



## METALLUM TO RAISE \$1.5 MILLION

ASX ANNOUNCEMENT

22 May 2015

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### Highlights

- Firm commitments received for \$1.5 million Share Placement, including new institutional investors
- Bonus option offer to all shareholders planned, subject to completion of Share Placement
- MNE Director Colin ("Cobb") Johnstone to convert \$250,000 company loan to equity after recently returning from El Roble (subject to required approvals)
- Company will be debt free following completion of the capital raising
- Net proceeds of Share Placement to be applied towards an option payment due on the El Roble Project, repayment of Convertible Securities and capital expenditure to support increased production at the three operating underground mines at El Roble

**Metallum Limited ASX: MNE** is pleased to announce that the Company has received firm commitments from sophisticated and professional investors qualifying under s708 of the Corporations Act 2001 (Cth), to subscribe for 250 million fully paid ordinary shares ('Shares') at an issue price of \$0.006 per Share to raise \$1.5 million (before costs) ('Placement').

The Placement Shares will be issued in two tranches. Tranche 1 will comprise 136,141,226 Shares and will be issued pursuant to the Company's existing placement capacity pursuant to Listing Rules 7.1 and 7.1A. It is expected that the Tranche 1 Placement Shares will be issued on or around 27 May 2015.

Tranche 2 will comprise the remaining 113,858,774 Placement Shares. Shareholder approval will be sought for the issue of the Tranche 2 Placement Shares at a general meeting of shareholders, expected to be held on or around 16 July 2014.

The funds raised from the Placement will be applied towards the repayment of the Company's outstanding Convertible Securities, an option payment pursuant to the agreement to acquire the El Roble Project concessions (refer ASX announcement 15 August 2013), capital expenditure to support the expansion of mining activities at El Roble and general working capital.

Commenting on the Placement and the Company's plans, Metallum's Managing Director, Mr Zeff Reeves commented: "We are pleased with this funding support as it enables the Company to repay the outstanding Convertible Securities as well as providing additional working capital for the expansion of the El Roble mining operations."

“The Company intends to upgrade the onsite accommodation facilities at El Roble and expand its site workforce to support the planned production increase. In addition, we will be purchasing our own underground diamond drilling rig, which will greatly assist in mine planning and scheduling and also with resource expansion drilling as part of the development pathway for the project.

“Metallum will be debt free following completion of this share placement leaving us well positioned to reinvest future cashflows into growing the project and the Company”, Mr Reeves added.

Merchant Corporate Pty Ltd (‘Merchant’) will act as lead manager to the Placement. In consideration for its services, Merchant will receive a management fee of 1% (excluding GST) and capital raising fee of 5% (excluding GST) on all capital raised under the Share Placement. In addition, and subject to available 15% placement capacity, the Company has agreed to issue Merchant and or its nominee/s, one (1) New Option for every three (3) Placement Shares issued.

### **Bonus Option Offer to Shareholders**

Subject to the successful completion of the Share Placement, the Company intends to undertake a Bonus Option Offer to eligible Shareholders on the basis of one (1) new Option (exercisable at \$0.015 on or before 30 June 2017) (“Expiry Date”)(“New Option”), for every four (4) Shares held at the record date (“Bonus Option Issue”) for nil consideration.

Each New Option will expire at 5:00 pm (WST) on the Expiry Date or if at any time after the date of issue of the New Options, the Company’s Shares trade on the ASX at \$0.04 or higher for 20 consecutive days, then on that 20<sup>th</sup> day (“Acceleration Trigger Date”), the Expiry Date of the New Options will be accelerated to the 30<sup>th</sup> trading day after the date the Acceleration Trigger is announced to ASX (“Accelerated Expiry Date”). The Company will immediately, or in any event before the commencement of trading on the next trading day after the Acceleration Trigger Date, issue an ASX announcement of the Acceleration Trigger Date announcing the Accelerated Expiry Date of the New Options and give notice of the Accelerated Expiry Date to the New Option holders.

A Prospectus will be prepared and despatched to Shareholders in due course with respect to the Bonus Option Offer.

### **Priority Option Offer to MNEOB Option holders**

Further, subject to the successful completion of the Placement and satisfaction of any required regulatory approvals, the Company will undertake a Priority Option Offer to holders of MNEOB Options (exercisable at \$0.05 each on or before 30 June 2015) on the basis of one (1) New Option (on the same terms as the Bonus Option Offer) for every one (1) MNEOB Option held at 30 June 2015 at an issue price of \$0.001 per New Option (“Priority Option Issue”), to raise a further \$280,000 (before costs).

A Prospectus will be prepared and despatched in due course with respect to the Priority Option Offer.

Subject to meeting the requirements of the ASX, the Company will apply for quotation of the New Options issued pursuant to the Bonus Option and Priority Option Offers.

### **Conversion of Director Loan to Equity**

As announced to ASX on 10 December 2014, the Company loaned \$250,000 from Non-Executive Director Mr Colin (“Cobb”) Johnstone on arms’ length commercial terms (“Loan”). Following Mr Johnstone’s recent visit to the El Roble Project, Mr Johnstone has agreed to vary the terms of the Loan such that Loan principal amount is converted into Shares on the same terms as the Placement, subject to shareholder and regulatory approvals.

Shareholder approval will be sought for the conversion of the Loan to Shares at a general meeting of shareholders, expected to be held on or around 16 July 2014.

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The Company will provide a Notice of Meeting to Shareholders in relation to the above-mentioned transactions in due course.

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