Increase in mining rate at San Sebastian

ASX ANNOUNCEMENT **10 February 2014**

Highlights

- **Shrink stoping of first ore panel at San Sebastian commenced and stockpiles growing**
- **Material being trucked to the mill on a daily basis**
- **Grade control sampling from within the San Sebastian stoping panel returns consistent very high grades of up to 32% Cu and:**
    - **1.40m @ 14.56% Cu and 0.98g/t Au**
    - **1.25m @ 13.57% Cu and 1.11g/t Au**
    - **1.50m @ 10.00% Cu and 2.06 g/t Au**
    - **1.30m @ 7.11% Cu and 0.79 g/t Au**
- **Latest deliveries averaging 4.25% Cu well above expectations**
- **San Sebastian mine**
    - **Shaft 1 successfully broken through to surface providing ventilation to the mine**
    - **Decline ramp commenced to access additional ore below 1030 level**
    - **Underground 6 tonne haulage dump truck arrived on site and significantly increased haulage efficiency**
    - **Bulldozer arrived on site to establish additional mining levels below the 1030 level**
- **Viuda Mine – Explosives magazine waste development encounters the high grade Viuda Vein, access ramp planned to facilitate access below delineated high grade zone**

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.

An increase in mining and development activity has occurred during January 2015 at the San Sebastian concession at El Roble, with significant improvements to efficiency gained though the introduction of an underground haulage dump truck and the establishment of natural ventilation via the break through of Shaft 1 to surface.

The commencement of shrink stoping and the installation of a decline ramp has also commenced, to facilitate access to additional mineralisation beneath the 1030 level. The establishment of additional access from surface has also commenced, with earthworks underway to establish access for the 1000 and 975 levels.

At Viuda, waste development work is underway to establish a secure explosives magazine and this work has encountered the high grade Viuda mineralised vein.

Metallum Managing Director, Mr Zeff Reeves, said: "We are pleased with how work is progressing at San Sebastian, with material being trucked to the mill on a daily basis and the first production stope beginning to come on line.

"Now that we have natural ventilation through the mine and our haulage system has been enhanced with the addition of a small dump truck, we are able to reduce the drill and blast cycle times, naturally improving our ability to get high grade tonnes out of the mine.

"Our work at Viuda has also been encouraging, with one of the crosscuts we have installed for the establishment of an explosives magazine having encountered the mineralised vein and we are planning to develop a ramp to access beneath the historic mine and begin stoping.

"With the exceptionally high grade San Sebastian stope coming on line, tonnage will continue to increase, and this, along with additional mining levels being established beneath the 1030 level; the commencement of mining at Viuda; and Paraguay due to commence trucking very soon, we will have sufficient headings and access to mineralised material to achieve the goals we have set out in our strategy of becoming cashflow positive", Mr Reeves added.

San Sebastian Mine Work

Mining activity is advancing at San Sebastian, with shrink stoping commencing on the initial mining panel between the 1030 level and 1090 level (Figure 2). Significant improvements have been made in efficiencies at San Sebastian since Shaft 1 has broken through to surface, providing natural ventilation throughout the mine and significantly reducing the drill and blast cycle times. Additional efficiency has been gained by the introduction of a small haulage dump truck (Figure 3) allowing mineralised material to be removed quickly and significantly reduce the drill and blast cycle at development headings.

Shrinking of the first stoping panel is well underway, with blasted material remaining in the stope until the entire panel is broken. The nature of shrink stoping results in significant tonnages being drilled and blasted, but remaining within the stope as it is utilised for access. Full production haulage will commence once the entire panel has been drilled and blasted between the 1030 level and the 1090 level.

Installation of a decline ramp has also commenced at San Sebastian to gain access to a sub-level between the 1030 and the proposed 1000 level in order to test for additional ore tonnes beneath the current stoping area. This work is well progressed and, once the vein is intersected, it is anticipated that two additional development headings will be established within the vein.

In addition to the underground work, a bulldozer has arrived on site (Figure 3) and commenced earthworks to establish access into the vein at the 1000 level and 975 level. This work is important as it will allow testing of the vein well below the current mine and, if successful, will allow a further ramp up in production as more stoping areas are delineated.

Consistently high grades of copper continue to be returned from the San Sebastian Mine with latest mill processing results reporting a processed grade of 4.25% which is well above the Company's expectations. In addition, grade control sampling within the shafts have returned grades of up to 32% Cu. The shaft sampling provides a good indication of the vertical continuity of copper grade within the stoping panel.

Hole_ID	Depth_From	Depth_to	width (m)	Cu %	Au g/t
RCPCH00770	0.00	1.35	1.35	4.93	0.36
RCPCH00771	0.00	1.35	1.35	5.56	1.30
RCPCH00773	0.00	1.60	1.60	1.89	0.45
RCPCH00774	0.00	1.25	1.25	13.57	1.12
RCPCH00775	0.00	1.65	1.65	4.32	0.38
RCPCH00776	0.00	1.40	1.40	14.56	0.98
RCPCH00777	0.00	1.50	1.50	10.00	2.06
RCPCH00778	0.00	1.30	1.30	8.96	1.15
RCPCH00779	0.00	1.30	1.30	5.50	1.31
RCPCH00780	0.00	1.30	1.30	7.11	0.79

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

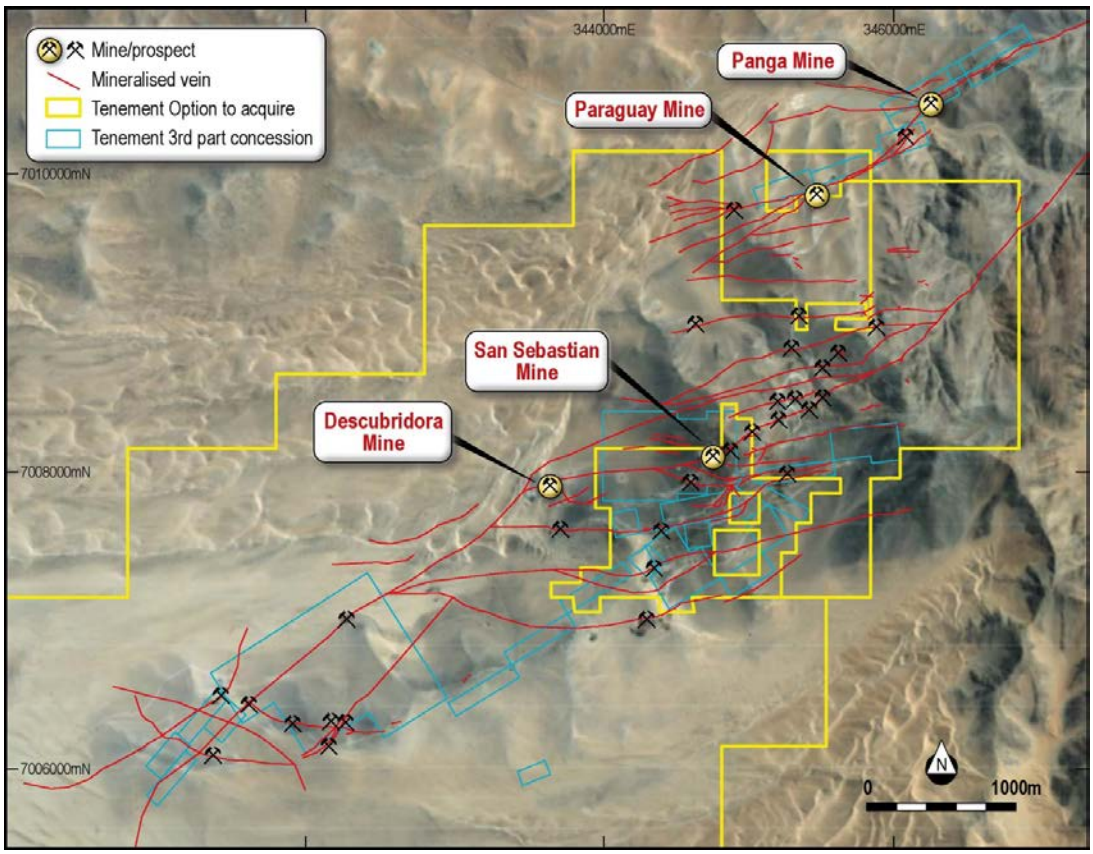

Figure 1 – Map of the north east sector of the El Roble Project, Chile, showing the location of the San Sebastian, Paraguay and Panga Mines within a strike continuous mineralised corridor where Metallum has mapped over 60km of prospective veins.

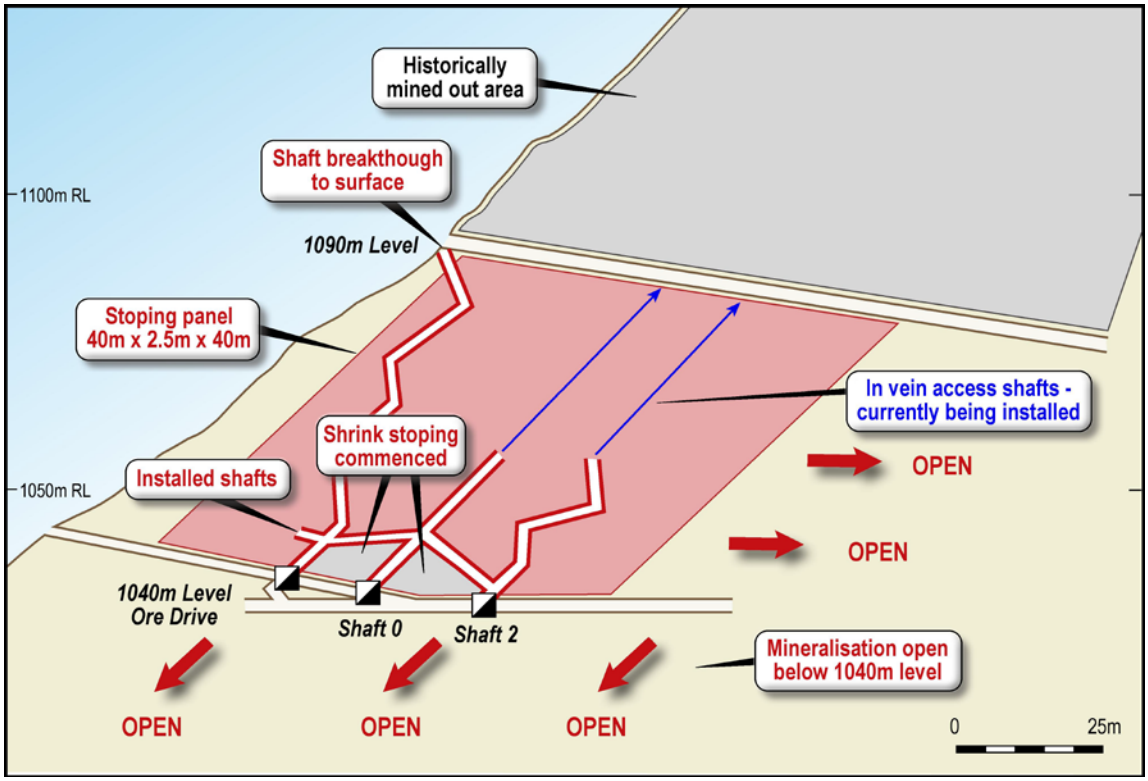

Figure 2- Schematic long section of the San Sebastian Mine showing location and access of the first stoping panel (in pink) currently being prepared between the 1040 level and 1090 level. Shaft 1 has broken through to the surface and is providing natural ventilation though the mine. Shrink stoping has commenced between Shaft 2-Shaft 0 and Shaft 0-Shaft 1. Mineralisation is open along strike and down dip.

Figure 3- Photos of current activities at San Sebastian – A) 6 tonne underground haulage dump truck underground at San Sebastian B)truck being loaded at San Sebastian with high grade copper material C) trucks departing San Sebastian to the ENAMI plant D)bulldozer preparing access for the 1000 level, note San Sebastian ROM pad above the bulldozer.

Viuda Mine Work

The Company has commenced waste development work at Viuda in order to establish a safe and secure location for the explosives magazine for San Sebastian. The two crosscuts off the main access have been started, one in a northerly direction and another to the south (Figure 4). The north crosscut has encountered the western extensions of the well mineralised Viuda vein giving further confirmation of the potential of the Viuda vein to contribute to the mining operations at El Roble. In addition to the waste development, planning is underway to establish a decline ramp to access beneath the high grade zone delineated from sampling reporting grades of up to 10.55% Cu (ASX announcement 23 December 2014).

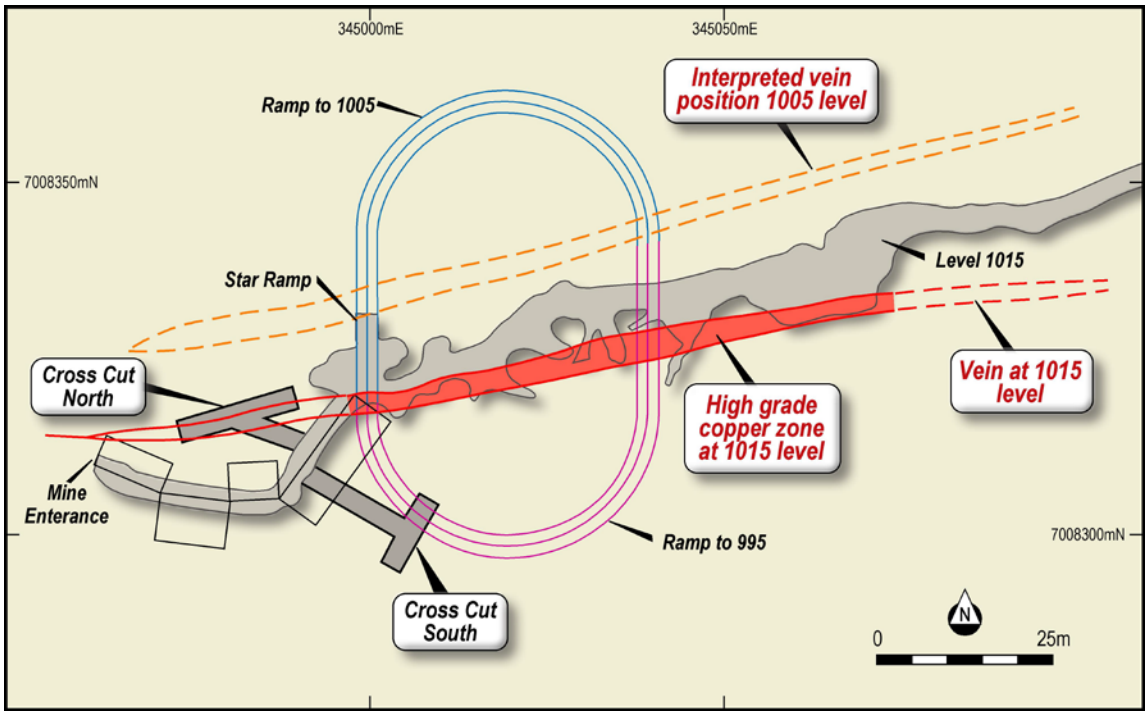

Figure 4- Plan view of the Viuda underground mine showing recently installed crosscuts and planned ramp positions to access the high grade Viuda vein below the historic mine.

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. For new Exploration Results, 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. For previously reported Exploration Results, the Company confirms that the form and context in which the Exploration Results are 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.

Appendix 1 Sampling Data

1) Location Data

hole_id	psad56_northing	psad56_easting	psad56_rl	dip	azimuth
RCPCH00768	7008584.60	344987.99	1039.55	30	350
RCPCH00769	7008583.45	344986.62	1041.03	30	350
RCPCH00770	7008581.18	344988.91	1046.11	-26	210
RCPCH00771	7008578.65	344984.62	1046.45	36	20
RCPCH00772	7008578.63	344983.36	1047.04	26	360
RCPCH00773	7008577.90	344982.69	1047.29	42	10
RCPCH00774	7008581.16	344990.00	1046.38	30	210
RCPCH00775	7008581.03	344990.96	1047.46	-32	210
RCPCH00776	7008581.60	344991.66	1048.01	-47	220
RCPCH00777	7008580.95	344992.63	1048.19	-32	220
RCPCH00778	7008580.90	344993.06	1048.85	-36	220
RCPCH00779	7008580.55	344993.90	1048.77	-45	200
RCPCH00780	7008579.98	344994.31	1049.51	-42	220

2) Assays

Hole_ID	Sample_ID	Depth_From	Depth_to	Cu %	Au_Best_ppm
RCPCH00768	MGC00429	0.00	0.55	0.61	0.16
RCPCH00768	MGC00430	0.55	0.85	13.75	1.11
RCPCH00768	MGC00431	0.85	1.50	0.13	0.01
RCPCH00769	MGC00432	0.00	0.50	0.94	0.05
RCPCH00769	MGC00433	0.50	0.90	3.95	1.82
RCPCH00769	MGC00434	0.90	1.50	1.26	0.09
RCPCH00770	MGC00435	0.00	0.25	2.81	0.16
RCPCH00770	MGC00436	0.25	0.65	12.05	1.03
RCPCH00770	MGC00437	0.65	1.35	1.61	0.05
RCPCH00771	MGC00438	0.00	0.50	1.12	0.09
RCPCH00771	MGC00439	0.50	1.10	11.25	2.83
RCPCH00771	MGC00440	1.10	1.35	0.80	0.05
RCPCH00772	MGC00443	0.00	0.50	1.60	0.04
RCPCH00772	MGC00444	0.50	0.90	5.06	1.41
RCPCH00772	MGC00445	0.90	1.35	1.10	0.09
RCPCH00773	MGC00446	0.00	0.70	0.52	0.00
RCPCH00773	MGC00447	0.70	1.10	5.88	1.76
RCPCH00773	MGC00448	1.10	1.60	0.61	0.03
RCPCH00774	MGC00449	0.00	0.25	1.36	0.30
RCPCH00774	MGC00450	0.25	0.75	32.30	2.57
RCPCH00774	MGC00452	0.75	1.25	0.94	0.08
RCPCH00775	MGC00453	0.00	0.60	3.40	0.08
RCPCH00775	MGC00454	0.60	1.15	8.55	0.93
RCPCH00775	MGC00455	1.15	1.65	0.76	0.13
RCPCH00776	MGC00456	0.00	0.40	1.09	0.08
RCPCH00776	MGC00457	0.40	1.10	27.50	1.82
RCPCH00776	MGC00458	1.10	1.40	2.34	0.24
RCPCH00777	MGC00459	0.00	0.40	2.49	0.34
RCPCH00777	MGC00460	0.40	1.05	21.00	4.52
RCPCH00777	MGC00461	1.05	1.50	0.78	0.04
RCPCH00778	MGC00462	0.00	0.30	0.84	0.07
RCPCH00778	MGC00463	0.30	0.90	17.55	2.40
RCPCH00778	MGC00464	0.90	1.30	2.18	0.07
RCPCH00779	MGC00465	0.00	0.20	4.52	0.69
RCPCH00779	MGC00466	0.20	0.90	7.87	2.13
RCPCH00779	MGC00467	0.90	1.30	1.85	0.18
RCPCH00780	MGC00468	0.00	0.20	1.51	0.06
RCPCH00780	MGC00469	0.20	0.90	11.55	1.44
RCPCH00780	MGC00470	0.90	1.30	2.15	0.02

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	• Wherever possible drill holes and channels have been planned to intersect mineralised structures perpendicular to the structure.

geological 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 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	• 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.