 degrees
	  • Frequency: 0.5, 0.25 Hz
	  • Channels: SMARTem Standard.
	  • Receiver: Fluxgate
	  • Number turns: 2
	  • Current: Typically 60 A.
	  • Repeats: Minimum 3 consistent readings per station.
	
	Field calibration of the survey instruments using standards is undertaken each day. A minimum of 3 consistent readings per station are taken to ensure accuracy of data collected.

Drilling techniques	• All holes were precollared using RC drilling and completed with diamond drill core tails. • Diamond Drilling method has been used recovering NQ diameter drill core
Drill sample recovery	• Drill sample recovery is generally 100% and is recorded for every meter of core recovered. • Minor core loss was encountered but is not deemed material
Logging	• All drill holes 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 sampling. • Samples are coarse crushed to 3mm and then split produce a sub-fraction which has then been pulverised to 90% passing 75 micron • No duplicate samples have been carried out. • Sample size is deemed appropriate.
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 20 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 have been surveyed using a handheld GPS instrument with appropriate control points used and referenced to ensure accuracy of survey information. • Co-ordinates have an error of +/-5m. • Co-ordinates are recorded in GDA94 co-ordinate system
Data spacing and distribution	• The current drill spacing is deemed appropriate for the current early stage of exploration

Orientation of data in relation to geological structure	• Wherever possible drill holes 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 Company's geological consultant who conducted sample collection and the chain of custody from the drill to the sample preparation and logging facility is continually monitored by the consultant. Samples are shipped to the lab by qualified couriers or Company personnel under sealed 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 surveyed but is the appointed manager of the project • Metallum has an exclusive option agreement to acquire up to 70% of the mineral tenement E37/1037 (refer to Company Prospectus released to the ASX on 13th May 2011).
Exploration by other parties	• Historic drilling information has been utilised accessed through the Department of Minerals and Petroleum databases. • Drilling was conducted by Sons of Gwalia Ltd between 1995 and 1997.
Drill hole information	• Details of hole locations, depth and intercept depths are contained within this announcement. • All down hole assay data is presented in Appendix 1.
Geology	• The Teutonic Project occurs within the Norseman-Wiluna greenstone belt. Within the north-west trending Keith-Kilkenny tectonic Zone • Rock types observed include metasedimentary rocks and felsic-intermediate volcanic rocks and high Mg basalt and ultramafic intrusive rocks
Data aggregation methods	• Intercept widths are downhole widths, intercept calculated by length weighted average for all samples where length is the downhole length for each sample interval • 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 1) A1xB1 = C1, A2xB2=C2, A3xb3=C3 2) A1+A2+B2= total interval 3) (C1+C2+C3)/total interval = length weighted grade average • No metal equivalent values have been used.
Relationship between mineralization widths and intercept lengths	• Drill holes were designed to be installed perpendicular to the interpreted strike of the mineralized structures unless stated. • Intercept widths are downhole widths and are not true geological widths.
Diagrams	• Pertinent maps, plans and sections are within this announcement
Balanced Reporting	All new exploration results relating to the announcement are reported. • Terms like "best", "strongest" or "significant" are used to highlight those results considered most important in the context of the announcement. • Some statements in this report regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration programme outlook, target sizes and mineralised material estimates. They include statements preceded by words such as "anticipated", "expected", "target", "scheduled", "intends", "potential", "prospective" and similar expressions.
Other substantive exploration data	Location of Data Points • Handheld GPS used for receiver/transmitter locations, co-ordinates GDA94/ MGA Zone 51 Data spacing and distribution • Station Spacing 10m with 2m and 5m infill where deemed appropriate

	Audits and reviews • All geophysical data was collected and reviewed by an independent consultant. • Several sources of conductors in the bedrock are possible, including but not limited to concentrations massive sulphide and graphitic black shales. • A model of a conductive source is made from a combination of the measured data and assumptions made according to industry best practice. The resultant model should therefore be considered a "best estimate" of the conductive source, and not a definitive characterisation.
Further work	• Further exploration work including further data processing and drilling is required to further test the EM bedrock conductor • Diagrams cannot be provided until final geophysical and geological models have been completed, other than what is presented within this notice.