



## Quarterly Activities Report December 2014

ASX ANNOUNCEMENT

30 January 2015

Perth-based copper developer **Metallum Limited (ASX: MNE)** is pleased to provide its activities and cash flow report for the quarter ended 31 December 2014.

### Operational Highlights

#### El Roble Project, Chile

##### *San Sebastian concession*

- 1,500 tonnes mined from 10-31 December, 720 tonnes trucked and processed at an average grade of 4.72% Cu
- Average sale price of AU\$239.43<sup>1</sup> per tonne
- Average mining cost of AU\$68.90<sup>2</sup> per tonne in line with forecasts
- Completed acquisition of 100% interest in the San Sebastian concession and mine
- Second mining permit obtained for the extraction of up to 5,000 tonnes per month of copper bearing material<sup>3</sup>
- San Sebastian high-grade zone on 1040 level extended to more than 40m along strike, averaging 1.60m wide, and interpreted to continue up to the 1090 level approximately 40m above
- Mining commenced during December with approximately 1,500 tonnes mined from 1040 level high grade copper zone
- Additional high grade mine identified and 50m long high grade copper zone identified at the Viuda Mine (225m south of the San Sebastian Mine). 50m long high grade copper zone returns grades of up to:
  - 10.55% Cu and 2.82g/t Au
  - 9.92% Cu and 1.53 g/t Au
  - 8.08% Cu and 1.34 g/t Au

##### *Paraguay Mine*

- Mining permit issued for Paraguay lease to mine up to 5,000 tonnes per month from the Paraguay Mine site<sup>3</sup>
- Preparation for the commencement of mining at the Paraguay Mine site is underway

##### *Panga Mine*

- Activities have been scaled back, having made the decision to utilise the available workforce and equipment at San Sebastian and Paraguay

<sup>1</sup>Average exchange rate AUD- CLP= AUD1:CLP495.

<sup>2</sup>Mining cost inclusive of all onsite mining, administrative and support costs, all in sustaining cost of AU\$149.50 for mining at San Sebastian during December was achieved.

<sup>3</sup>Note the permit to mine up to 5,000 tonnes per month is not a production target.

- Minor development work is planned to continue the 956S tunnel to the south to test for the occurrence of further high grade copper zones suitable for stoping

## Australian Projects

### *Teutonic Project (70%)*

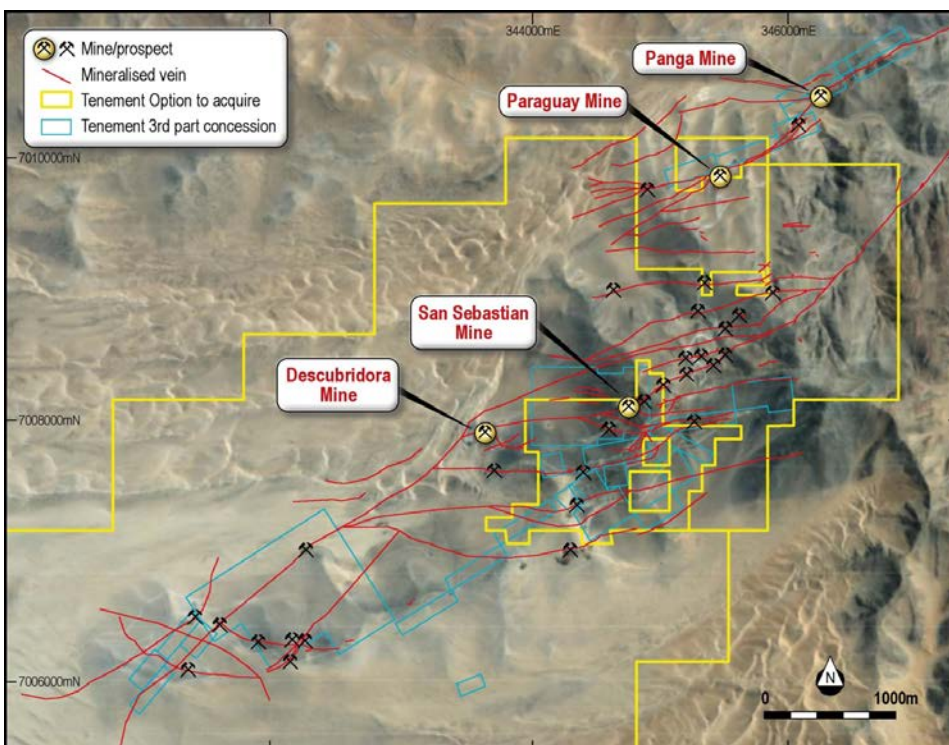
- Department of Mines and Petroleum's Exploration Incentive Scheme application for drill funding was successful
- 50% of direct drilling costs up to a value of \$70,000 has been granted for the first drilling program at Teutonic
- Drilling planned during calendar year 2015

## Corporate Highlights

- US\$1,020,000 in funding secured to facilitate acceleration of mining activities
- \$250,000 loan from Non-Executive Director Colin 'Cobb' Johnstone assists completion of San Sebastian acquisition
- Flexible funding facilities in place for up to \$5,000,000 if required

## El Roble Project, Chile (Option to acquire up to 90%)

The El Roble Copper Project ("El Roble Project") is approximately 25 kilometres east of the port city of Caldera, within Region III of Chile. The El Roble Project is ideally located on the coast in the vicinity of an operating port, within 80 kilometres of Copiapo, a major regional mining centre, and within 80 kilometres of three copper toll treatment plants. The El Roble Project consists of more than 6,000 hectares of granted concessions and applications covering a strike extensive, IOCG associated copper/gold vein system. The El Roble Project produced between 500,000 tonnes and 1Mt of copper-bearing ore at a cut-off grade of 9% copper during the latter half of the 19th century.



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

## San Sebastian concession

During the quarter, Metallum completed the acquisition of 100% of the San Sebastian concession and commenced mining. The San Sebastian concession covers 50 hectares over a major mineralised structure adjoining the Company's El Roble Project area in Chile.

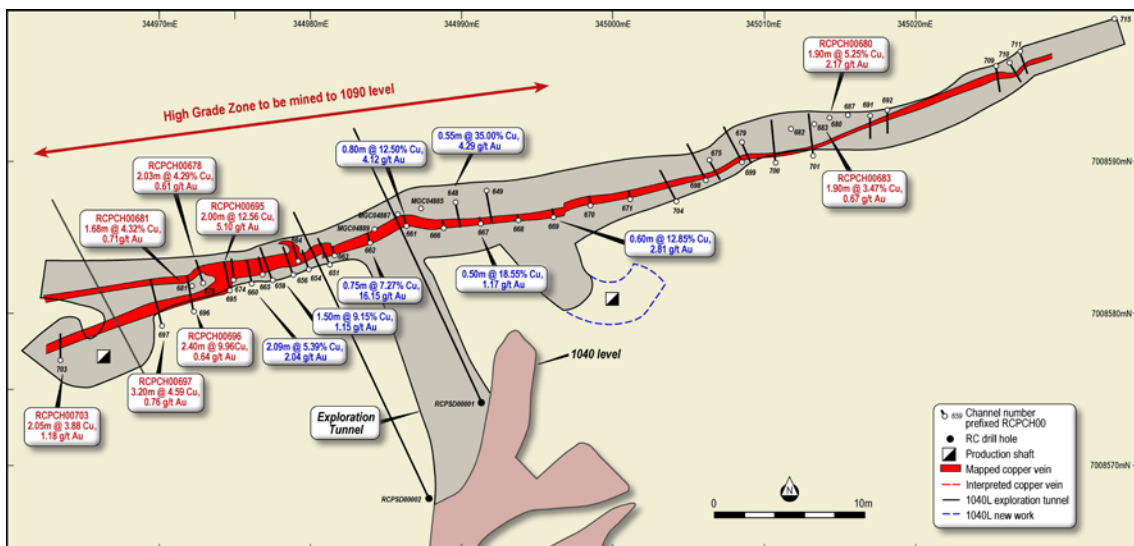
The acquisition of San Sebastian further consolidates the Company's holding over the El Roble vein system, with San Sebastian centrally located in the system. Previous mining at the concession extracted material from a main mineralised structure averaging approximately 3 metres in width along about 300 metres of strike. A ground magnetics survey identified this as a northern extension of the structure currently being mined by the El Roble project owner at the high-grade Descubridora Mine.

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 40 metres below the main mine tunnel in the footwall side of the vein. 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.

The lower adit is approximately 130 metres long and runs parallel to the strike of the vein. It provides an access to the vein below the historic mine approximately 40 metres above. It may be possible to 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 focused its activities on the San Sebastian mine during the December quarter with work consisting of horizontal development of the 1040 level prior to taking full ownership of the concession. The extraction of stope access shafts between the 1040 level and the 1090 level above then commenced during the month of December.

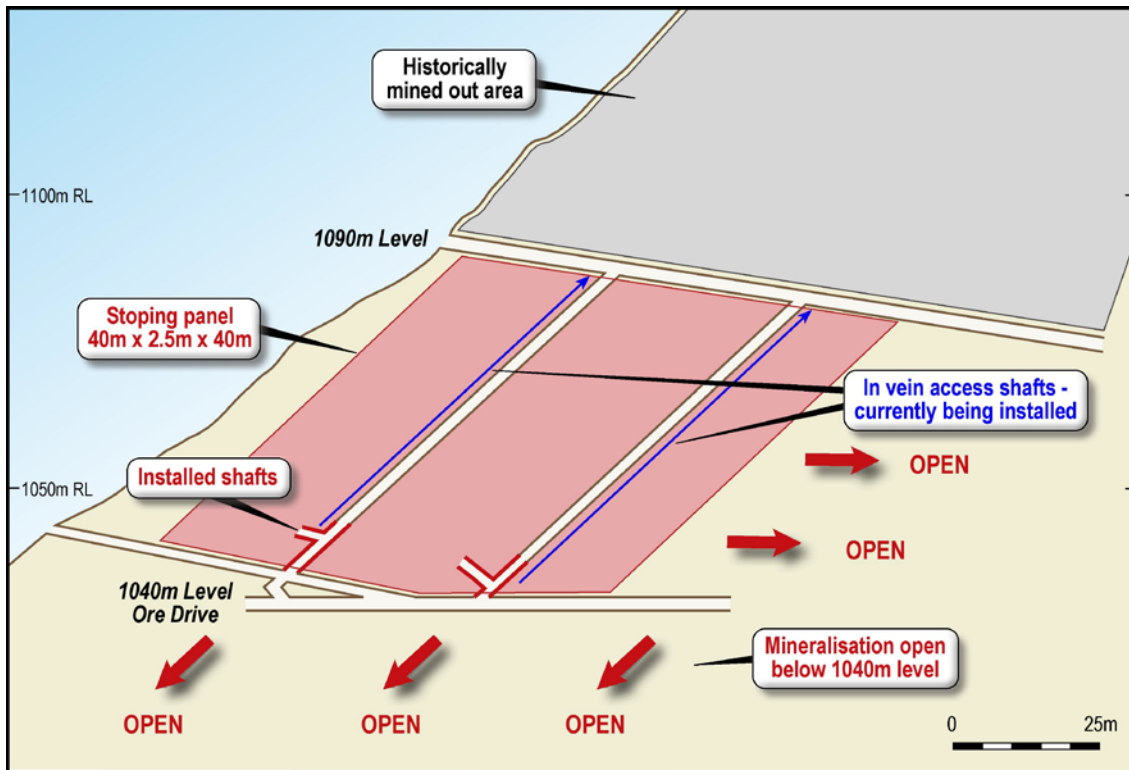


**Figure 2 – Plan view of San Sebastian 1040 level exploration tunnel and high grade copper and gold results. Showing location of stope access shafts. Vein width in the shafts has widened and is averaging 2.50m with widths up to 4.00m being observed. Average grade of material mined from the shafts has averaged 6.84% Cu. Results in red released to ASX on 6 November 2014; results in blue released to ASX on 1 October 2014.**

Horizontal development work during the quarter included the installation of the 1040 level tunnel within the mineralised vein, approximately 50 metres below where the vein has been mined historically along a length of approximately 300 metres and a depth of 50 metres.

The exploration tunnel has nominal dimensions of 2.20 metres wide by 2.20 metres high and has delineated high-grade copper and gold mineralisation over 40 metres of exposed vein. The vein width varies from 0.50 metres to 3.00 metres and averages 1.60 metres (Figure 3).

Within the high grade zone three access shafts were commenced advancing up to the 1090 level within the mineralised vein Figure 2. These shafts will be used to establish a production stope on the high grade zone utilising a shrink stope mining method.



**Figure 3- Schematic long section of the San Sebastian mine showing location and access of the first stoping panel currently being prepared between the 1040 level and 1090 level.**

The work carried out during the month of December at San Sebastian produced approximately 1,500 tonnes of high grade copper bearing material and 720 tonnes were trucked to the ENAMI plant in Copiapo to 31 December 2014. It should be noted that a majority of this material was extracted from stope access shafts.

Material delivered to ENAMI during December achieved an average grade of 4.72% Cu and an average sale price of AU\$239.43 per tonne.

Costs of mining at San Sebastian are in line with estimates with direct mining costs 9(inclusive of on site mining costs, on site general administrative costs, permitting and transport) of material mined and delivered to the plant of AU\$68.90 and an all in sustaining cost of (inclusive of direct mining costs plus exploration costs and capitalised waste development).

### Panga mine

At the historic Panga Mine within the El Roble Project area (Figure 1) the Company, signed its first production lease agreement on 4 December 2013.

The Company has scaled back activities at the Panga Mine, making the decision to utilise the available workforce and equipment at San Sebastian and Paraguay, which will be the main focus for the Company's activities into 2015. All current stoping areas have been depleted, with material having been trucked to the ENAMI plant for processing.

The Company has made further assessment of the Panga Mine and the decision was made to cease mining activities there for the near term. The mine produced low tonnages and subdued grades and this has been interpreted to be a function of copper leaching due to the proximity to the water table. Although the vein maintained a consistent width of between 1 – 2.50 metres grade distribution within the vein was sporadic and resulted in small localised mining panels being extracted.

The Company plans to continue minor development to the south of the lower 956 level to assess the development of further high grade copper zones suitable for stoping.

### **Paraguay Mine**

The Paraguay Mine is located approximately 1 kilometre south-west of the Panga Mine (Figure 1) and consists of a single, approximately 80 metre long strike drive, following the mineralised vein, which is the south-west extension of the Panga vein.

The Company has identified a high-grade zone from detailed sampling carried out previously (ASX Announcements 18 February 2014 and 14 March 2014) which returned single assays of up to 17.50% Cu and a consistent 1.50 metres to 3.20 metres of mineralised width ranging in grade from 2.00% Cu to 6.89% Cu exposed within the tunnel developed along the vein (Figure 4).

The mineralised zone is open along strike in both directions and provides the Company with immediate access to high-grade copper-bearing material for extraction.

The Company was granted a permit to extract up to 5,000 tonnes per month from the Paraguay Mine. Since obtaining the permit, the Company has mobilised a work crew to the mine and begun preparatory work to extract the high grade stoping panel (Figure 3) delineated from previously announced sampling results.

This preparatory work will consist of the installation of drawpoints and access shafts into the stoping panel utilising the same mining methodology as for the San Sebastian Mine.

The focus at Paraguay is to bring the first stoping area on line as quickly as possible with the Company aiming to begin trucking of copper bearing material from Paraguay during the March 2015 quarter.

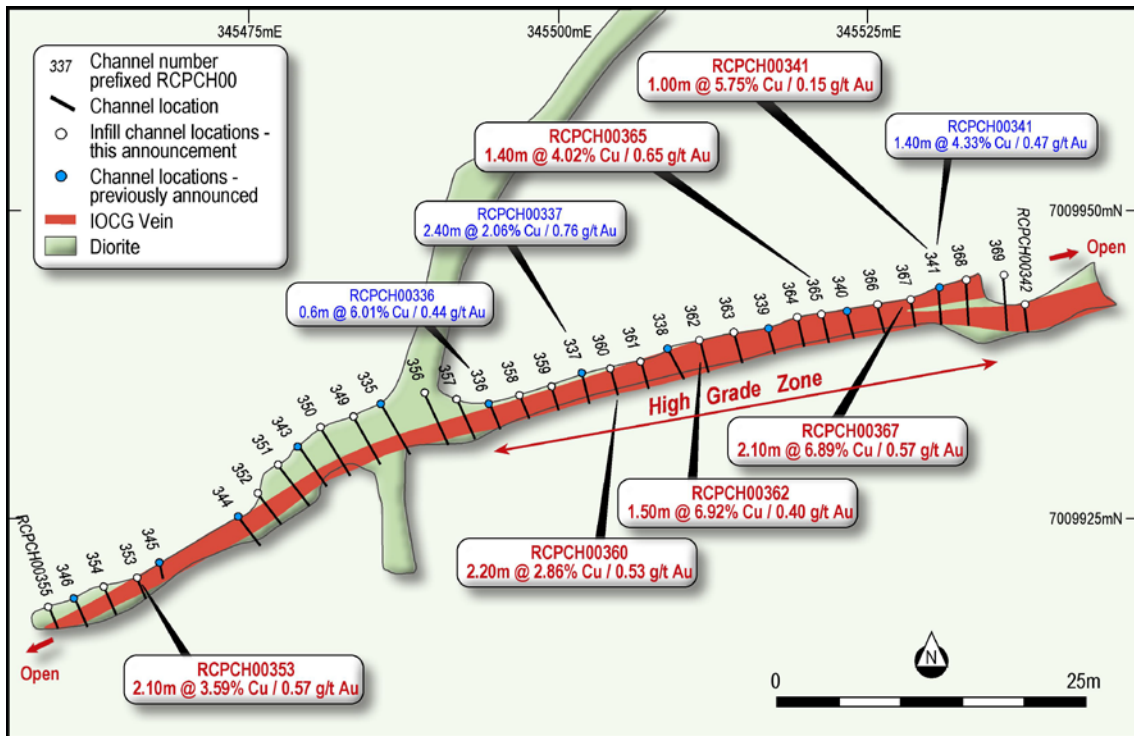


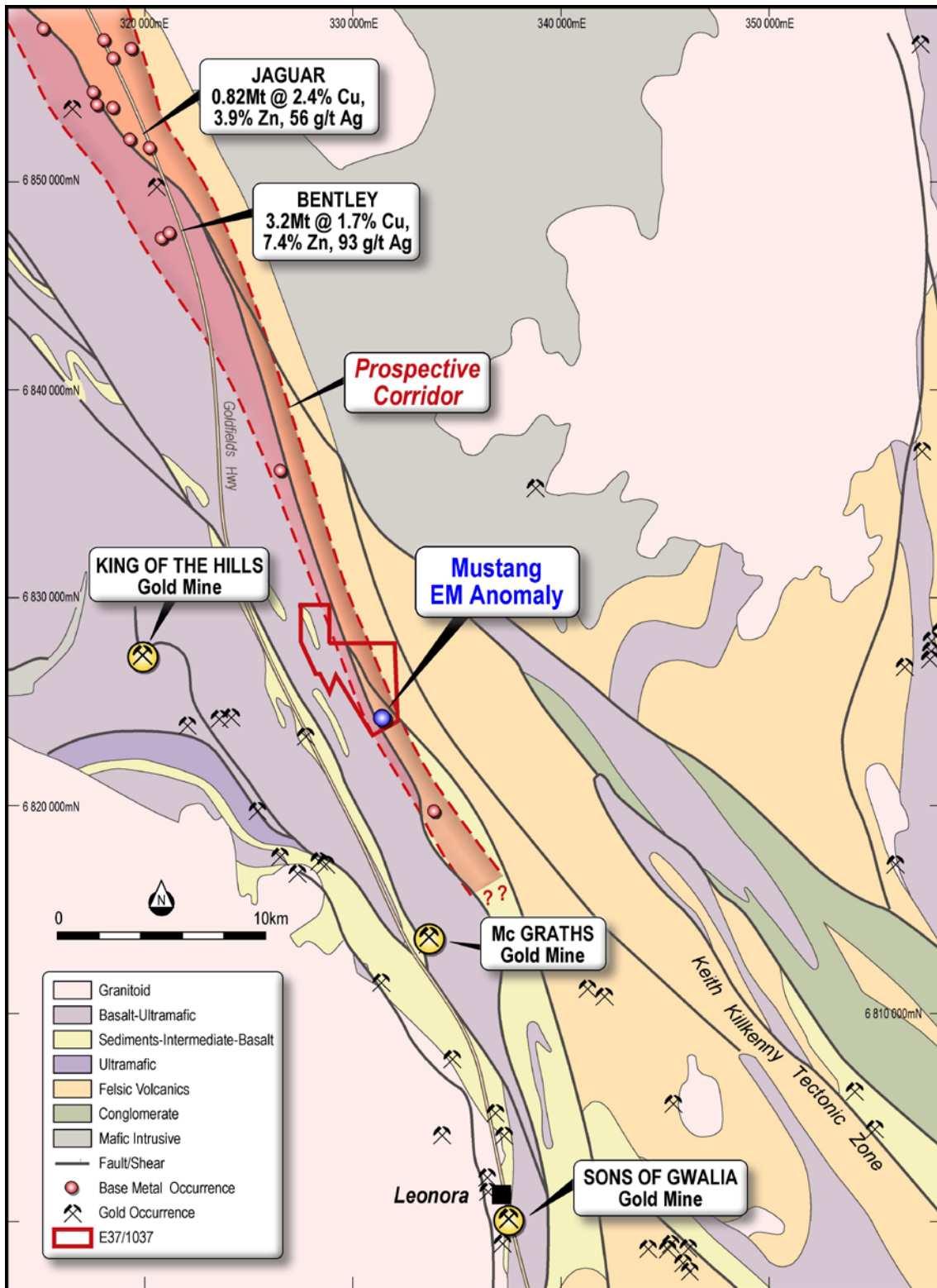
Figure 4 – Plan view of the Paraguay Mine showing high-grade results. Results in red announced to ASX on 18 February 2014, results in blue announced 14 March 2014.

## Western Australian Projects

### Teutonic Project (MNE earning up to 70%)

The Teutonic Project is 30 kilometres north of Leonora, WA and is prospective for base metals and gold.

The Company believes the Teutonic tenement is prospective for VMS style Cu-Pb-Zn-Ag mineralisation similar to that known in the region and completed a ground MLEM survey within a corridor of prospective geology containing the Jaguar, Bentley and Teutonic Bore Volcanogenic Massive Sulphide (VMS) deposits (Figure 5). Processing and modelling of the EM data identified a strong, coherent 350m-long west dipping conductor (Mustang anomaly), positioned within the prospective VMS corridor.



**Figure 5 – Regional Geology and location map for the Teutonic Base Metals Project and the Mustang EM Anomaly, with proximity to the Jaguar, Bentley and Teutonic Bore deposits.**

Outer Rim Exploration Services undertook an initial 10-line moving loop EM (MLEM) survey at Teutonic, and surveyed an additional four infill lines which were over the identified EM conductor. Survey lines were initially spaced at 150 metres with infill lines at 75 metres.

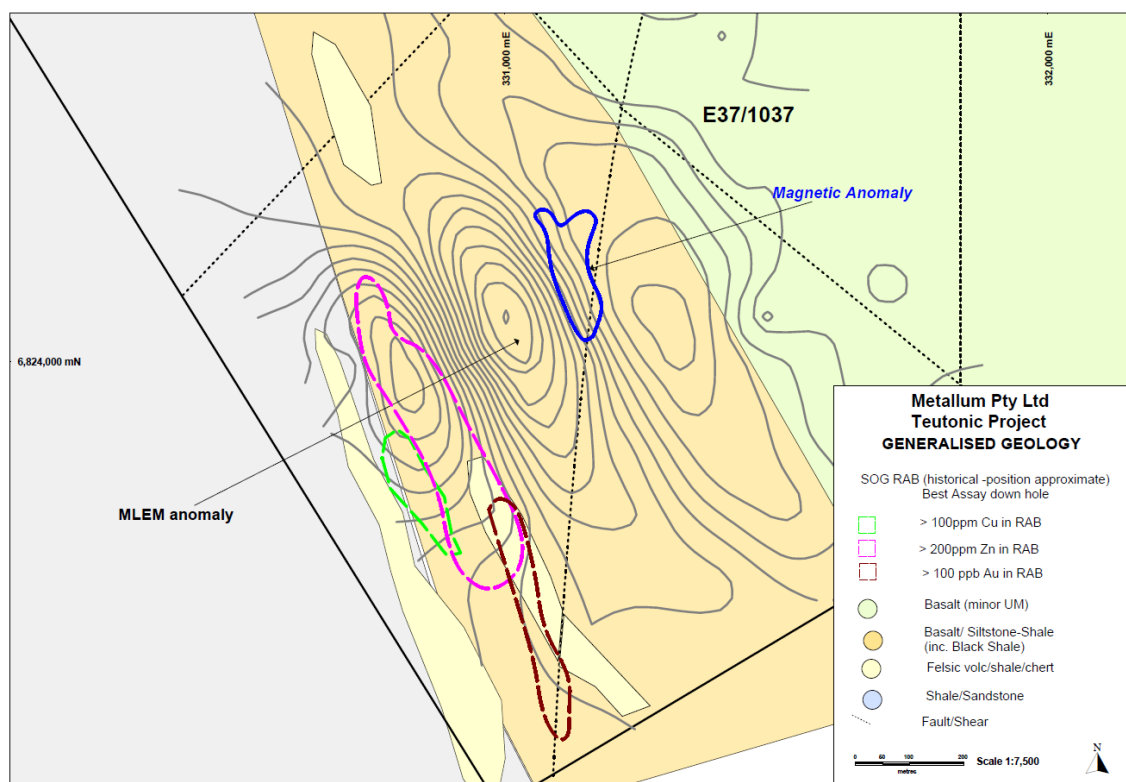
The Mustang EM bedrock conductor identified in the survey has a strong late-time EM response, indicative of a conductive zone within the bedrock which may be caused by massive or semi-massive base metal sulphide mineralisation. The Company is cognisant of the fact that sulphidic black shales known to be within the

sequence may also be the cause of the EM anomaly, however the discrete nature and the modelled source of the conductor are consistent with possible alternatives, one being VMS-style mineralisation.

The EM response profile has similarities to the profiles generated by the VMS mineralisation at the Jaguar mine and also has similar overall dimensions as Jaguar, within the prospective geological corridor.

The Mustang EM conductor has been modelled to define a source body, and the results indicate the presence of a strong bedrock conductor with a strike length of 350 metres and a depth extent of 250 metres. The top of the conductor sits approximately 135 metres from the surface and it dips at 75 degrees to the south-west. The area is affected by a deep weathering profile of up to 100 metres.

Historical drilling in the vicinity of the conductor consists of shallow (up to 70 metres deep) RAB and aircore holes. Metallum has reviewed the drilling and reinterpreted the geology from remnant drill spoil piles, as well as compiling geochemical data, and identified a low-level copper and zinc anomaly coincident with the location of the bedrock EM conductor (Figure 6).



**Figure 6 – Map of Teutonic’s local geology and proximity of the EM bedrock conductor to anomalous copper and zinc assays from historical RAB drilling.**

The Company applied for a co-funded drilling grant under the Department of Mines and Petroleum’s (DMP) Exploration Incentive Scheme (EIS) and if successful, 50% of any drilling costs for the proposed drill program will be paid for under the EIS.

The Company received notice during December 2014 that it was successful in its application for drilling funding under the EIS. Under the EIS grant, 50% of the direct drilling costs will be funded by the DMP up to a maximum of \$70,000. The grant is valid until 31 December 2015. The Company intends on drilling the Mustang EM anomaly during the 2015 calendar year.



## CORPORATE

As announced on 17 November 2014, the Company executed an agreement for up to US\$1,020,000 in funding from a sophisticated institutional investor (Agreement), to provide Metallum with funding to progress the ramp up of production at the San Sebastian and Paraguay Mines, as well as ongoing general working capital.

During the December quarter, the investor provided US\$270,000 in funding in consideration for which the Company issued a single 12 month unsecured convertible security with a face value of US\$308,000. Post the end of the quarter on 20 January 2015 a further US\$350,000 in funding was provided and a second convertible security, with a face value of US\$403,200 was issued by the Company. A further US\$250,000 is available in funding pursuant to the terms of the Agreement.

On the 10 December 2014 the Company announced it had entered into a loan agreement on commercial arm's length terms for the amount of \$250,000 with the Company's Non-executive Director Mr Colin 'Cobb' Johnstone. The loan was utilised to finalise the acquisition of the San Sebastian concession and general working capital.

Further, the Company has in place a flexible financing facility in place that, subject to certain share market conditions, allows the Company to access up to approximately \$5,000,000 in funding. Since commencement of the facility the Company has accessed \$85,000 in equity capital.

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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 has commenced trucking copper-bearing material from the Panga mine at El Roble for processing at a nearby plant.

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

For more information visit the Metallum website at [www.metallum.com.au](http://www.metallum.com.au)

### Competent Person's Statement

The information in this report that relates to Exploration Results and Exploration Targets 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 mineralization 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. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement.

## Tenement Schedule

Tenement	Name	Location	Size (Ha)	Grant Date	Expiry Date	% Ownership
E37/1037	Teutonic	Western Australia	1,613	23/07/2010	22/07/2015	70%
EP-000001-00-XI	Comval	Mindanao, Philippines	2,171	30/01/2009	30/01/2011 <sup>1</sup>	80%
EP -000002-09-XI	Comval	Mindanao, Philippines	2,139	04/01/2012	04/01/2014	80%
El Roble Concessions <sup>2</sup>	El Roble	Region III, Chile	7,600			68% <sup>3</sup>
San Sebastian	El Roble	Region III, Chile	50	n/a	n/a	100%
Panga Mine	El Roble	Region III, Chile	11	n/a	n/a	n/a <sup>4</sup>
Paraguay Mine	El Roble	Region III, Chile	5	n/a	n/a	n/a <sup>4</sup>
<b>Total</b>			<b>13,745 Ha</b>			

### Notes:

- EP-000001-00-XI expired on the 30/01/2011. The Company's Philippines subsidiary has applied to the Philippines Mines and Geosciences Bureau for a 2 year renewal.
- The El Roble Concessions consist of exploration and mining concessions covering approximately 7,600 hectares (see below for a complete list).
- Pursuant to the El Roble Option Agreement, the Company can earn an initial 68% interest pursuant to specific milestone payments as detailed in the ASX Announcement dated 15 August 2013. Following the satisfaction of certain conditions precedent the Company has the ability to increase its interest to 90%.
- As announced on 4 December 2013, the Company has signed a production lease agreement over four concessions (Bolivia, Uruguay, Ecuador and Argentina) which comprise the Panga Mine. As further announced on 28 May 2014, the Company has signed a production lease agreement over an additional concession comprising the Paraguay Mine. These concessions are 100% owned by Sociedad Minera Panga De El Roble, an unrelated party.

### El Roble constituted mining concessions to exploit (Chart N° 1)

N°	Name	Owner
1.	Roble 2, 1 al 11	SLM Roble 2
2.	Roble 2A, 1 al 11	SLM Roble 2A
3.	Roble 2B, 1 al 3	SLM Roble 2B
4.	Roble 3, 1 al 15	SLM Roble 3
5.	Roble 4, 1 al 23	SLM Roble 4
6.	Roble 4B, 1 al 10	SLM Roble 4B
7.	Roble 5, 1 al 10	SLM Roble 5
8.	Roble 5A, 1 al 9	SLM Roble 5A
9.	Roble 5B, 1 al 19	SLM Roble 5B
10.	Roble 5C, 1 al 20	SLM Roble 5C
11.	Roble 9, 1 al 9	Gunter Stromberger

### El Roble mining concessions to exploit in process to be constituted (Chart N° 2)

N°	Name	Owner
1.	Angela Siete, 1 al 20	Gunter Stromberger
2.	Angela Siete A, 1 al 20	Gunter Stromberger
3.	Angela Siete B, 1 al 20	Gunter Stromberger
4.	Angela Ocho, 1 al 20	Gunter Stromberger
5.	Angela Ocho A, 1 al 20	Gunter Stromberger

6.	Angela Ocho B, 1 al 20	Gunter Stromberger
7.	Angela Nueve, 1 al 20	Gunter Stromberger
8.	Angela Nueve A, 1 al 20	Gunter Stromberger
9.	Angela Diez, 1 al 20	Gunter Stromberger
10.	Angela Diez A, 1 al 20	Gunter Stromberger
11.	Angela Doce, 1 al 20	Gunter Stromberger
12.	Angela Doce A, 1 al 20	Gunter Stromberger
13.	Angela Doce B, 1 al 20	Gunter Stromberger
14.	Angela Trece, 1 al 20	Gunter Stromberger
15.	Angela Trece A, 1 al 20	Gunter Stromberger
16.	Angela Trece B, 1 al 20	Gunter Stromberger
17.	Angela Catorce 1 al 20	Gunter Stromberger
18.	Angela Catorce A, 1 al 20	Gunter Stromberger
19.	Angela Catorce B, 1 al 20	Gunter Stromberger
20.	Angela Quince, 1 al 20	Gunter Stromberger
21.	Angela Quince A, 1 al 20	Gunter Stromberger
22.	Angela Quince B, 1 al 20	Gunter Stromberger
23.	Angela Dieciseis, 1 al 20	Gunter Stromberger
24.	Angela Dieciseis A, 1 al 20	Gunter Stromberger
25.	Angela Dieciseis B, 1 al 20	Gunter Stromberger
26.	Angela Diecisiete, 1 al 20	Gunter Stromberger
27.	Angela Diecisiete A, 1 al 20	Gunter Stromberger
28.	Angela Diecisiete B, 1 al 20	Gunter Stromberger
29.	Angela Dieciocho, 1 al 20	Gunter Stromberger
30.	Angela Dieciocho A, 1 al 20	Gunter Stromberger
31.	Angela Dieciocho B, 1 al 20	Gunter Stromberger
32.	Angela Diecinueve, 1 al 20	Gunter Stromberger
33.	Angela Diecinueve A, 1 al 20	Gunter Stromberger
34.	Angela Veinte, 1 al 20	Gunter Stromberger
35.	Angela Veinte A, 1 al 20	Gunter Stromberger
36.	Angela Veintiuno, 1 al 20	Gunter Stromberger
37.	Angela Veintiuno A, 1 al 20	Gunter Stromberger
38.	Angela Veintiuno B, 1 al 20	Gunter Stromberger
39.	Angela Veintidos, 1 al 20	Gunter Stromberger
40.	Angela Veintidos A, 1 al 20	Gunter Stromberger
41.	Angela Veintidos B, 1 al 20	Gunter Stromberger
42.	Angela Veintitres, 1 al 20	Gunter Stromberger
43.	Angela Veintitres A, 1 al 20	Gunter Stromberger
44.	Angela Veintitres B, 1 al 20	Gunter Stromberger
45.	Angela Veinticuatro A, 1 al 10	Gunter Stromberger
46.	Angela Veinticuatro B, 1 al 20	Gunter Stromberger
47.	Angela Veinticuatro C, 1 al 20	Gunter Stromberger
48.	Angela Veinticinco, 1 al 20	Gunter Stromberger
49.	Angela Veinticinco A, 1 al 20	Gunter Stromberger
50.	Angela Veinticinco B, 1 al 20	Gunter Stromberger
51.	Angela Veintiseis Uno, 1 al 10	Gunter Stromberger
52.	Angela Ventisiete Uno, 1 al 30	Gunter Stromberger
53.	Angela Ventisiete Uno, 1 al 30	Gunter Stromberger
54.	Angela Veintiocho Uno, 1 al 30	Gunter Stromberger
55.	Angela Veintinueve Uno, 1 al 30	Gunter Stromberger
56.	Angela Treinta Uno, 1 al 30	Gunter Stromberger
57.	Roble 2 C, 1 al 20	Gunter Stromberger
58.	Roble 5	Gunter Stromberger
59.	Roble 6, 1 al 20	Gunter Stromberger
60.	Roble 6A, 1 al 20	Gunter Stromberger
61.	Roble 7, 1 al 20	Gunter Stromberger
62.	Roble 8	Gunter Stromberger
63.	Roble 8A, 1 al 20	Gunter Stromberger
64.	Roble 8B, 1 al 20	Gunter Stromberger
65.	Roble 10, 1 al 6	Gunter Stromberger
66.	Roble 11, 1 al 2	Gunter Stromberger
67.	Roble 12, 1 al 3	Gunter Stromberger
68.	Roble 13, 1 al 20	Gunter Stromberger
69.	Roble 15, 1 al 40	Gunter Stromberger
70.	Roble 16, 1 al 35	Gunter Stromberger

71.	Roble 17, 1 al 20	Gunter Stromberger
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**El Roble mining concessions to explore in process to be constituted (Chart N° 3)**

N°	Name	Owner
1.	Angelita Siete	Gunter Stromberger
2.	Angelita Ocho	Gunter Stromberger
3.	Angelita Nueve	Gunter Stromberger
4.	Angelita Doce	Gunter Stromberger
5.	Angelita Trece	Gunter Stromberger
6.	Angelita Catorce	Gunter Stromberger
7.	Angelita Quince	Gunter Stromberger
8.	Angelita Dieciseis	Gunter Stromberger
9.	Angelita Diecisiete	Gunter Stromberger
10.	Angelita Dieciocho	Gunter Stromberger
11.	Angelita Diecinueve	Gunter Stromberger
12.	Angelita Veinte	Gunter Stromberger
13.	Angelita Veintiuno	Gunter Stromberger
14.	Angelita Veintidos	Gunter Stromberger
15.	Angelita Veintitres	Gunter Stromberger
16.	Angelita Veinticuatro	Gunter Stromberger
17.	Angelita Veinticinco	Gunter Stromberger

**San Sebastian mining concessions to exploit**

N°	Name	Owner
1.	San Sebastian 1/16 (2/16)	Arturo Lionel Polgatti San Cristóbal
2.	San Sebastian 1/16 (1)	Sociedad Legal Minera San Sebastian Uno de la Sierra Algarrobo

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

METALLUM LIMITED

ABN

73 149 230 811

Quarter ended ("current quarter")

31 December 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	133	167
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(48) - (562) (484)	(320) - (959) (807)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(956)</b>	<b>(1,910)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	(225) - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>(225)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(956)</b>	<b>(2,135)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(956)	(2,135)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	122	122
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	250	250
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share issues not yet allotted	-	-
1.20	Other – share issue costs	(30)	(30)
1.20	Other – Convertible note issues	186	186
	<b>Net financing cash flows</b>	<b>528</b>	<b>528</b>
	<b>Net increase (decrease) in cash held</b>	<b>(428)</b>	<b>(1,607)</b>
1.20	Cash at beginning of quarter/year to date	536	1,715
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>108</b>	<b>108</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	97
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments made for consulting fees, director's fees, salaries and superannuation.

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	650
4.4 Administration	400
<b>Total</b>	<b>1,100*</b>

\* At 31 December 2014, the Company had approximately \$5,000,000 in financing facilities available for development of its projects.

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	108	116
5.2 Deposits at call	-	420
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>108</b>	<b>536</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	<b>+Ordinary securities</b>	406,533,576	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,033,711	-	-
7.5	<b>+Convertible debt securities</b> (description)	1	-	-

+ See chapter 19 for defined terms.



**Appendix 5B**

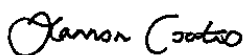
**Mining exploration entity and oil and gas exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> (description and conversion factor)	140,042,820	140,042,820	Exercise price	Expiry date
		300,000	-	\$0.05	30/06/2015
		50,000	-	\$0.60	01/04/2015
		500,000	-	\$0.60	14/05/2015
		3,750,000	-	\$0.45	15/07/2015
		300,000	-	\$0.20	01/07/2015
		12,000,000	-	\$0.25	13/11/2015
		8,000,000	-	\$0.05	30/06/2016
		10,000,000	-	\$0.034	17/10/2016
		1,000,000	-	\$0.037	17/10/2017
		2,000,000	-	\$0.05	30/11/2016
		13,800,000	-	\$0.05	30/06/2016
				\$0.0186	17/11/2017
7.8	Issued during quarter	13,800,000	-	\$0.0186	17/11/2017
		3,000,000	3,000,000	\$0.05	30/06/2015
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	250,000	250,000	\$0.20	13/11/2014
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (totals only)	-	-		

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

¶ 2 This statement does /does not\* (delete one) give a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: 30 January 2015

Print name: SHANNON COATES  
.....

+ See chapter 19 for defined terms.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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