

San Sebastian Mine Update

ASX ANNOUNCEMENT

31 March 2015

Highlights

- San Sebastian stope contains 3,500 tonnes of material grading between 4% and 5% copper
- 1,500 tonnes blasted and being used for drill access to blast an additional 2,000 tonnes of mineralised material as the teams mine vertically up the panel
- 2,000 tonnes expected to be blasted in the coming weeks
- Once blasting completed, trucking rates will substantially increase as stope moves to haulage only
- Grade control grab sampling from within the San Sebastian stoping panel continues to return exceptional grades, with recent sampling averaging 4.80% Cu and 1.28 g/t Au, including:
 - 9.57% Cu and 1.00 g/t Au
 - 8.43% Cu and 1.45 g/t Au
 - 8.23% Cu and 1.61 g/t Au
 - 8.19% Cu and 1.31 g/t Au

Perth-based copper developer **Metallum Ltd (ASX: MNE)** is pleased to provide an update on activities at the El Roble Copper Project in Chile.

Metallum Managing Director, Mr Zeff Reeves, said: “Blasting of the San Sebastian stope is progressing well and these new grade control results continue to confirm the continuity and the high grade nature of the material we are mining at San Sebastian.

“We are also working towards getting a second stope prepared at San Sebastian as quickly as possible.”

San Sebastian Stope

Drilling and blasting of the main stoping panel at the San Sebastian Mine continues, with tonnages building within the mine. Grade control is routinely carried out on the blasted material as it is mined upward and the panel is returning consistently high grades of both copper and gold. Full results are presented in Appendix 1.

Blasting of this panel is due to be completed in early April 2015 and the necessary plans are being put in place to have a majority of the material trucked to the ENAMI plant in Copiapo as quickly as possible. To date, 2,000 tonnes of material has been trucked from the stope, averaging 4.82% Cu, with approximately 1,500 tonnes blasted within the stope and a further 2,000 tonnes remaining to blast at an estimated grade of between 4.00% and 5.00% Cu.

In addition to stoping activities at San Sebastian, tunnel development has been ongoing. Ramp access to the 1020 Level has been progressing and is estimated to be within the vein, below the 1030 Level stope, by the end of April 2015 (Figure 2).

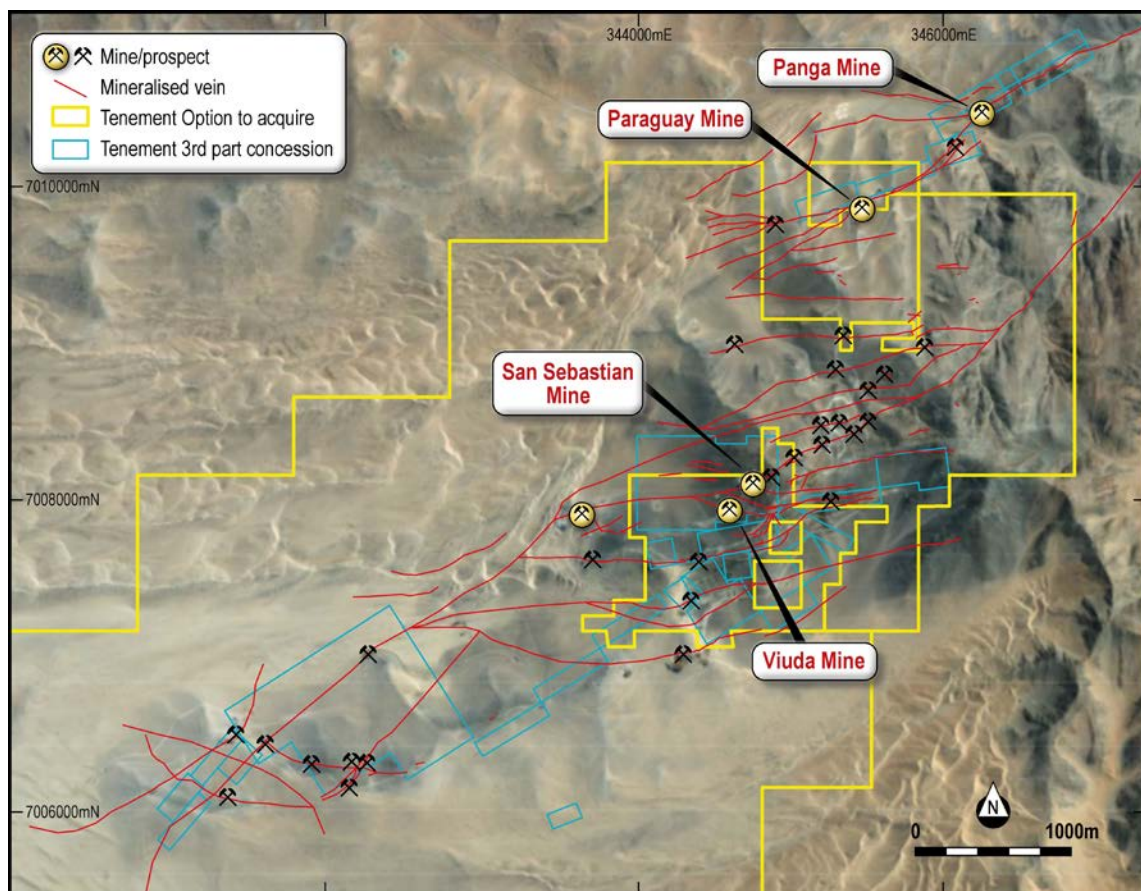


Figure 1 – Map of the north east sector of the El Roble Project, Chile, showing the location of the San Sebastian, Viuda, Paraguay and Panga Mines within a strike continuous mineralised corridor where Metallum has mapped over 60km of prospective veins.

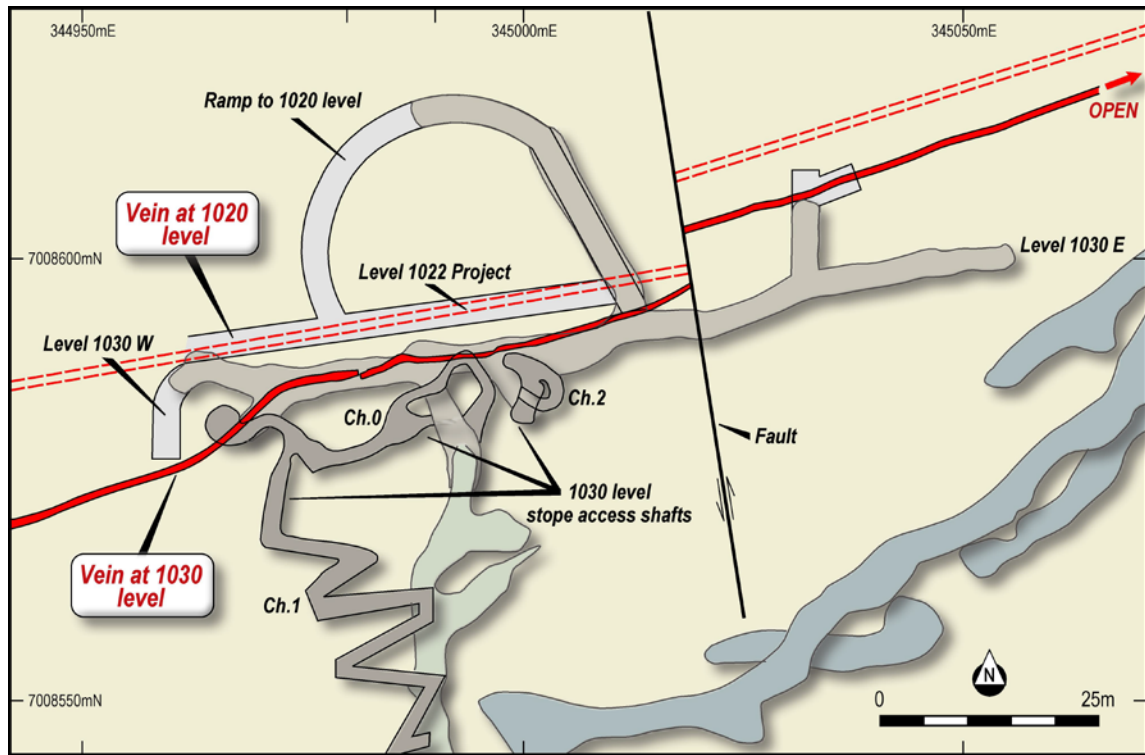


Figure 2 – Plan view of the San Sebastian Mine showing location of development tunnels along the 1030 Level and establishment of a ramp to the 1020 Level to access additional stoping panels.

About Shrink Stoping

In shrinkage stoping, mining proceeds from the bottom upwards, in horizontal slices with the broken ore being left in place for miners to utilise as a work platform. Blasted rock takes up a greater volume than in situ rock (due to swell factor), some of the blasted ore (approximately 30%) must be removed to provide working space for the next ore slice. Once the top of the stope is reached, all the ore is removed from the stope.

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.

Appendix 1 Grab Sampling Data

Sample_ID	Au g/t	Cu %
MGC00567	1.3	5.05
MGC00568	1.62	5.99
MGC00569	0.991	9.57
MGC00570	1.445	8.43
MGC00571	1.31	8.19
MGC00572	1.02	5.72
MGC00573	1.1	6.63
MGC00574	1.32	5.17
MGC00575	1.28	3.91
MGC00576	1.555	7.65
MGC00577	1.605	8.23
MGC00578	0.877	6.3
MGC00579	1.525	4.37
MGC00580	1.76	4.88
MGC00581	2	6.41
MGC00582	1.11	6.02
MGC00583	1.515	4.02
MGC00584	1.215	4.57
MGC00585	1.42	4.62
MGC00586	1.025	4.99
MGC00588	1.09	4.95
MGC00589	1.01	4.91
MGC00590	0.741	3.43
MGC00591	0.812	3.89
MGC00592	1.01	3.93
MGC00593	0.895	3.29
MGC00594	1.305	4.67
MGC00595	0.641	2.24
MGC00596	0.731	3.37
MGC00597	0.773	3.17
MGC00598	0.752	2.91
MGC00599	0.755	2.88
MGC00600	0.612	3.49
MGC00601	1.035	3.38
MGC00602	1.25	3.97
MGC00603	0.607	2.74
MGC00604	1.16	3.27
MGC00605	0.859	2.86
MGC00606	0.952	2.58

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

Criteria	Explanation
Sampling techniques	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> NA - No drill results are presented in this announcement
Drill sample recovery	<ul style="list-style-type: none"> NA - No drill results are presented in this announcement
Logging	<ul style="list-style-type: none"> All drill holes and rock samples are geologically logged by qualified geologists. Geological data is recorded in the Company's geological database. Logging is qualitative in nature and describes lithology, alteration, structure and mineralisation visually observed by the logging geologist. Total length of each sample interval has been logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> The sample collection and preparation technique is deemed suitable and industry standard for drill core and rock sampling. Samples are coarse crushed to 70% passing 2mm and then split produce a 30g sample for gold assay and 0.5g sample for multi-element assay. Sub samples are then pulverised to 85% passing 75 microns prior to assay. No duplicate samples have been carried out. Sample size is deemed appropriate. Samples may be subject to nonuniform grade distribution and nugget effect in relation to copper grade due to geological and mineralogical characteristics.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> Assay techniques are deemed suitable and accurate for the elements being tested. Standard reference materials have been submitted in each sample run every 20 samples. Blank reference materials are submitted in each sample run every 50 samples.
Verification of sampling and assaying	<ul style="list-style-type: none"> All significant intersections have been calculated using weighted averaging to sample length. All significant intersections have been checked by alternative company geological personnel. No duplicate sampling or twinned holes have been completed All data collected is done so in accordance with the Company's written data collection procedures and is kept within the Company's electronic database. Original sample logs and written data collection forms are also retained in the Company's data library. No adjustment to data has been done.
Locations of data points	<ul style="list-style-type: none"> All drill holes and channels have been surveyed using a measurement from known survey points in underground areas with appropriate control points used and referenced to ensure accuracy of survey information. Collar locations for channels RCPCH00375-RCPCH00381 have not been surveyed and have been located using measurements from known survey points. No elevation data is available until survey has been completed. Co-ordinates have an error of +/-10cm. Co-ordinates are recorded in WGS84 co-ordinate system
Data spacing and distribution	<ul style="list-style-type: none"> The current drill and channel spacing is deemed appropriate for the current early stage of exploration
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Wherever possible drill holes and channels have been planned to intersect mineralised structures perpendicular to the structure. Drill Hole intercepts are downhole widths and do not indicate true widths of any mineralised structure.

Sample security	<ul style="list-style-type: none"> All sampling was conducted under the supervision of the companies project manager who supervised sample collection and the chain of custody from the drill to the sample preparation and logging facility is continually monitored by the project manager. Samples are shipped to the lab by qualified couriers or Company personnel under locked bags.
Audits or reviews	<ul style="list-style-type: none"> No audit or review has been conducted due to the early stage exploration nature of the work.

JORC Table 7: Section 2 Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Metallum owns 100% of the San Sebastian concession on which the Viuda and San Sebastian mines are located
Exploration by other parties	<ul style="list-style-type: none"> No information has been used in this report from exploration by other parties.
Drill hole information	<ul style="list-style-type: none"> Details of channel, drill holes, depth and intercept depths are contained within this announcement (Appendix 1).
Geology	<ul style="list-style-type: none"> The El Roble Project and 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	<ul style="list-style-type: none"> Intercept widths are along channel widths, intercept calculated by length weighted average for all samples and no internal dilution was used, where length is the along channel length for each sample interval Intercepts comprise of aggregated length weighted average for all samples taken in each channel. Length weighted averages have been calculated using the following formula assuming 3 samples were taken from the channel, where: A=sample interval, B=sample assay value <ol style="list-style-type: none"> $A1 \times B1 = C1$, $A2 \times B2 = C2$, $A3 \times B3 = C3$ $A1 + A2 + B2 = \text{total interval}$ $(C1 + C2 + C3) / \text{total interval} = \text{length weighted grade average}$ No metal equivalent values have been used.
Relationship between mineralization widths and intercept lengths	<ul style="list-style-type: none"> Channels were designed to be installed perpendicular to the interpreted strike of the mineralized structures unless stated. Intercept widths are along downhole widths and are not true geological widths.
Diagrams	<ul style="list-style-type: none"> Pertinent maps, plans and sections are within this announcement
Balanced Reporting	<ul style="list-style-type: none"> Full results of all samples taken are presented in Appendix 1 of this announcement.
Other substantive exploration data	<ul style="list-style-type: none"> No other data other than that presented has been used or relied upon.
Further work	<ul style="list-style-type: none"> Further exploration work including mapping, sampling and drilling is required, on areas throughout the property. These areas will be identified in the future through further analysis and interpretation of results. Diagrams cannot be provided until areas for future exploration have been identified, other than what is presented within this notice.