



METALLUM LIMITED

ABN 73 149 230 811

Annual Report

2015

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DIRECTORS

Mr Winton Willesee - Non-Executive Chairman

Mr Zeffron Reeves - Managing Director

Mr Colin Johnstone - Non-Executive Director

COMPANY SECRETARY

Ms Shannon Coates

PRINCIPAL PLACE OF BUSINESS

AND REGISTERED OFFICE

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62 Ord Street

WEST PERTH WA 6005

CONTACT DETAILS

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SOLICITORS

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PERTH WA 6005

SHARE REGISTRY

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Phone: +61 (8) 9324 2099

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AUDITORS

RSM Bird Cameron Partners

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PERTH WA 6000

SECURITIES EXCHANGE

Australian Securities Exchange

Level 40, Central Park

152 St Georges Terrace

PERTH WA 6000

(ASX: MNE)

The Directors of Metallum Limited ("Metallum" or the "Company") submit herewith the financial report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

Mr Winton Willesee - Non-Executive Chairman

Mr Zeffron Reeves - Managing Director

Mr Robert Butchart - Non-Executive Director (*resigned 24 April 2015*)

Mr Colin Johnstone - Non-Executive Director

Unless otherwise stated, the Directors have been in office since the beginning of the financial year to the date of this report.

COMPANY SECRETARY

Ms Shannon Coates

PRINCIPAL ACTIVITIES

Metallum Limited is an ASX listed company, incorporated in Australia. The principal activities of the Company and its subsidiaries are the acquisition, exploration and development of commercially significant resource projects in Australia and overseas. The Company currently holds interests in the San Sebastian concession in Chile, along with the Comval project in the Philippines ("Comval Project"), both of which are prospective for copper and gold, and the West Australian based Teutonic project ("Teutonic Project"), which is prospective for gold and base metals.

During the year, the Group conducted mineral exploration and evaluation activities on its Chilean and West Australian based projects.

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$9,699,509 (2014: \$3,728,668) after eliminating non-controlling equity interests.

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

REVIEW OF OPERATIONS

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. As announced on 15 August 2013, the Company held an option to acquire up to a 90% interest in the highly prospective, high grade El Roble Copper Project in Region III of Chile ("El Roble Copper Project"), targeting IOCG-style copper and gold mineralisation. On 15 September 2015, the Company was unable to meet a US\$250,000 option payment and accordingly the option has expired. The Company is in negotiations with the vendor to re-structure the option agreement and remains positive on the prospects of a positive outcome.

The Company has also acquired the San Sebastian concession, which covers 50 hectares over a major mineralised structure adjoining the El Roble Copper Project area, and includes the Viuda and San Sebastian mines. The Company separately leases the Panga and Paraguay mines. The San Sebastian concession and the Panga and Paraguay mines are not impacted by the above mentioned option expiry.

During the year, the Company was focused on achieving growth and shareholder value through the development of near-term, small-scale mining operations at El Roble. El Roble is ideally located 25 kilometres from the port of Caldera and within 90 kilometres of three copper toll treatment plants within the world class Atacama IOCG region, which has a history of high-grade copper production.

Metallum also has an 80% interest in the Comval Copper Project in the Philippines, and its Australian project, Teutonic, is prospective for gold and base metals.

During the financial year ended 30 June 2015, the Company pursued its key strategy of achieving small-scale, high grade copper production in the near term at El Roble, in order to generate income to further grow and develop the El Roble Copper Project and the Company. Post the end of the financial year, as announced to ASX on 15 September 2015, as a result of falls in the copper price and the dramatic price decrease of the ENAMI tariff for delivered ore, along with the anticipated removal by the Chilean government of the copper price support mechanism, the Company placed its operations at El Roble on care and maintenance in an effort to reduce costs and maintain key assets.

El Roble Copper Project – Chile

The El Roble Copper Project is located approximately 25 kilometres east of the port city of Caldera, within Region III of Chile (Figure 1). The 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 90 kilometres of three copper toll treatment plants. The El Roble Copper Project consists of more than 7,800 hectares of granted concessions and applications covering a strike extensive, IOCG associated copper/gold vein system. The 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.

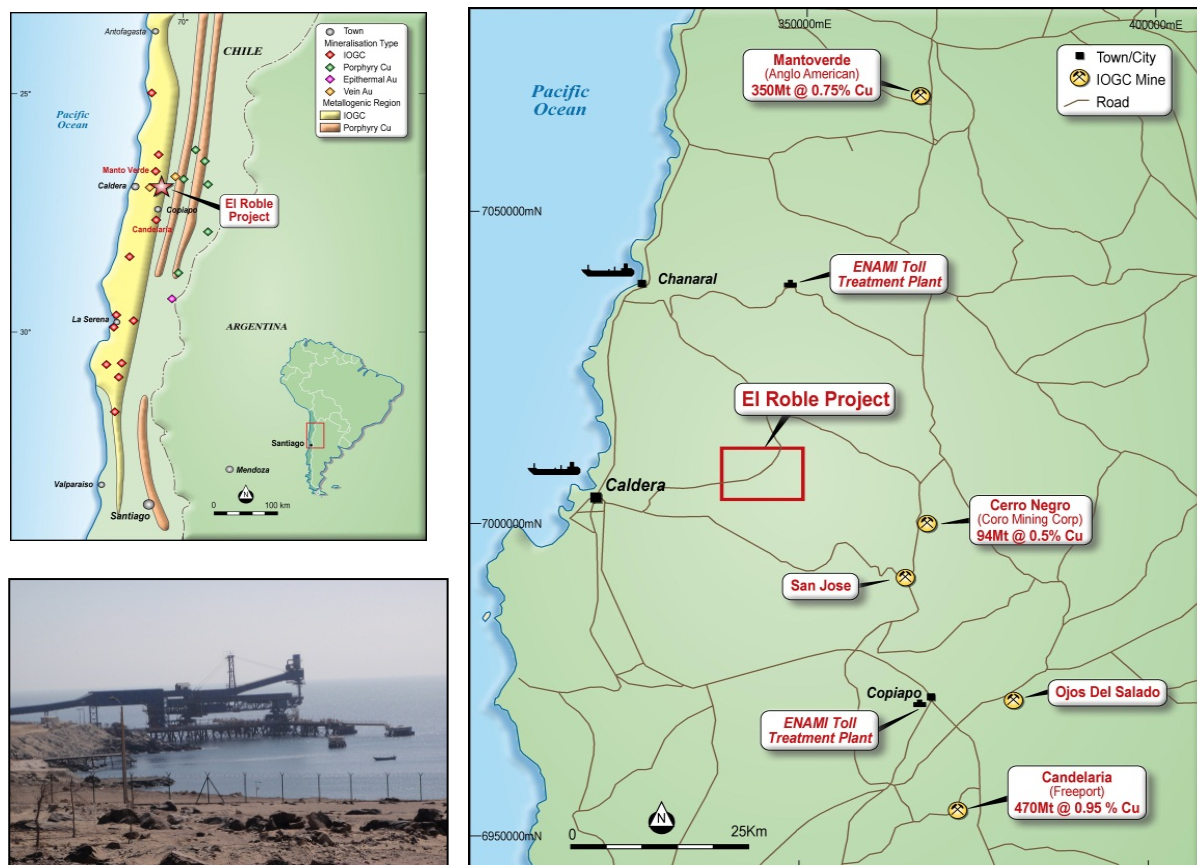


Figure 1 – Location Map for the El Roble Copper Project, Chile.

During the year ended 30 June 2015, Metallum completed the acquisition of 100% of the San Sebastian concession, which covers 50 hectares over a major mineralised structure adjoining the Company's El Roble Copper Project area in Chile, and commenced mining.

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

Mining activities commenced in August 2014 and were focused at the Panga, Paraguay, San Sebastian and Viuda mines at El Roble during the year. From 1 July 2014 to 30 June 2015, the Company trucked a total of 5,516 tonnes to the ENAMI plant in Copiapo at an average grade of 3.41% Cu.

Material processed by ENAMI during the year achieved an average sale price of \$146 per tonne.

San Sebastian Concession and Mine

San Sebastian Mine Development and Production

After securing a mining permit for the extraction of up to 5,000 tonnes per month¹ from its San Sebastian mine, Metallum commenced underground mine development at San Sebastian in late 2014 and continued to ramp up production at the San Sebastian mine (Figure 2) for the remainder of the 2015 financial year.

San Sebastian Exploration

During the year, Metallum announced high grade results from the San Sebastian exploration tunnel including face sampling:

- 1.55m @ 18.35% Cu
- 1.50m @ 11.65% Cu
- 0.80m @ 16.32% Cu and 6.37g/t Au
- 0.90m @ 7.05% Cu and 3.75 g/t Au (ASX Announcement 1 October 2014)

Follow up sampling at San Sebastian further improved copper grades and high-grade gold, with results announced to ASX on 14 October 2014 including:

- 0.55m @ 35.00% Cu / 4.29g/t Au
- 0.50m @ 18.55% Cu / 1.17g/t Au
- 0.60m @ 12.85% Cu / 2.81g/t Au
- 1.50m @ 9.15% Cu / 1.15g/t Au

In April 2015, Metallum defined an exploration target of between approximately 280,000 tonnes and 360,000 tonnes at a grade of approximately 2.90% Cu – 4.75% Cu for the immediate San Sebastian mine area, highlighting the significant underground potential of the San Sebastian mine (ASX Announcement 8 April 2015)². The exploration target was based on data collected over the previous six months. Data from the evaluation and subsequent mining operation established at San Sebastian was extrapolated along strike and down dip of the mine based on geological interpretation and three-dimensional models of the mineralised vein, developed during the mining process.

The data utilised included copper assay results from detailed grade control sampling of underground mine workings, geological mapping of the surface expression of the vein and in underground exposures, the extent of historic mining activity, underground survey information, ground magnetic data, surface topographical survey data and density measurements of samples submitted for assay.

At this stage the Company has deemed that there is insufficient data to calculate a Mineral Resource in accordance with the JORC Code.

¹ The mining permit for the extraction of up to 5,000 tonnes per month is not a production target.

² The term “exploration target” should not be misconstrued as an estimate of Mineral Resources as defined by the JORC Code (2012) and therefore the term has not been used in this context. Exploration targets are conceptual in nature, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

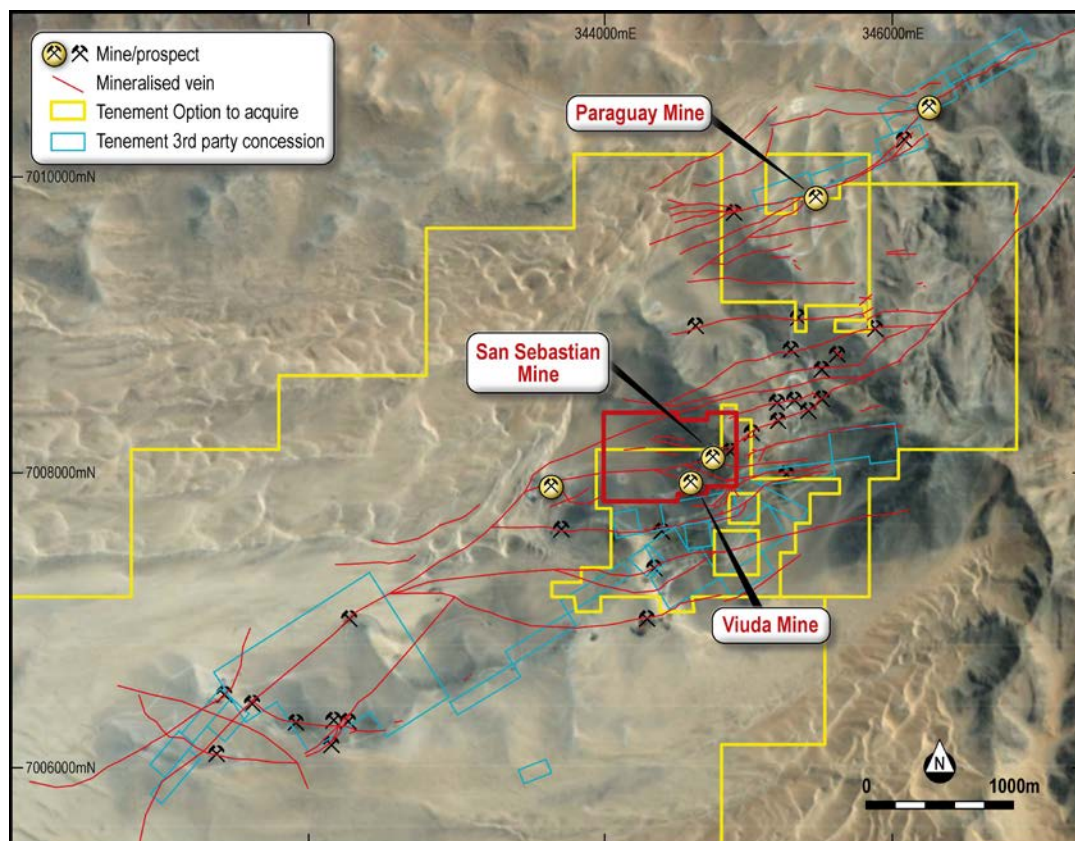


Figure 2 – Map of the north east sector of the El Roble Copper Project showing the location of the San Sebastian, Viuda and Paraguay mines within a strike continuous mineralised corridor where Metallum has mapped over 60km of prospective veins.

Viuda Mine Development and Production

On 24 December 2014, the Company announced it had identified a second potential high grade copper mine on the 100% owned San Sebastian concession. Metallum identified the Viuda vein, only 225 metres south of the San Sebastian mine, as having high potential to provide an additional small scale underground mining area on the San Sebastian concession. Initial sampling and mapping of the existing underground tunnel identified a high grade copper zone over 50 metres along strike which returned grades of up to 10.55% Cu and 2.82 g/t Au (ASX Announcement 23 December 2014).

Metallum commenced development work at Viuda in the March quarter 2015. The western extension of the Viuda vein was encountered in a cross cut developed from the 1015 level, confirming potential for the vein to contribute to mine production from within the 100% owned concession.

Panga Mine

At the Panga mine within the El Roble Copper Project area, the Company commenced trucking copper-bearing material in 2014, after receiving a permit from the ENAMI plant in Copiapo to deliver copper-bearing material.

The Company extracted approximately 720 tonnes of copper-bearing material from the Panga mine which were delivered to the plant. During December 2014, the Company re-assessed its activities at Panga and opted to cease mining activities there for the near term. The mine produced low tonnages and subdued grades and this was 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 1.00 and 2.50 metres, grade distribution within the vein was sporadic and resulted in small localised mining panels being extracted. The

[Metallum Limited](#)

Company made the decision to re-deploy the available workforce and equipment from Panga to San Sebastian and Paraguay.

All currently accessible stoping areas at Panga have been depleted, with material having been trucked to the ENAMI plant for processing.

Paraguay Mine

The Paraguay mine is located approximately 1.9 kilometres north-east of the San Sebastian mine (Figure 2) 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 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.

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 mine³. 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 delineated from previously announced sampling results.

In July 2015, the Paraguay workforce was relocated to San Sebastian to boost development and production from the recently outlined high grade zone.

Comval Copper Gold Project – Philippines (MNE – 80% interest)

The Comval Copper Gold Project is located in the established copper and gold producing region of the Compostela Valley in the Mindanao province of the Philippines. It consists of two exploration permits, EP-00001-XI (EP1) and EP-00002-09-XI (EP2), covering an area of 4,310 hectares, which are prospective for copper and gold.

A number of major copper and gold deposits occur within the same geological district, and the Project has potential for large-scale copper gold porphyry mineralisation and high-grade epithermal gold mineralisation. It is located within the East Mindanao Ridge, which is a world class copper/gold province that hosts major deposits such as Kingking (St Augustine; 5 billion lb copper, 10.3 million oz gold), Dilwalwal (Philippines Mining Development Corp; 10 million oz gold) and CoO (Medusa; 2.5 million oz gold).

During the period, the Company continued to hold the Comval Copper Gold Project on care and maintenance, working with the local communities to ensure ongoing support for any future activities by the Company at Comval.

³ The permit to extract up to 5,000 tonnes per month is not a production target.

Teutonic Project, Western Australia (Option to acquire up to 70% interest)

The Teutonic Project is 30 kilometres north of Leonora in Western Australia and is prospective for base metals and gold. As previously reported, the Company successfully applied for a co-funded drilling grant under the Department of Mines and Petroleum's Exploration Incentive Scheme (EIS) with 50% of any drilling costs for the drilling program to test the Mustang electromagnetic (EM) anomaly to be paid for under the EIS up to a maximum of \$70,000.

A drilling contractor has been engaged to drill two initial diamond holes into the untested EM conductor. Subject to funding, the drilling program is scheduled to commence as soon as regulatory approvals have been received.

The Mustang EM is considered prospective for volcanogenic massive sulphide (VMS) style mineralization, a similar geological setting to the deposits being mined at Jaguar and Bentley to the north by Independence Group.

The Mustang EM was detected during a Moving Loop Electromagnetic geophysical survey completed in 2014. The survey indicates the existence of a strong bedrock conductor with a strike length of 350 metres and a depth extent of 250 metres. It is expected that the conductor sits approximately 135 metres from the surface and it dips 75 degrees to the south-west.

The Company was granted an extension for the Teutonic Project tenement (E37/1037) for an additional three years.

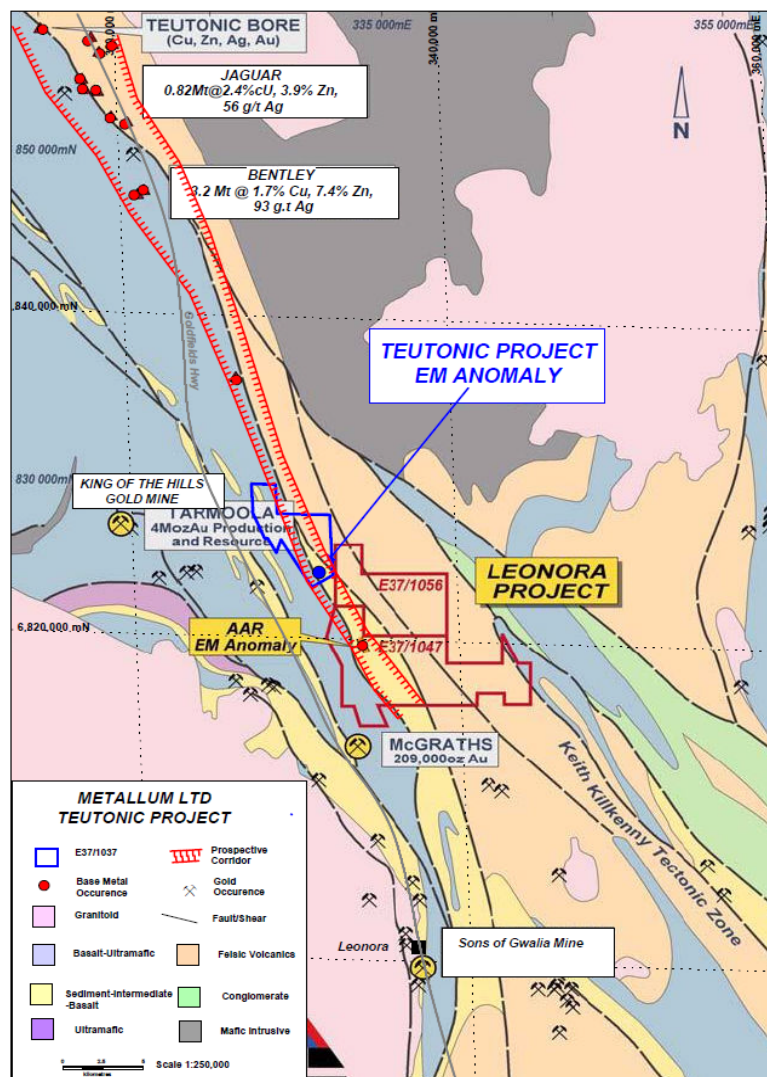


Figure 3 – Regional geology and location map for the Teutonic Base Metals Project and proximity to the Jaguar, Bentley and Teutonic Bore deposits.

Funding

During the year the Company completed share placements to sophisticated and professional investors to raise approximately \$2 million, before costs.

As announced on 17 November 2014, the Company executed an agreement for up to US\$1,020,000 in funding from an institutional investor, Bergen, to provide Metallum with funding via the issue of convertible securities. Post the end of the period, in August 2015, the Company repaid the outstanding Bergen convertible security funding facility.

On 30 June 2015, 140,042,082 listed options exercisable at \$0.05 each expired unexercised.

In view of the material changes to the state of affairs of the Company and considering the costs of proceeding and the unlikelihood of any material acceptances from eligible options holders, the Company has elected not to proceed with the previously announced Priority Option Offer to holders of MNEOB options on the basis of 1 new option (exercisable at \$0.015 each on or before 30 June 2017) at an issue price of \$0.002 per new option to raise \$280,000 (before costs).

The Company has also elected not to proceed with the previously announced offer to eligible Shareholders of 1 new option for every 4 shares held at a Record Date for nil consideration.

In December 2014, Non-Executive Director Mr Colin "Cobb" Johnstone loaned the Company \$250,000 on arms' length commercial terms. Post the end of the year, on 16 July 2015, Shareholder approval was received for the conversion of the loan and principal interest into shares and options.

Director Resignation

Mr Robert Butchart resigned as Non-Executive Director on 24 April 2015.

Office

On 6 March 2015, the Company changed its registered office and principal place of business to:

Suite 5, 62 Ord Street
West Perth WA 6005

Other contact details, such as telephone and facsimile numbers remained unchanged.

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 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. 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 Annual Report.

CORPORATE

A summary of consolidated revenues and results is set out below:

	2015	2014
	\$	\$
Revenue	687,595	69,691
Loss before income tax expense	(11,739,186)	(3,906,534)
Income tax (expense)/benefit	402,332	63,978
Loss attributable to members of Metallum Ltd	(11,336,854)	(3,842,556)

FINANCIAL POSITION

The Group had a total issued capital of \$21,549,115 (2014: \$19,213,355) at the end of the reporting period.

During the financial year, the Group had a net increase in contributed equity of \$2,335,760 (2014: \$4,611,556) net of share issue costs as a result of equity placements and conversion of convertible note security issuing a total of 329,174,433 fully paid ordinary shares.

As at 30 June 2015, the net liabilities of the Group are \$686,340 (2014 net assets: \$7,005,336) and total liabilities (being trade creditors, provisions, loans, convertible securities and tax liabilities) amount to \$1,066,753 (2014: \$3,265,072).

The Directors believe the Group is in a financial position to pursue its current operations. Refer note 1 Going Concern Basis for further details.

AFTER BALANCE DATE EVENTS

- On 9 July 2015, the Company announced an update of the production at the San Sebastian, Viuda and Paraguay underground copper mines within the El Roble Copper Project.
- On 13 July 2015, the Company announced the drilling was soon to commence to test the Mustang electromagnetic conductor at its Teutonic Project in Western Australia.
- On 22 July 2015, the Company announced an update to the mining activities at the San Sebastian underground mine within the El Roble Copper Project.
- On 29 July 2015, the Company announced that
 - 88,858,774 shares issued at \$0.006 per Share pursuant to tranche two of the Placement as announced 22 May 2015 to raise \$533,152 in cash (before costs).
 - 41,666,667 shares and 13,888,889 options (exercise price \$0.015, expires on 30 June 2017) issued on conversion of Director Loan of \$250,000, as approved by shareholders on 16 July 2015.
 - 5,000,000 shares issued at a deemed issue price of \$0.006 per share to a consultant of the Company in consideration for marketing services.
 - 8,700,000 options (exercise price \$0.0073, expires on 16 July 2018) issued to the Company's Managing Director, as approved by shareholders on 16 July 2015.
 - 75,000,000 options (exercise price \$0.015, expires on 30 June 2017) issued as part consideration of capital raising services, as announced 22 May 2015.
 - 17,400,000 performance rights issued as an incentive to the Managing Director, as approved by shareholders on 16 July 2015.

- On 6 August 2015, the Company announced the repayment of the US\$160,850 convertible security on issue in lieu of conversion to shares.
- On 15 September 2015, the Company announced that as a result of falls in the copper price and the dramatic price decrease of the ENAMI tariff for delivered ore, along with the anticipated removal by the Chilean government of the copper price support mechanism, the Company placed its operations at El Roble on care and maintenance in an effort to reduce costs and maintain key assets.
- On 15 September 2015, the Company announced it was unable to meet a US\$250,000 option payment and accordingly the option has expired. The Company is in negotiations with the vendor to re-structure the option agreement and remains positive on the prospects of a positive outcome.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company is currently reviewing its strategy for the future including whether to continue its strategy to pursue its goals to acquire, explore, and exploit mineral deposits on its tenements or to seek value accretive opportunities in other sectors.

The Company is continuing to seek suitable acquisition and consolidation opportunities, both in Australia and overseas, whilst concurrently reviewing the best means of maximising the value of its existing assets.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors of the Group are not aware of any breach of environmental regulations for the year under review.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the "NGER Act") which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Mr Winton Willesee Independent Non-Executive Chairman

Qualifications: BBus, DipEd, PGDipBus, MCom, FFin, CPA, MAICD, ACIS/ACSA

Mr Willesee is an experienced company director. He brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects.

Mr Willesee holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

As well as his position with Metallum, Mr Willesee is currently the chairman of Birimian Gold Limited and Cove Resources Limited, and a director of MMJ Phytotech Limited.

Mr Zeffron Reeves Managing Director

Qualifications: BSc (Hons) (Applied Geology), MBA, MAIG

Mr Reeves has more than 17 years geological experience, most recently working with Cleveland Mining Company Ltd as Principal Exploration Geologist, where he was responsible for the delineation of the Premier Gold Mine resource as well as several new discoveries within the Crixas greenstone belt in Brazil. He has also had discovery success in Brazil and Australia with Ashburton Minerals having delineated previously unknown mineralisation within the Pocone Goldfield, in Brazil as well as uncovering the potential of the Mt Webb copper gold project in Australia.

Mr Reeves has a broad range of experience, from grass roots exploration to underground mining. He also has extensive corporate and commercial experience gained as commercial manager for a WA based electrical engineering contracting business and in his roles with Cleveland and Ashburton and has an MBA from the Curtin Graduate School of Business.

From Metallum's inception, Mr Reeves has worked as a consultant to the Company, having provided technical, corporate and commercial consulting services to the Company during the Comval project acquisition process and in developing and executing the Company's current strategy to fund long term growth through production from the Company's El Roble Project.

Mr Colin Johnstone Independent Non-Executive Director

Qualifications: BEng (Mining)

Mr Johnstone was formerly Chief Operating Officer at both Equinox Minerals Limited and Sino Gold Mining Limited prior to their respective acquisitions by Barrick Gold Corporation and Eldorado Gold Corporation.

He is a mining engineer with over 30 years' experience in the copper, gold and metalliferous mining industries, including both large open cut and underground operations. Mr Johnstone has extensive industry experience, having served as General Manager at some of Australia's largest mines, including KCGM, Olympic Dam and Northparkes. He has successfully constructed and operated mines in offshore jurisdictions including Zambia, China, Canada, Argentina as well as Australia.

Mr Robert Butchart Non-Executive Nominee Director (*resigned 24 April 2015*)

Mr Butchart has been involved in the mining industry for more than 26 years. He has owned and operated exploration companies and drilling rigs in Australia and overseas, and has been involved in heap leaching operations and narrow vein underground gold mines.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

NAME	COMPANY	PERIOD OF DIRECTORSHIP
Winton Willesee	Cove Resources Limited	June 2008 – present
	Birimian Gold Limited	January 2013 – present
	MMJ Phytotech Limited	October 2014 - present
	Coretrack Limited	October 2010 – March 2015
	Newera Resources Limited	March 2007- July 2014
	Otis Energy Limited	January 2008 – December 2014
	Torrens Energy Limited	March 2012 – May 2014
	Bioprospect Limited	September 2011 – November 2013
	Base Resources Limited	May 2007 – November 2013
Zeffron Reeves	-	-
Robert Butchart	Cadan Resources Corporation	May 2011 - present
	(TSX listed company)	
Colin Johnstone	Evolution Mining Limited	September 2013 – present
	Reed Resources Limited	February 2013 – September 2013

COMPANY SECRETARY

Ms Shannon Coates

Qualifications: LLB, BJuris, CSA

Ms Coates holds a Bachelor of Laws from Murdoch University and has over 20 years' experience in corporate law and compliance. Ms Coates is a Chartered Secretary and currently acts as Company Secretary to a number of ASX and AIM listed companies. Ms Coates is a Director of Perth based corporate advisory firm Evolution Corporate Services Pty Ltd, which specialises in the provision of company secretarial and corporate advisory services to ASX, JSE and AIM listed companies.

DIRECTORS' INTERESTS IN SHARES, OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report, the following table represents the shares, options and performance rights holdings of the Directors of the Company:

	Ordinary Shares		Options over Ordinary Shares		Performance Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Winton Willesee	-	4,000,000 ¹	-	4,500,000 ²	-	-
Zefferon Reeves	-	2,340,975 ³	-	17,700,000 ⁴	-	17,400,000 ⁵
Robert Butchart	-	-	-	-	-	-
Colin Johnstone	-	46,633,441 ⁶	-	18,388,889 ⁷	-	-

* Interests at resignation.

1. Comprising 4,000,000 shares held indirectly by Silverinch Pty Limited as trustee for the Silverinch Super Fund. Mr Willesee is a director of the company and a beneficiary of the fund.
2. Comprising 2,000,000 options exercisable at \$0.034 on or before 17 October 2016 and 2,500,000 options exercisable at \$0.037 on or before 19 October 2017 held indirectly by Azalea Family Holdings Pty Ltd as trustee for the Britt and Winton Willesee Family Trust. Mr Willesee is a director of the company and a beneficiary of the trust.
3. Comprising 2,340,975 shares held indirectly by Zefferon Reeves as trustee for the Palin Trust. Mr Reeves is a beneficiary of the trust.
4. Comprising 4,000,000 options exercisable at \$0.034 on or before 17 October 2016 and 8,700,000 options exercisable at \$0.0073 on or before 16 July 2018 held indirectly by Zefferon Reeves as trustee for the Palin Trust. Mr Reeves is a beneficiary of the trust and 5,000,000 options exercisable at \$0.037 on or before 19 October 2017 held by Pandion Minerals Pty Ltd. Mr Reeves is a director and shareholder of Pandion Minerals Pty Ltd.
5. Comprising 8,700,000 Production performance rights and 8,700,000 Cashflow performance rights convertible to shares on or before 31 December 2015 and 31 January 2016, respectively, subject to vesting conditions held indirectly by Zefferon Reeves as trustee for the Palin Trust. Mr Reeves is a beneficiary of the trust.
6. Comprising 4,966,774 shares held indirectly by Equitas Nominees Pty Limited on behalf of Colin Johnstone & Jennifer Johnstone as joint trustees for the CobbandCo4 Family Super Fund. Mr Johnstone is a beneficiary of the fund; 41,666,667 shares held by Equitas Nominees Pty Limited on behalf of Lazy 7 Pty Ltd as trustee for the Lazy 7 Family Trust. Mr Johnstone is a Director of Lazy 7 Pty Ltd and a beneficiary of the trust.
7. Comprising 2,000,000 options exercisable at \$0.034 on or before 17 October 2016, 2,500,000 options exercisable at \$0.037 on or before 19 October 2017 held indirectly by Equitas Nominees Pty Limited on behalf of Colin Johnstone & Jennifer Johnstone as joint trustees for the CobbandCo4 Family Super Fund. Mr Johnstone is a beneficiary of the fund; 13,888,889 options exercisable at \$0.015 on or before 30 June 2017 held by Equitas Nominees Pty Limited on behalf of Lazy 7 Pty Ltd as trustee for the Lazy 7 Family Trust. Mr Johnstone is a Director of Lazy 7 Pty Ltd and a beneficiary of the trust.

REMUNERATION REPORT (AUDITED)

The full Board currently fulfils the role of Remuneration Committee and is governed by the Company's adopted remuneration policy.

Remuneration Policy

This policy governs the operations of the Remuneration Committee. The Committee shall review and reassess the policy at least annually and obtain the approval of the Board.

Executive Remuneration

The Company's remuneration policy for executive Directors and senior management is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- a) reward reflects the competitive market in which the Company operates;
- b) individual reward should be linked to performance criteria; and
- c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- a) salary - executive Directors and senior managers receive a sum payable monthly in cash;
- b) bonus - executive Directors and nominated senior managers are eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c) long term incentives - Executive Directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- d) other benefits - Executive Directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Remuneration of other executives consists of the following:

- a) salary - senior executives receive a sum payable monthly in cash;
- b) bonus - each executive is eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c) long term incentives - each senior executive may, where appropriate, participate in share option schemes which have been approved by shareholders; and
- d) other benefits – senior executives are eligible to participate in superannuation schemes and other appropriate additional benefits.

REMUNERATION REPORT (AUDITED) (Continued)

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The full Board recommends the actual payments to Directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for Non-Executive Directors is currently \$300,000.

It is recognised that Non-Executive Directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the Non-Executive Directors, are included in the operations of the Company more closely than may be the case with larger companies the Non-Executive Directors are entitled to participate in equity based remuneration schemes subject to shareholder approval.

All Directors are entitled to have their indemnity insurance paid by the Company.

Bonus or Profit Participation Plan

Performance incentives may be offered to Executive Directors and senior management of the Company through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

REMUNERATION REPORT (AUDITED) (Continued)

Details of Remuneration for Year Ended 30 June 2015 and the Year Ended 30 June 2014

The remuneration for each member of the key management personnel of the Group during the year was as follows:

2015

	Short-term Benefits				Post-Employment Benefits	Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Salaries, fees & leave	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Winton Willesee	60,000	-	-	-	-	-	-	-	60,000	-	-
Zefferon Reeves	300,000	-	-	-	28,500	-	-	46,919	375,419	12.5	12.5
Robert Butchart ¹	-	-	-	-	-	-	-	-	-	-	-
Colin Johnstone	40,000	-	-	-	-	-	-	-	40,000	-	-
	400,000	-	-	-	28,500	-	-	46,919	475,419		

2014

	Short-term Benefits				Post-Employment Benefits	Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Salaries, fees & leave	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Winton Willesee	60,000	-	-	-	-	-	-	74,280	134,280	55.3	-
Zefferon Reeves	300,000	-	-	-	27,750	-	-	195,351	523,101	37.3	8.9
Robert Butchart ¹	-	-	-	-	-	-	-	-	-	-	-
Colin Johnstone	40,000	-	-	-	-	-	-	74,280	114,280	65.0	-
Sergio Uribe ²	110,941	-	-	-	-	-	-	16,992	127,933	13.3	-
	510,941	-	-	-	27,750	-	-	360,903	899,594		

¹ Resigned 24 April 2015.

² Effective 1 July 2014, Sergio Uribe ceased to be a member of key management personnel. For the year ended 30 June 2014, the Company paid Mr Uribe consulting fees to Asesorias Stuv Ltda, a company associated with Mr Uribe \$85,615 which is included in the table above.

REMUNERATION REPORT (AUDITED) (Continued)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

30 June 2015 Number of shares held by key management personnel

Key Management Personnel	Balance at 30.6.2014	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2015
Winton Willesee	1,540,000	-	-	2,460,000	-	4,000,000
Zeffron Reeves	2,340,975	-	-	-	-	2,340,975
Robert Butchart ¹	-	-	-	-	-	-
Colin Johnstone	3,379,911	-	-	1,586,863	-	4,966,774
	7,260,886	-	-	4,046,863	-	11,307,749

1 Resigned 24 April 2015

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

30 June 2015 Number of options held by key management personnel

Key Management Person	Balance 30.6.2014	Granted as compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2015	Total Exercisable	Total 30.6.2015
Winton Willesee	5,657,500	-	-	(1,157,500) ¹	-	4,500,000	4,500,000	4,500,000
Zeffron Reeves	15,314,384	-	-	(2,564,384) ¹	-	12,750,000	9,000,000	12,750,000
Robert Butchart	-	-	-	-	-	-	-	-
Colin Johnstone	6,417,758	-	-	(1,917,758) ¹	-	4,500,000	4,500,000	4,500,000
Sergio Uribe ²	13,000,000	1,500,000	-	(14,500,000) ²	-	-	-	-
	40,389,642	1,500,000	-	(20,139,642)	-	21,750,000	18,000,000	21,750,000

1 Represents the expiry of unexercised options granted as remuneration, respectively, 2,415,000 \$0.20 expiring 1 July 2014, 500,000 \$0.45 expiring 15 July 2014 options and 2,724,642 \$0.05 expiring 30 June 2015.

2 Effective 1 July 2014, Sergio Uribe ceased to be a member of key management personnel.

REMUNERATION REPORT (AUDITED) (Continued)**Other transactions with key management personnel and their related parties**

Receivable from and payable to related parties are as follows:

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30 June 2015
	\$
Interest payable to Lazy 7 Pty Ltd ^[1]	3,630
Loan payable to Lazy 7 Pty Ltd ^[1]	250,000
Director's fee payable to Lazy 7 Pty Ltd ^[1]	10,000
Director's fee payable to Azalea Consulting ^[2]	15,000
Total payable to during the year	278,630

^[1] Colin Johnstone is a director of this company.

^[2] Winton Willesee is a director of this company.

Transactions with key management personnel and their related parties

During the year, the Company recorded interest expense of \$28,630 related to loan payable to Lazy 7 Pty Ltd, a company related to Colin Johnstone.

Share-based compensation

No shares have been issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2015 or 30 June 2014.

Options issued as part of remuneration

No options were granted to key management persons of the Company as remuneration during the year (2014: 19,000,000). The fair value, as determined by the Black Scholes valuation model and detailed in Note 25, has been included as part of their remuneration in the report above.

Shares issued on exercise of options

No (2014: nil) fully paid ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year. No other options granted as remuneration have been exercised, lapsed or expired.

REMUNERATION REPORT (AUDITED) (Continued)

SERVICE CONTRACTS OF KEY MANAGEMENT PERSONNEL

	<i>Remuneration</i>	<i>Termination Notice</i>	<i>Contract term</i>
Zeffron Reeves Managing Director ¹	\$300,000 per annum plus statutory superannuation	1 month's written notice by either party	Until terminated by either party
Sergio Uribe Commercial Manager (Chile) ²	\$120,000USD per annum plus 1,000,000 Options expiring 30 Nov 2016, \$0.05	2 month's written notice by either party	Until terminated by either party

1 In view of the recent material changes in the state of affairs of the Company, Mr Reeves and the Company are currently reviewing Mr Reeves' employment conditions.

2 Effective 1 July 2014, Sergio Uribe ceased to be a Key Management Personnel.

Non-Executive Directors' Letters of Appointment

Other than as set out below, Non-Executive Directors are entitled to \$40,000 per annum in Director's fees, with the Chairman being entitled to \$60,000 per annum.

On 14 March 2011, Mr Willesee was appointed Non-Executive Chairman with fees payable based on \$60,000 per annum.

On 24 May 2012 Mr Johnstone was appointed Non-Executive Director with fees payable based on \$1,500 per day (exc GST) on an ad hoc basis commencing the date of appointment, together with 500,000 unlisted options exercisable at 45 cents on or before 15 July 2014, subject to shareholder approval. Shareholder approval was received on 18 September 2012 and options were issued to nominees of Mr Johnstone on that date. These options have since expired.

On 27 March 2013 the terms of Mr Johnstone's consultancy agreement were amended. Mr Johnstone is now entitled to receive a Director's fee of \$40,000 per annum, payable monthly in arrears, and is entitled to fees or other amounts as the Board determines where he performs special duties or otherwise perform services outside the scope of the ordinary duties of a Director.

On 1 March 2012 Mr Butchart was appointed Nominee Non-Executive Director of the Company with fees payable by the representative company, being Cadan Resources Corporation. Mr Butchart resigned 24 April 2015.

***** END OF REMUNERATION REPORT *****

MEETINGS OF DIRECTORS

During the year, 6 scheduled meetings of Directors were held. Attendances by each Director during the financial year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number Attended
Directors		
Winton Willesee	6	6
Zeffron Reeves	6	6
Colin Johnstone	6	6
Robert Butchart	5	3

The full Board fulfils the role of Remuneration, Nomination, Audit and Risk Committees.

INDEMNIFYING OFFICERS

In accordance with the Constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

SHARES

As at the date of this report, there are 851,199,739 fully paid ordinary shares on issue.

OPTIONS

At the date of this report, there are 162,688,889 unissued ordinary shares of Metallum Limited under option as follows:

	Date of Expiry	Exercise Price	Number under Option
Unlisted			
Convertible note security	17 November 2017	\$0.0186	13,800,000
Class L	13 November 2015	\$0.25	300,000
Class M	30 June 2016	\$0.05	12,000,000
Class N	17 October 2016	\$0.034	8,000,000
Class O	19 October 2017	\$0.037	10,000,000
Class P	30 November 2016	\$0.05	1,000,000
Class Q	30 June 2016	\$0.05	2,000,000
Class R	9 March 2019	\$0.019	3,000,000
Class S	15 July 2017	\$0.015	15,000,000
Class U	30 June 2017	\$0.015	88,888,889
Class V	16 July 2018	\$0.0073	8,700,000
Production performance rights	31 December 2015	-	8,700,000
Cashflow performance rights	31 January 2016	-	8,700,000

Since the 30 June 2015 and the date of this report, 3,750,000 exercisable at \$0.20 and expiring 1 July 2015, expired unexercised.

Option holders do not have any rights to participate in new issues of shares or other interests in the Company or any other entity.

PERFORMANCE RIGHTS

At a general meeting of shareholders held on 16 July 2015, the issue of 8,700,000 Production performance rights and 8,700,000 Cashflow performance rights were approved and subsequently issued on 29 July 2015 to Mr Zeffron Reeves. See Note 28 for details.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

DEEDS OF INDEMNITY

The Company has entered into Deeds of Indemnity and Access with each of its Directors. Pursuant to the Deeds, the Company will indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as an officer of the Company. The Company will be required under the Deeds to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of 7 years after the relevant Director's retirement or resignation.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 3 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the full Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and is included within the financial report.

Signed in accordance with a resolution of the Board of Directors.



WINTON WILLESEE
Non-Executive Chairman

DATED this 30th day of September 2015

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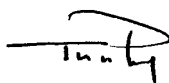
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Metallum Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2015

Metallum Limited's Board of Directors is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Principles of Corporate Governance and Best Practice Recommendations (3rd Edition) as published by the ASX Corporate Governance Council ("ASX Corporate Governance Principles").

This Corporate Governance Statement has been approved by the Metallum Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 July 2014 and to the date of this statement. In addition to the information contained in this statement, the Company's website at www.metallum.com.au contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where Metallum considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (3rd Edition).

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

Recommendation		Comply Yes/No/ Partly	Reference
Principle 1 – Lay solid foundations for management and oversight			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes Yes	Page 29 Page 29
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to re-elect a director.	Yes Yes	Page 30 Page 12
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes	Page 20
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	Page 31
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior	Yes Yes No Yes	Page 33 Page 33 Page 33 Page 33

	<p>executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); and</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined and published under that Act.</p>	Not applicable	Page 33
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p> <p>Yes</p>	<p>Page 30</p> <p>Page 30</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p> <p>Yes</p>	<p>Page 30</p> <p>Page 30</p>
Principle 2 – Structure the board to add value			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose</p> <p>(3) the charter of that committee; and</p> <p>(4) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Not applicable</p> <p>Yes</p>	<p>Pages 29, 31</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	Page 31
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Recommendations, but the board is of the opinion it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Page 31</p> <p>Page 31</p> <p>Page 30</p>
2.4	A majority of the board of a listed entity should be independent directors.	Yes	Page 31
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	Page 31
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	Page 30
Principle 3 – Act ethically and responsibly			

	<p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>applicable</p> <p>Yes</p>	<p>Pages 29, 34</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Yes</p> <p>Yes</p>	<p>Page 34</p> <p>Page 34</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Not applicable</p> <p>Yes</p>	<p>Page 34</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>Page 35</p>
Principle 8 – Remunerate fairly and responsibly			
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employees for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Not applicable</p> <p>Yes</p>	<p>Pages 29, 31</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Yes</p>	<p>Pages 15,16</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Yes</p> <p>Yes</p>	<p>Page 34</p> <p>Page 15</p>

Board Responsibilities

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the Consolidated Entity. Without limiting the generality of that stated role, the key matters reserved specifically for the Board include:

- appointment of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring budget and adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts;
- approving significant changes to the organizational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- meeting with the external auditor, at their request, without management being present.

For a complete list of the functions reserved to the Board and a copy of the Board's charter, please refer to the Corporate Governance section of the Company's website at www.metallum.com.au.

Due to the size of the Board and the stage of the Company's operations, the Board has opted not to establish an Audit and Risk Committee or a Remuneration or Nomination Committee. These duties and responsibilities are discharged by the full Board, in accordance with the Audit and Risk Committee and Remuneration and Nomination Committee Charters that have been adopted by the Board.

Refer to the Corporate Governance section of the Company's website at www.metallum.com.au for a copy of the Committee charters.

Responsibilities of Senior Executives

The responsibility for the day to day operation and administration of the Consolidated Entity, in accordance with the direction of the Board, is delegated by the Board to the Managing Director and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team. In delegating this power, the Board must also be satisfied that the Managing Director and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to the Managing Director and other senior executives include:

- Developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies.

- Operating the Company's businesses and operations within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses and operations.
- Where proposed transactions, commitment or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval.
- Identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses and operations, formulating strategies for managing these risks for consideration by the Board.
- Managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis.
- Implementing the Company's internal controls; establishing procedures for monitoring these controls; and ensuring that these controls and procedures are appropriate and effective.
- Taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- Implementing all policies, procedures and codes approved by the Board.

Performance evaluation of Board and Senior Executives

The Board has adopted a policy for evaluating the performance of the Board and Directors, a copy of which is available on its website. The Board did not conduct a formal evaluation of the Board and its Directors in the reporting period. However, informal evaluation was carried out on a continual basis by the Board.

The Board is responsible for an annual evaluation of the Managing Director, to be coordinated by the Chairman. This review took place in the financial year and was in accordance with the process outlined in the Company's Corporate Governance Policy.

The Managing Director's performance objectives are equivalent to the Company's performance objectives and are set by the Board based on qualitative and quantitative measures. The Managing Director's performance against these objectives is reviewed annually by the Board and is reflected in the Managing Director's remuneration structure.

For further information regarding the Company's Performance Evaluation Policy please refer to the Corporate Governance section of the Company's website at www.metallum.com.au.

Structure of the Board and Skills Matrix

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination, selection, induction and ongoing professional development of Directors. These guidelines include a requirement to undertake appropriate background checks prior to the appointment of a person as a director, including but not limited to undertaking police and solvency checks, a formal induction program to enable new Directors to build their knowledge and make an effective contribution in a timely manner, and the provision of appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

The Directors in office and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
W Willesee	Chairman, Non-executive Director	14 March 2011
Z Reeves	Managing Director	17 July 2012
C Johnstone	Non-executive Director	24 May 2012

The skills, experience and expertise relevant to the position of Director held by each Director at the date of this Statement are included on page 12 of this Annual Report.

The composition of the Board is reviewed regularly by the Board to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's operations. The Board has developed a skills matrix considered suitable for the Board of the Company at its current stage and into the future, taking into account its current strategy, operations and expectations for changes in the nature and scope of its activities. The Board skills matrix identifies a mix of areas the Board should collectively hold across its membership, including experience in the mineral resource industry, business, finance and executive management. The Board is satisfied that the identified skills are well represented in the current Board.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. In addition, Directors are entitled, in furtherance of their duties, to seek independent professional advice at the Company's expense.

Independence

Recommendation 2.4 requires a majority of the Board to be independent Directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. In accordance with this guidance, two of the three Directors are considered to be independent:

Name	Position
W Willesee	Chairman, Non-executive Director
C Johnstone	Non-executive Director

The Board acknowledges Mr Johnstone became a substantial shareholder of the Company (5.48%) on 29 July 2015, however in its opinion, this fact does not impact on his independent judgement and he can and does make independent decisions in the best interests of the Company and its security holders.

Managing Director Mr Reeves is not considered to be independent as he is employed in an executive capacity by the Company.

Nomination and Remuneration Committee

The Board has adopted a Nomination and Remuneration Committee Charter. As noted above, during the 2015 financial year, the full Board undertook the responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. For further details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Nomination and Remuneration Committee Charter, please refer to the Corporate Governance section of the Metallum website at www.metallum.com.au.

For further details on the remuneration policy of the Company, including a description of the structure of Non-executive Directors' remuneration and Executive Directors' and senior executives' remuneration, see pages 15 to 20 of this Annual Report.

The Company has established an Employee Incentive Option Plan pursuant to which the Company may offer long term equity incentive options to executive Directors and employees. The options are usually issued for nil consideration at an exercise price calculated with reference to prevailing market prices, are issued in accordance with performance guidelines established by the Directors of the Company. The options typically only vest under certain conditions, principally centred on the employee still being employed at the time of vesting. The options cannot be transferred without the approval of the Company's Board and are not quoted on the ASX. As a result, option holders may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-executive Directors do not receive options with performance hurdles attached. However, in the Company's current circumstances, the Directors consider options to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue options to Non-executive Directors, including with performance hurdles, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Non-executive Directors.

For additional details please refer to the Corporate Governance section of the Company's website at www.metallum.com.au.

Audit Committee

The Board has adopted an Audit Committee Charter. As noted above, during the 2015 financial year, the full Board undertook the responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

For further details regarding the procedures for selection, appointment and rotation of external audit partners, as well as a copy of the Audit Committee's Charter, please refer to the Corporate Governance section of the Company's website at www.metallum.com.au.

Communication with Shareholders

Pursuant to Principle 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. To promote effective communication with shareholders, the Company has designed a Shareholder Communication policy. Information is communicated to the shareholders through:

- the Annual Report which is made available to all shareholders;
- announcements made through the ASX companies announcements platform;
- the Company's website (<http://www.metallum.com.au>) which has a dedicated Investor Relations section for the purpose of publishing all important Company information and relevant announcements made to the market; and
- the annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company (including the Company's share registry, which facilitates electronic correspondence) or attending the annual general meeting. The external auditors also attend, and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the

preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

For further information regarding the Company's Shareholder Communication Policy please refer to the Corporate Governance section of the Company's website at www.metallum.com.au.

Diversity Policy

Metallum is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 1.5, the Company has established a Diversity Policy. However due to the small size of the organization and its current stage of operations, the introduction of specific measurable objectives at this stage has not been implemented.

Whilst the Board of the Company strongly endorses the concept of gender diversity, until the Company's human resource base has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position. However the Board is pleased to report that the Company has a number of women who undertake work on a salaried or contracted basis, including Chief Financial Officer and Company Secretary.

In accordance with Recommendation 1.5(c)(1), the table below shows the proportion of women in the whole organisation, women in senior executive positions and women on the Board. The Company defines "senior executive" as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. To provide an accurate reflection of the proportion of women across the whole organization, the Company has opted to include contractors in the below percentages, which show the proportion of women in the organization as at the date of this Statement:

Board: 0%

Senior Executive: 0%

Employees/Contractors: 30%

Share Trading

The Constitution of the Company permits Directors and officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a Securities Trading Policy concerning trading in the Company's securities by Directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with Metallum, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A Director wishing to deal in the Company's securities may only do so after first having received approval from the Chairman. All staff wishing to deal must obtain approval from the Managing Director.

Trading in the Company's securities is also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time.

The Company prohibits Directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

A copy of the Company's Securities Trading Policy is available in the Corporate Governance section of the Company's website at www.metallum.com.au.

Integrity of Financial Reporting and Risk Management Policies

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations Act*, the Managing Director and the person who performs the Chief Financial Officer function are each required to provide a written statement to the Board that the Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Managing Director and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Managing Director and the Chief Financial Officer for the half year and annual financial reports from 1 July 2014 to the date of this report. Effective 30 June 2015, the Board has also received written statements to this effect for the Company's quarterly cash flow reports.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes are undertaken and any recommendation for improvement reported to the Board as part of the Company's risk management processes.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the full Board and the processes and procedures mentioned above.

The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units. The full Board reviews the risk management framework at least annually. Throughout the current year the full Board reviewed risk and the application of the risk framework on an ongoing basis both within formal board meetings and outside meetings in informal review sessions. The Board felt that given the nature and scale of the Company that process was the most appropriate and most robust means of monitoring and managing risk for the Company.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of material business risks that may threaten the Group as a whole or specific business activities within the Company and includes risk mitigation strategies. The Company has established specific frameworks for operational risk. Management is currently developing a framework for organisational risk.

The categories of risk covered in the Risk Management Policy include but are not limited to:

- Operational risk;
- Environmental risk;
- Sustainability risk;
- Compliance risk;
- Strategic risk;
- Ethical conduct risk;
- Reputation or brand risk;
- Technological risk;
- Product or service quality risk;
- Human capital risk;
- Financial reporting risk; and
- Market related risk.

The Board has formed the view that the Company does not currently have any material exposure to economic, environmental or social sustainability risks.

For a summary of the Company's Risk Management Policy, please refer to the Corporate Policies section of the Company's website at www.metallum.com.au

Code of Conduct and Continuous Disclosure Policy

The Company has a Code of Conduct and Continuous Disclosure Policy, which can be found in the Corporate Governance section of the Company's website at www.metallum.com.au.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 \$	Consolidated 2014 \$
Revenue		677,893	-
Cost of Sales		(1,814,362)	-
Gross loss		(1,136,469)	-
Interest revenue		9,702	69,691
Impairment of inventory		-	(110,881)
Other financial fees		(195,190)	(6,182)
Administrative expenses		(140,209)	(24,339)
Consultancy and legal expenses		(274,902)	(257,156)
Compliance and regulatory expenses		(221,486)	(209,175)
Equity based payments		(89,785)	(386,749)
Exploration and evaluation expenses		(342,008)	(840,016)
Depreciation		(7,577)	(7,888)
Employee benefits expense		(674,117)	(746,007)
Gain/(loss) on foreign exchange		(436,592)	113,475
Impairment of assets		(516,763)	-
Impairment of exploration expenditure		(6,529,029)	(101,383)
Adjustment to Loan Fair Value		(885,247)	(1,080,256)
Loss on disposal of assets		(957)	(445)
Other expenses		(298,557)	(319,223)
Loss before income tax expense		(11,739,186)	(3,906,534)
Income tax benefit	4	402,332	63,978
Net loss for the year		(11,336,854)	(3,842,556)
Other comprehensive income, net of income tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,090,346	(427,792)
Total comprehensive loss for the year		(10,246,508)	(4,270,348)
Loss for the year is attributable to:			
Owners of Metallum Limited	18	(9,699,509)	(3,728,668)
Non-controlling interest		(1,637,345)	(113,888)
		(11,336,854)	(3,842,556)
Total comprehensive income/(loss) for the year is attributable to:			
Owners of Metallum Limited		(8,581,394)	(4,285,968)
Non-controlling interest		(1,665,114)	15,620
		(10,246,508)	(4,270,348)
Loss per share for loss attributable to the owners of Metallum Limited			
Basic loss per share (cents)	5	(2.13)	(1.27)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated 2015 \$	Consolidated 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	6	181,481	1,714,938
Inventory	7	-	25,142
Trade and other receivables	8	32,912	798,374
TOTAL CURRENT ASSETS		214,393	2,538,454
NON CURRENT ASSETS			
Property, plant and equipment	9	7,097	107,976
Exploration and evaluation expenditure	10	158,923	7,623,978
TOTAL NON CURRENT ASSETS		166,020	7,731,954
TOTAL ASSETS		380,413	10,270,408
CURRENT LIABILITIES			
Trade and other payables	11	551,911	235,332
Provisions	12	55,579	39,389
Borrowings	13(a)	459,263	-
TOTAL CURRENT LIABILITIES		1,066,753	274,721
NON CURRENT LIABILITIES			
Deferred tax payable		-	339,992
Loan payable	13(b)	-	2,650,359
TOTAL NON CURRENT LIABILITIES		-	2,990,351
TOTAL LIABILITIES		1,066,753	3,265,072
NET (LIABILITIES)/ ASSETS		(686,340)	7,005,336
EQUITY			
Issued capital	14	21,549,115	19,213,355
Reserves	17	5,925,201	4,588,014
Accumulated losses	18	(26,631,426)	(16,931,917)
Equity attributable to the owners of Metallum Limited		842,890	6,869,452
Non-Controlling Interest		(1,529,230)	135,884
TOTAL EQUITY		(686,340)	7,005,336

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 \$	Consolidated 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Sales revenue		663,429	-
Interest revenue		9,702	69,691
Payments to suppliers and employees		(2,716,989)	(1,851,107)
Net cash used in operating activities	19	(2,043,858)	(1,781,416)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(2,984)	-
Payments for exploration and evaluation (expensed)		(342,008)	(760,618)
Payments for exploration and evaluation costs (capitalised)		(594,443)	(1,571,450)
Payments for project acquisitions		(904,914)	-
Loan advanced to other		-	(620,483)
Net cash used in investing activities		(1,844,349)	(2,952,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equities		1,461,848	5,101,614
Proceeds from borrowings		961,688	-
Capital raising costs		(68,786)	(371,804)
Net cash provided by financing activities		2,354,750	4,729,810
Net decrease in cash held		(1,533,457)	(4,157)
Cash and cash equivalents at the beginning of the financial year		1,714,938	1,719,095
Cash and cash equivalents at the end of the financial year	6	181,481	1,714,938

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated		Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- controlling Interest \$	Total Equity \$
	Note					
Balance at 1 July 2014		19,213,355	4,588,014	(16,931,917)	135,884	7,005,336
Loss for the year		-	-	(9,699,509)	(1,637,345)	(11,336,854)
Other comprehensive income	17	-	1,118,115	-	(27,769)	1,090,346
Total comprehensive loss for the year		-	1,118,115	(9,699,509)	(1,665,114)	(10,246,508)
<i>Transactions with owners in their capacity as owners:</i>						
Share based payments	17	-	219,072	-	-	219,072
Shares issued during the year (net of capital raising costs)		2,335,760	-	-	-	2,335,760
Balance at 30 June 2015		21,549,115	5,925,201	(26,631,426)	(1,529,230)	(686,340)

Consolidated		Issued Capital \$	Reserves \$	Accumulated Losses \$	Non- controlling Interest \$	Total Equity \$
	Note					
Balance at 1 July 2013		14,601,799	4,479,682	(13,203,249)	120,264	5,998,496
Loss for the year		-	-	(3,728,668)	(113,888)	(3,842,556)
Other comprehensive income	17	-	(557,300)	-	129,508	(427,792)
Total comprehensive loss for the year		-	(557,300)	(3,728,668)	15,620	(4,270,348)
<i>Transactions with owners in their capacity as owners:</i>						
Share based payments	17	-	665,632	-	-	665,632
Shares issued during the year (net of capital raising costs)		4,611,556	-	-	-	4,611,556
Balance at 30 June 2014		19,213,355	4,588,014	(16,931,917)	135,884	7,005,336

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Metallum Limited and controlled entities ("Consolidated Entity" or the "Group"). The separate financial statements and notes of Metallum Limited as an individual parent entity ("Company") have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 30 September 2015 by the Directors of the Company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Metallum Limited and its subsidiaries, and has been prepared in Australian dollars. Metallum Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern Basis

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company and Consolidated Entity incurred losses of \$10,100,928 and \$11,336,854 respectively and the Consolidated Entity had net cash outflows from operating and investing activities of \$2,043,858 and \$1,844,349 respectively for the year ended 30 June 2015. As at that date, the Company and Consolidated Entity had net current liabilities of \$606,786 and \$852,360 respectively and net liabilities of \$540,762 and \$686,340 respectively. The ability of the Company and Consolidated Entity to continue as going concerns is dependent on a combination of a number of factors, the most significant of which is the ability of the Company to raise additional funds in the following 12 months through issuing additional shares.

These factors indicate significant uncertainty as to whether the Company and Consolidated Entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern Basis (Continued)

Notwithstanding the above, the Directors believe that there are reasonable grounds to believe that the Company and Consolidated Entity will be able to continue as going concerns, after consideration of the following factors:

- The Company has acted to reduce its working capital requirements following its decision to put the Chilean operations on care and maintenance and to that end has reduced its staffing numbers and reduced or removed a number of its other activities that require cash expenditure;
- The Company is reviewing its assets in order to identify the best means of maximizing those assets for shareholders including possible divestment of any of those assets;
- The Company plans to raise additional funding for working capital, which has proven to be successful in the past. As disclosed in Note 28, the company raised \$533,152 (before costs) subsequent to 30 June 2015;
- As disclosed in the statement of financial position, the Consolidated Entity has interest bearing liabilities of \$459,263 which are classified as current as at 30 June 2015. These interest bearing liabilities have all been repaid at the date of this report; and
- The ability to further scale down its operations in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the Company and Consolidated Entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Company and Consolidated Entity do not continue as going concerns.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 21.

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Metallum Limited as at 30 June 2015 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b) Adoption of new and revised standards

In the year ended 30 June 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

c) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- a) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- b) When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

f) Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land is measured at cost less accumulated impairment losses.

Depreciation is calculated over the estimated useful life of the assets using the straight line method as follows:

Plant and equipment	2 - 5 years
Furniture and Fixtures	2 - 5 years
Computer equipment	2 - 5 years
Structures and improvements	5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

A impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

j) Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

k) Exploration, evaluation and development expenditure

Exploration, evaluation and acquisition expenditure on areas of interest will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that Directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

l) Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

m) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Consolidated Entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the years in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

n) Financial Instruments

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the year in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

o) Fair value

Fair value is determined based on the last trading price for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

p) Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

ii. Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

iii. Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iv. Impairment of tangible and intangible assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

q) Trade and payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

s) Equity-settled compensation

The entity operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

v) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

w) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- a) costs of servicing equity (other than dividends) and preference share dividends;
- b) the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- c) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- a) when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- b) receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

z) Critical accounting judgements, estimates and assumptions

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Company's development and its current environmental impact the Directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Judgements – Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key Judgements –Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes option pricing model.

aa) Operating segments

Identification and measurement of segments – AASB 8 requires the ‘management approach’ to the identification measurement and disclosure of operating segments. The ‘management approach’ requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

bb) Foreign currency translation

Both the functional and presentation currency of Metallum Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

The functional currency of the foreign subsidiaries, Agusan Metals Corporation, Marlin Mining Corporation, and MNE Philippine Realty, Inc. is Philippines peso, “Php”.

The functional currency of Mining Group Chile Ltda, Minera El Roble SpA, Minera Panga SpA is Chilean peso, “CLP”.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2. KEY MANAGEMENT PERSONNEL DISCLOSURES

	Consolidated	
	2015	2014
	\$	\$
Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.		
Short-term employee benefits	400,000	510,941
Post-employment benefits	28,500	27,750
Share-based payments	46,919	360,903
	<u>475,419</u>	<u>899,594</u>

The aggregate compensation made to Directors and other key management personnel of the Group is set out above. For further details refer to the Remuneration Report.

NOTE 3. AUDITOR'S REMUNERATION

	Consolidated	
	2015	2014
	\$	\$
Remuneration of the auditor for:		
RSM Bird Cameron Partners an audit or review of the financial report of the entity and any other entity in the Group	36,000	37,500
RSM Bird Cameron Partners – tax services	15,460	19,040
	<u>51,460</u>	<u>56,540</u>

NOTE 4. INCOME TAX

	Consolidated	
	2015	2014
	\$	\$
a) Income tax expense		
Current tax in Overseas entities	-	-
Refundable Research & Development Tax Offset	-	(29,204)
Deferred Tax in Overseas Entities	(402,332)	(41,005)
Foreign Exchange Translation Adjustment	-	6,231
Income tax benefit	<u>(402,332)</u>	<u>(63,978)</u>

b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating loss at 30%	(3,521,756)	(1,171,960)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4. INCOME TAX (continued)

Add / (Less)

Tax effect of:

Research and Development Tax Offset	-	(38,371)
Tax losses and timing differences not recognised	583,526	801,515
Non-deductible expenses	2,938,230	379,612
Others	-	(63,978)
Prior year deferred tax liabilities not recognised	(402,332)	-
	<u>(402,332)</u>	<u>(63,978)</u>

c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	5,666,037	4,026,840
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Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at the reporting date because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- ii. the Group continues to comply with conditions for deductibility imposed by law; and
- ii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 5. LOSS PER SHARE

	Consolidated	
	2015	2014
	\$	\$
a) Loss used to calculate basic EPS	(9,699,509)	(3,728,668)
	<u>Number of Shares</u>	<u>Number of Shares</u>
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	454,598,829	293,259,932

The diluted loss per share is disclosed as the same as the basic earnings per share as a loss was incurred in the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

NOTE 6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2015	2014
	\$	\$
Cash at bank and in hand	181,481	1,714,938

NOTE 7. INVENTORIES

	Consolidated	
	2015	2014
	\$	\$
Ore stockpile	33,412	25,142
Less: Provision for impairment of inventories	(33,412)	-
	-	25,142

NOTE 8. OTHER RECEIVABLES

	Consolidated	
	2015	2014
	\$	\$
GST/VAT receivable	193,397	149,794
Loan to others	-	598,937
Prepayments	15,354	-
Other receivables	215,915	49,643
Less: Provision for impairment of receivables	(391,754)	-
	32,912	798,374

Terms and conditions relating to the above financial instruments:

- Loan to others is unsecured, charge with interest rate of LIBOR + margin of 6% and repayable on demand.
- Other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2015	2014
	\$	\$
(a) Carrying amounts		
Furniture and Fittings – at cost	10,449	8,989
Accumulated depreciation	(5,683)	(3,197)
Impairment	(3,759)	-
	<u>1,007</u>	<u>5,792</u>
Computer Equipment – at cost	25,451	26,534
Accumulated depreciation	(18,236)	(13,875)
Impairment	(1,125)	-
	<u>6,090</u>	<u>12,659</u>
Plant and Equipment – at cost	89,767	75,333
Accumulated depreciation	(78,291)	(61,002)
Impairment	(11,476)	-
	<u>-</u>	<u>14,331</u>
Office Equipment – at cost	48,244	40,487
Accumulated depreciation	(39,456)	(23,180)
Impairment	(8,788)	-
	<u>-</u>	<u>17,307</u>
Leasehold Improvement – at cost	10,115	8,489
Accumulated depreciation	(5,226)	(2,688)
Impairment	(4,889)	-
	<u>-</u>	<u>5,801</u>
Land – at cost	62,203	52,086
Impairment	(62,203)	-
	<u>-</u>	<u>52,086</u>
Carrying amount at 30 June	<u>7,097</u>	<u>107,976</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in carrying amounts

Movements in the carrying amounts of each class of assets between the beginning and the end of the year:

	Furniture & Fittings \$	Computer Equipment \$	Plant & Equipment \$	Office Equipment \$	Leasehold \$	Land \$	Total \$
2015 year							
Balance at 1 July 2014 net of accumulated depreciation	5,792	12,659	14,331	17,307	5,801	52,086	107,976
Additions	-	2,984	-	-	-	-	2,984
Disposals	-	(4,067)	-	-	-	-	(4,067)
Impairment	(3,759)	(1,125)	(11,476)	(8,788)	(4,889)	(62,203)	(92,240)
Depreciation	(1,911)	(4,361)	(5,562)	(11,753)	(2,009)	-	(25,596)
Foreign currency translation	885	-	2,707	3,234	1,097	10,117	18,040
Balance at 30 June 2015 net of accumulated depreciation	1,007	6,090	-	-	-	-	7,097
2014 year							
Balance at 1 July 2013 net of accumulated depreciation	7,581	17,278	19,560	31,234	7,691	53,547	136,891
Additions	-	705	-	-	-	-	705
Disposals	-	-	-	-	-	-	-
Depreciation	(1,593)	(5,324)	(3,626)	(8,181)	(1,672)	-	(20,396)
Foreign currency translation	(196)	-	(1,603)	(5,746)	(218)	(1,461)	(9,224)
Balance at 30 June 2014 net of accumulated depreciation	5,792	12,659	14,331	17,307	5,801	52,086	107,976

During the year, total depreciation consisted of \$7,577 (2014:\$ 7,888) being charged to the profit or loss and \$18,019 (2014:\$12,508) classified as exploration expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2015	2014
	\$	\$
Costs carried forward in respect to areas of interest:		
Exploration expenditure capitalised – at cost	158,923	7,623,978
Brought forward	7,623,978	6,631,246
Exploration expenditure capitalised	594,443	1,347,848
Acquisition of projects payments	904,914	160,629
Foreign currency movement on exploration expenditure	1,100,222	(414,362)
Cadan loan-offset	(3,535,605)	-
Impairment of exploration expenditure capitalised	(6,529,029)	-
Write-offs during the year – Australian properties	-	(101,383)
Balance at reporting date	158,923	7,623,978

The Comval Project (the “Project”) amounted to \$100,000 (2014: \$6,081,357) is included in the capitalised exploration and evaluation expenditure as at 30 June 2015. The Group is in the process of applying an extension of exploration permit from relevant authorities in the Philippines. The Directors believe that the extension will be granted in favour to the Group in the near future.

The value of the Company’s interest in exploration expenditure is dependent upon:

- the continuance of the rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploration of the areas of interest, or alternatively, by their sale.

The Australian exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTE 11. TRADE AND OTHER PAYABLES

	Consolidated	
	2015	2014
	\$	\$
CURRENT		
Trade creditors	294,525	169,326
Other payables and accruals	257,386	66,006
	551,911	235,332

Trade creditors are expected to be paid on 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12. PROVISIONS

	Consolidated	
	2015	2014
	\$	\$
Annual leave	55,579	39,389

NOTE 13. LOANS PAYABLE

a) Current Borrowings

	Consolidated	
	2015	2014
	\$	\$
Loan with related party ¹	250,000	-
Convertible note ²	209,263	-
Balance at end of period	459,263	-

1. During the year, the Group obtained a loan from Lazy 7 Pty Ltd amounting to \$250,000, a company related to Colin Johnstone. The loan was repaid subsequent to 30 June 2015 via the issue of 41,666,667 shares and 13,888,889 options exercisable \$0.015 expiring 30 June 2017.

2. 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. Funding was to be provided via the issue of three convertible securities for US\$270,000, up to US\$500,000 and US\$250,000 respectively.

During the year, the Company issued the three convertible securities with a total of \$922,556. At 30 June 2015, the convertible securities had been partially converted to shares. On 6 August 2015, the Company paid US\$160,850 in full satisfaction of the convertible loan outstanding.

b) Non - Current Borrowings

	Consolidated	
	2015	2014
	\$	\$
Balance at beginning of period	2,650,359	1,963,49
Assignment of security deposit to Cadan Resources	-	(57,180)
Unwinding of interest free loan	885,246	1,080,256
Foreign currency translation	-	(336,214)
Offset against exploration asset	(3,535,605)	-
Balance at end of period	-	2,650,359

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13. LOANS PAYABLE (Continued)

The loan amount has been derecognised as at 30 June 2015 and disclosed as a contingent liability as the Comval Project has been impaired by \$5,981,357 to \$100,000 due to a lack of funding and the prolonged period of time the project is expected to be on care and maintenance. The repayment criteria is no longer met, as repayment will only be required if the Project achieves commercial production.

NOTE 14. ISSUED CAPITAL

		Consolidated	
		2015	2014
		\$	\$
Fully paid ordinary shares		21,549,115	19,213,355

		Consolidated			
		2015	2014		
		\$	Number	\$	Number
a) Ordinary Shares					
At the beginning of the reporting period		19,213,355	386,499,865	14,601,799	191,442,724
Shares issued during the period					
• 5 September 2013 Placement tranche 1		-	-	717,910	28,716,408
• 30 October 2013 Placement tranche 2		-	-	2,055,653	82,226,102
• 19 November 2013 Placement final tranche		-	-	226,437	9,057,490
• 20 January 2015 Placement		89,480	6,470,000	2,101,614	75,057,141
• 9 March 2015 Placement		560,000	56,000,000	-	-
• 29 May 2015 Placement		816,848	136,141,226	-	-
• Convertible Note Conversion into shares		1,016,820	130,563,207	-	-
• Capital raising costs		(147,388)	-	(490,058)	-
At reporting date		21,549,115	715,674,298	19,213,355	386,499,865

Ordinary shareholders participate in dividends and the proceeds in winding up of the parent entity in proportion to the shares held.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 14. ISSUED CAPITAL (Continued)

b) Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2015 is disclosed in Note 15.

c) Options

For details of options outstanding at year end, refer Note 25.

NOTE 15. WORKING CAPITAL

	Consolidated	
	2015	2014
	\$	\$
Cash and cash equivalents	181,481	1,714,938
Trade and other receivables (excluding prepayments)	18,137	782,785
Trade and other payables and provisions	(607,490)	(274,721)
Working capital position ¹	(407,872)	2,223,002

1. The net liabilities working capital position is explained in Note 1 "Going Concern Basis".

NOTE 16. COMMITMENTS

	Consolidated	
	2015	2014
	\$	\$
a) The Company has tenements rental and expenditure commitments contracted for at the reporting date but not recognised as liabilities, payable:		
– Within one year	50,000	30,000
– One to five years	100,000	-
– More than five years	-	-
	150,000	30,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16. COMMITMENTS (Continued)

- b) The Company has lease commitments contracted for at the reporting date but not recognised as liabilities, payable:

– Within one year	56,875	39,752
– One to five years	28,570	-
– More than five years	-	-
	<u>85,445</u>	<u>39,752</u>

- c) The option agreement entered into on 13 August 2013 for the El Roble project with an option to acquire up to 90% interest, with an initial 68% interest is now void and no commitments are applicable. The Company was unable to meet a deadline to make a periodic option payment under the agreement within one month of its due date which resulted in the option lapsing, this was a result of the significant decrease in copper prices.

– Within one year	-	1,059,400
– One to five years*	-	7,415,800
– More than five years	-	-
	<u>-</u>	<u>8,475,200</u>

*Under the agreement, the Group can elect to pay the final consideration of USD\$6million with equity.

On 4 December 2013, the Group entered an agreement which gives the Group exclusive access to mine on the 3 concessions at the Panga Mine at the El Roble Copper project in Chile. The agreement entitles the Group to extract up to 5,000 tonnes of ore per month under the following conditions:

- minimum monthly payment of CLP\$150,000 per month, per concession;
- first USD\$200,000 of revenue per month will be subject to 10% royalty;
- every subsequent dollar of revenue over USD\$200,000 per month will be subject to 5% royalty; and
- the Group will be liable for the minimum monthly payments from January 2014.

On 12 May 2014, the Group entered into a lease agreement with SLM Panga who is the sole and exclusive owner of the mining possessions named Paraguay. This entitles the Group to extract up to 5,000 tonnes of ore per month under the current mine permit under the following conditions:

- minimum monthly payment of CLP\$150,000 per month, per concession;
- first US\$200,000 of revenue per month will be subject to 10% royalty;
- every subsequent dollar of revenue over US\$200,000 per month will be subject to 5% royalty; and
- the Group will be liable for the minimum monthly payments from May 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

NOTE 17. RESERVES

	Consolidated	
	2015	2014
	\$	\$
Option reserve		
Balance at beginning of year	4,567,082	3,901,450
Capital raising	129,287	118,254
Share-based payment	89,785	547,378
Balance at end of year	<u>4,786,154</u>	<u>4,567,082</u>
Foreign exchange reserve		
Balance at beginning of year	20,932	578,232
Change in reserve	1,118,115	(557,300)
Balance at end of year	<u>1,139,047</u>	<u>20,932</u>
Total reserves	<u>5,925,201</u>	<u>4,588,014</u>

Options Reserve

This reserve is used to record the value of equity benefits provided to employees, Directors and consultants as part of their remuneration. Refer to Note 25.

Foreign Currency Translation Reserve

Foreign currency translation reserve records exchange differences arising on translation of the subsidiaries' functional currency (Philippine Peso and Chilean Peso) into presentation currency at balance date.

NOTE 18. ACCUMULATED LOSSES

	Consolidated	
	2015	2014
	\$	\$
Accumulated losses at the beginning of the financial year	(16,931,917)	(13,203,249)
Loss after income tax expense for the year	(9,699,509)	(3,728,668)
Accumulated losses at the end of the financial year	<u>(26,631,426)</u>	<u>(16,931,917)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19. CASH FLOW INFORMATION

	Consolidated	
	2015	2014
	\$	\$
a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	181,481	1,714,938
b) Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax		
Operating loss after income tax	(11,336,854)	(3,842,556)
<i>Non-cash flows in loss</i>		
Depreciation	7,577	7,888
Share-based payments	89,785	386,749
Loss on sale of assets	957	445
Revaluation of loan	885,247	1,080,256
Exploration costs written off	6,529,029	101,383
Impairment of assets	516,763	-
Reclassify exploration costs to investing activities	342,008	840,016
Foreign exchange differences (unrealised)	436,592	(70,536)
<i>Changes in assets and liabilities</i>		
Trade and other receivables	701,254	(182,215)
Trade and other payables	139,966	(83,075)
Provisions	(16,190)	21,234
Deferred tax liabilities	(339,992)	(41,005)
<i>Net Cash Flow used in Operating Activities</i>	<u>(2,043,858)</u>	<u>(1,781,416)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 19. CASH FLOW INFORMATION (Continued)

Non Cash Financing and Investing Activities

i. Share Issue

The following shares were issued during the year and not included in financing and investing activities.

- 130,563,207 shares issued to lender for conversion of convertible notes.

ii. Option Issue

The following options were issued during the year and not included in financing and investing activities.

- 13,800,000 options issued to Bergen Global Limited in accordance with the Convertible Note security terms and conditions;
- 3,000,000 unlisted options issued to employees of the Group;
- 3,000,000 listed options issued to Empire State Capital as research report fees;
- 15,000,000 listed options issued to Merchant Capital Pty Ltd as a capital raising fee.

NOTE 20. RELATED PARTY TRANSACTIONS

Subsidiaries

The consolidated financial statements include the financial statements of Metallum Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity interest	
		2015	2014
		%	%
MNE Holdings Pty Ltd	Australia	100	100
Phil-Aust Holdings Pty Ltd	Australia	100	100
Agusan Metals Corporation (AMC) (formerly Philco Mining Corp)	Philippines	80	80
Comval Property Pty Ltd	Australia	100	100
Marlin Mining Corporation	Philippines	100	100
MNE Philippine Realty, Inc	Philippines	40	40
Atacama Holdings Pty Ltd	Australia	100	100
Mining Group Chile Ltda	Chile	100	100
Minera El Roble SpA	Chile	100	100
Minera Panga SpA	Chile	100	100

Other than as stated above and the remuneration disclosed in Note 2 and the Remuneration Report section of the Directors' Report, there has been no related party transactions during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21. PARENT ENTITY DISCLOSURES

Statement of Financial Position

	2015	2014
	\$	\$
Assets		
Current assets	107,488	1,682,126
Non-current assets	66,024	5,459,738
Total assets	<u>173,512</u>	<u>7,141,864</u>
Liabilities		
Current liabilities	714,274	136,528
Total liabilities	<u>714,274</u>	<u>136,528</u>
NET (LIABILITIES)/ASSETS	<u>(540,762)</u>	<u>7,005,336</u>
Equity		
Issued capital	21,549,115	19,213,355
Reserves	4,786,154	4,567,084
Accumulated losses	(26,876,031)	(16,775,103)
Total equity	<u>(540,762)</u>	<u>7,005,336</u>

Statement of Comprehensive Income

	2015	2014
	\$	\$
Loss for the year	(10,100,928)	(13,176,288)
Other comprehensive income	-	-
Total comprehensive income	<u>(10,100,928)</u>	<u>(13,176,288)</u>

a) Contingent liabilities

As at 30 June 2015 and 30 June 2014, the Company had no contingent liabilities.

b) Contractual Commitments

As at 30 June 2015 and 30 June 2014, the Company had no contractual commitments to purchase property, plant and equipment.

c) Guarantees entered into by parent entity

As at 30 June 2015 and 30 June 2014, the Company had not entered into any guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22. FINANCIAL INSTRUMENTS

a) Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Group's operations.

Derivatives are not currently used by the Group for hedging purposes. The Group does not speculate in the trading of derivative instruments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2015 \$	2014 \$
Financial Assets			
Cash and cash equivalents	6	181,481	1,714,938
Other receivables (excludes prepayments)	8	18,137	782,785
Total Financial Assets		199,618	2,497,723
Financial Liabilities			
Trade and other payables	11	551,911	235,332
Loans payable	13	459,263	2,650,359
Total Financial Liabilities		1,011,174	2,885,691

i. Treasury Risk Management

The full Board of the Company meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable. The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, and market risk (being equity price risk).

iii. Interest rate risk

The Group does not have any debt that may be affected by interest rate risk.

iv. Currency Risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the Group. The Group deposits are denominated in Philippines Peso, Chilean peso and Australian dollars. Currently there are no foreign exchange programs in place. The Group treasury function manages the purchase of foreign currency to meet operational requirements. The impact of reasonably possible changes in foreign exchange rates for the Group has the potential to be material. The Group monitors this risk on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22. FINANCIAL INSTRUMENTS (Continued)

v. *Sensitivity analysis*

At 30 June 2015, if interest rates had changed by +/- 75 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Group would have been \$1,361 (2014: \$12,862) lower/higher as a result of lower/higher interest income from cash and cash equivalents.

vi. *Liquidity risk*

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk by preparing forward looking cash flow analysis in relation to its operational, investing and financing activities and monitoring its cash assets and assets readily convertible to cash in the context of its forecast future cash flows. The Group continually monitors its access to additional equity capital should that be required, maintains a reputable credit profile and manages the credit risk of its financial assets.

vii. *Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Credit risk related to balances with banks and other financial institutions is managed by the full Board in accordance with approved Board policy.

	Note	2015 \$	2014 \$
Cash and cash equivalents	6	181,481	1,714,938
		<u>181,481</u>	<u>1,714,938</u>

viii. *Market Risk – Equity/Securities Price Risk*

The Group is not exposed to securities price risk on investments held for trading or for medium to longer term as no such investments are currently held.

b) **Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the reporting date are recorded at amounts approximating their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22. FINANCIAL INSTRUMENTS (Continued)

c) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Floating Interest Rate		Fixed Interest Rate				Non-Interest Bearing		Total		Weighted Effective Interest Rate
			1 Year or Less		1 to 5 Years						
	2015 \$		2015 \$		2015 \$		2015 \$		2015 \$		2015 %
Financial Assets											
Cash	181,481		-		-		-		181,481		0.40
Trade & other receivables	-		-		-		18,137		18,137		N/A
Total Financial Assets	181,481		-		-		18,137		199,618		
Financial Liabilities											
Trade & other payables	-		-		-		551,911		551,911		N/A
Loans payable	-		250,000		-		209,263		459,263		20
Total Financial Liabilities			250,000				761,174		1,011,174		

	Floating Interest Rate		Fixed Interest Rate				Non-Interest Bearing		Total		Weighted Effective Interest Rate
			1 Year or Less		1 to 5 Years						
	2014 \$		2014 \$		2014 \$		2014 \$		2014 \$		2014 %
Financial Assets											
Cash	1,714,938		-		-		-		1,714,938		0.14%
Trade & other receivables	-		-		-		782,785		782,785		N/A
Total Financial Assets	1,714,938		-		-		782,785		2,497,723		
Financial Liabilities											
Trade & other payables	-		-		-		235,332		235,332		N/A
Loans payable	-		-		-		2,650,259		2,650,259		N/A
Total Financial Liabilities	-		-		-		2,885,591		2,885,591		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of business category and geographical areas. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated proportionately to the applicable segments based on its use. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

Intersegment transactions

There are no intersegment sales and purchase within the Group.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23. OPERATING SEGMENTS (Continued)

i) Segment performance

Consolidated	Corporate	Australian Exploration	Overseas Operations	Total
2015	\$	\$	\$	\$
Revenue				
External sales	-	-	677,893	677,893
Other external revenue	9,702	-	-	9,702
Total segment revenue				
Total revenue per statement of comprehensive income				687,595

Results

Segment result from continuing operations before tax	(1,937,936)	(51,149)	(9,750,101)	(11,739,186)
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Consolidated	Corporate	Australian Exploration	Overseas Operations	Total
2014	\$	\$	\$	\$
Revenue				
External sales	-	-	-	-
Other external revenue	39,120	-	30,571	69,691
Total segment revenue	39,120	-	30,571	69,691
Total revenue per statement of comprehensive income				69,691

Results

Segment result from continuing operations before tax	(1,586,004)	(118,777)	(2,201,753)	(3,906,534)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23. OPERATING SEGMENTS (Continued)

ii) Segment assets and liabilities

Consolidated	Corporate	Australian Exploration	Overseas Operations	Total
	\$	\$	\$	\$
2015				
Segment assets				
Segment assets	114,585	58,926	206,902	380,413
Total assets of the Consolidated Entity				380,413
Segment liabilities				
Segment operating liabilities	(688,885)	(25,389)	(352,479)	(1,066,753)
Total liabilities of the Consolidated Entity				(1,066,753)

Consolidated	Corporate	Australian Exploration	Overseas Operations	Total
	\$	\$	\$	\$
2014				
Segment assets				
Segment assets	2,621,286	58,925	7,590,197	10,270,408
Total assets of the Consolidated Entity				10,270,408
Segment liabilities				
Segment operating liabilities	(109,139)	(27,389)	(3,128,544)	(3,265,072)
Total liabilities of the Consolidated Entity				(3,265,072)

(iii) Revenue by geographical region

Revenue attributable to external customers are located in Chile.

(iv) Assets by geographical region

All reportable segment assets are located in Australia, Philippines and Chile.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 24. SHARE-BASED PAYMENTS

During the year, the Company issued the following options as share based payments:

- 3,000,000 unlisted options issued to employees of the Group;
- 3,000,000 listed options issued to Empire State Capital as research report fees;
- 13,800,000 unlisted options issued to Bergen Global as part consideration for the Convertible Notes; and
- 15,000,000 listed options issued to Merchant Capital Pty Ltd as a capital raising fee.

Details of these issues are detailed in Note 25.

NOTE 25. SHARE OPTIONS

At the end of the year, there are 68,850,000 (2014: 217,115,050) options over unissued shares as follows:

	2015		2014	
	Number of options	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)
Outstanding at beginning of the year	217,115,050	8.5	112,515,060	12
Granted – share- based payment	3,000,000	1.9	15,000,000	5
	3,000,000	5.0	8,000,000	3.4
	-	-	10,000,000	3.7
	-	-	-	-
Granted – free attach options	-	-	59,999,990	5
Granted - capital raisings costs	13,800,000	1.86	12,000,000	5
	15,000,000	1.5	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(183,065,050)	8.7	(400,000)	55
Outstanding at year-end	68,850,000	4.0	217,115,050	8.5
Exercisable at year-end	68,850,000	4.0	212,365,050	-

a) Expenses arising from share-based payment transactions

- \$89,785 (2014: \$386,749) has been recognised share based payment expense during the year.
- \$129,287 (2014: \$118,254) has been recognised in capital raising costs in statement of changes in equity during the year.
- Nil (2014:\$160,629) has been recognised in exploration and evaluation assets in statement of financial position during the year.

Unlisted Options

The fair value of the 31,800,000 (2014: 33,000,000) unlisted options granted during the year ended 30 June 2015 was determined using the following option pricing models and weighted average inputs to the model:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25. SHARE OPTIONS (Continued)

2015

Number of options over shares	13,800,000	3,000,000	15,000,000
Option pricing model fair value	\$0.006	\$0.008	\$0.003
Share price at grant date	\$0.012	\$0.013	\$0.008
Exercise price	\$0.019	\$0.019	\$0.015
Expected volatility	90%	100%	100%
Option life (years)	3.01	4	2.23
Expected dividends	-	-	-
Risk-free rate	2.50%	2.03%	1.80%
Discount	0%	0%	0%

2014

Number of options over shares	12,000,000	8,000,000	10,000,000	1,000,000	2,000,000
Option pricing model fair value	\$0.013	\$0.016	\$0.017	\$0.017	\$0.013
Share price at grant date	\$0.023	\$0.023	\$0.023	\$0.026	\$0.027
Exercise price	\$0.05	\$0.034	\$0.037	\$0.05	\$0.05
Expected volatility	125%	125%	125%	125%	111%
Option life (years)	2.70	3.00	4.01	3.17	2.24
Expected dividends	-	-	-	-	-
Risk-free rate	2.98%	2.98%	3.18%	2.83%	2.83%
Discount	-	-	-	-	-

The Black Scholes Option Pricing Model was used for all of the above valuations.

Listed Options

At 30 June 2015, there are no listed options in the Company. As at 30 June 2014, the fair value of the 12,000,000 listed options granted during the year ended 30 June 2014 as a share based payment was determined using the Black Scholes Option Pricing Model as follows:

	2014
Number of options over shares	12,000,000
Underlying share price	\$0.023
Exercise price	\$0.05
Expected volatility	125%
Expiry date	30 June 2015
Risk-free interest rate	2.72%
Value per option	\$0.010
Share based payment	\$118,254

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26. CONTINGENT LIABILITIES AND OTHER CONTINGENCIES

There exists a contingent liability in relation to the Company's Comval assets. The contingent liability is a loan payable which represents advances from the former Parent, Cadan Resources Corporation, to Agusan Metals Corporation (formerly Philco Mining Corporation), which had been made prior to the acquisition of Agusan Metals Corporation by Metallum Limited.

The loan terms are such that the timing of its repayment is based on the Comval Project achieving commercial production.

At the date of this report there are no immediate plans to develop the Comval Project and at present no funds in excess of care and maintenance have been budgeted for the development of the Comval Project. Accordingly the repayment of the loan is contingent upon the Company ultimately having access sufficient capital to restart its development operations and successfully bring the project into commercial production.

At 30 June 2015, the fair value of the loan is \$12,861,489.

NOTE 27. NEW ACCOUNTING STANDARDS APPLICABLE IN FUTURE PERIOD

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27. NEW ACCOUNTING STANDARDS APPLICABLE IN FUTURE PERIOD (Continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

NOTE 28. EVENTS SUBSEQUENT TO REPORTING DATE

- On 9 July 2015, the Company announced an update of the production at the San Sebastian, Viuda and Paraguay underground copper mines within the El Roble Copper Project.
- On 13 July 2015, the Company announced the drilling is soon to commence to test the Mustang electromagnetic conductor at its Teutonic Project in Western Australia.
- On 22 July 2015, the Company announced an update to the mining activities at the San Sebastian underground mine within the El Roble Copper Project.
- On 29 July 2015, the Company announced that
 - 88,858,774 Shares issued at \$0.006 per Share pursuant to tranche two of the Placement as announced 22 May 2015 to raise \$533,152 in cash.
 - 41,666,667 Shares and 13,888,889 Options (exercise price \$0.015, expires on 30 June 2017) issued on conversion of Director Loan of \$250,000, as approved by shareholders on 16 July 2015.
 - 5,000,000 Shares issued at a deemed issue price of \$0.006 per Share to a consultant of the Company in consideration for marketing services.
 - 8,700,000 Options (exercise price \$0.0073, expires on 16 July 2018) issued to Managing Director, as approved by shareholder on 16 July 2015.
 - 75,000,000 Options (exercise price \$0.015, expires on 30 June 2017) issued as part consideration of capital raising services, as announced 22 May 2015.
 - 17,400,000 Performance Rights issued as an incentive to Managing Director, as approved by Shareholders on 16 July 2015.
- On 6 August 2015, the Company announced the repayment of the US\$160,850 convertible security on issue in lieu of conversion to shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 29. EVENTS SUBSEQUENT TO REPORTING DATE (Continued)

- On 15 September 2015, the Company announced that as a result of falls in the copper price and the dramatic price decrease of the ENAMI tariff for delivered ore, along with the anticipated removal by the Chilean government of the copper price support mechanism, the Company placed its operations at El Roble on care and maintenance in an effort to reduce costs and maintain key assets.
- On 15 September 2015, the Company announced it was unable to meet a \$250,000 option payment and accordingly the option has expired. The Company is in negotiations with the vendor to re-structure the option agreement and remains positive on the prospects of a positive outcome.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 30. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Suite 5
62 Ord Street
WEST PERTH, WA 6005

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1) The financial statements and notes attached hereto, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
 - c) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group;
- 2) the declarations required by section 295A of the Corporations Act 2001 have been received by the Directors.

In the Director's opinion, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



WINTON WILLESEE
Non-Executive Chairman

DATED this 30th day of September 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
METALLUM LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Metallum Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Metallum Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Metallum Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1, which indicates that the company and consolidated entity incurred net losses of \$10,100,928 and \$11,336,854 respectively and the consolidated entity had cash outflows from operating and investing activities of \$2,043,858 and \$1,844,349 respectively during the year ended 30 June 2015. As at that date, the company and consolidated entity had net current liabilities of \$606,786 and \$852,360 respectively and net liabilities of \$540,762 and \$686,340 respectively. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

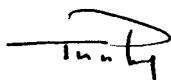
We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Metallum Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2015

SHAREHOLDER INFORMATION

The following information is current as at 7 September 2015:

DISTRIBUTION SCHEDULES

Quoted Securities

Distribution of each class of quoted security:

Fully paid ordinary shares

		Range	Holders	Units	%
1	-	1,000	78	7,443	0.00
1,001	-	5,000	29	101,494	0.01
5,001	-	10,000	52	456,317	0.05
10,001	-	100,000	477	25,477,612	2.99
100,001	-	Over	722	825,156,873	96.94
Total			1,358	851,199,739	100.00

Unquoted Securities

For each class of unquoted securities, if a person holds 20% or more of the securities in a class, the name of the holder and number of securities held is disclosed.

Unlisted Options exercisable at \$0.25 on or before 13 November 2015

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	1	50,000	16.67
100,001	-	Over	1 ¹	250,000	83.33
Total			2	300,000	100.00

1. Dragon Compass Limited holds 250,000 options comprising 83.33% of this class.

SHAREHOLDER INFORMATION

Unlisted Options exercisable at \$0.05 on or before 30 June 2016

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	2 ¹	14,000,000	100.00
Total			2	14,000,000	100.00

1. Apex Boom Limited holds 12,000,000 options comprising 85.71% of this class.

Unlisted Options exercisable at \$0.034 on or before 17 October 2016

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	3 ¹	8,000,000	100.00
Total			3	8,000,000	100.00

1. Mr Zeffron Charles Reeves <The Palin A/C> holds 4,000,000 options comprising 50.00% of this class; Mr Colin Thomas Johnstone & Mrs Jennifer Dawn Johnstone <Cobbandco4 Family Superannuation Fund> holds 2,000,000 options comprising 25.00% of this class; Azalea Family Holdings Pty Ltd <No 2 A/C> holds 2,000,000 options comprising 25.00% of this class.

Unlisted Options exercisable at \$0.05 on or before 30 November 2016

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1 ¹	1,000,000	100.00
Total			1	1,000,000	100.00

1. Mr Sergio Uribe Valdes holds 1,000,000 options comprising 100.00% of this class.

SHAREHOLDER INFORMATION

Unlisted Options exercisable at \$0.015 on or before 15 July 2017

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	8 ¹	15,000,000	100.00
100,001	-	Over	-	-	-
Total			8	15,000,000	100.00

1. China Resource Fund Pty Ltd holds 10,250,000 options comprising 68.33% of this class.

Unlisted Options exercisable at \$0.015 on or before 30 July 2017

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	10 ¹	88,888,889	100.00
Total			10	88,888,889	100.00

1. China Resource Fund Pty Ltd holds 27,000,000 options comprising 30.37% of this class; Fernland Holdings Pty Ltd (The Celato A/C) holds 22,000,000 options comprising 24.75% of this class.

Unlisted Options exercisable at \$0.037 on or before 19 October 2017

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	3 ¹	10,000,000	100.00
Total			3	10,000,000	100.00

1. Pandion Minerals Limited holds 5,000,000 options comprising 50.00% of this class; Mr Colin Thomas Johnstone & Mrs Jennifer Dawn Johnstone <Cobbandco4 Family Superannuation Fund> holds 2,500,000 options comprising 25.00% of this class; Azalea Family Holdings Pty Ltd <No 2 A/C> holds 2,500,000 options comprising 25.00% of this class.

SHAREHOLDER INFORMATION

Unlisted Options exercisable at \$0.0186 on or before 17 November 2017

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1 ¹	13,800,000	100.00
Total			1	13,800,000	100.00

1. Bergen Global Opportunity Fund LP holds 13,800,000 options comprising 100.00% of this class.

Unlisted Options exercisable at \$0.0073 on or before 16 July 2018

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1 ¹	8,700,000	100.00
Total			1	8,700,000	100.00

1. Mr Zeffron Charles Reeves <The Palin A/C> holds 8,700,000 options comprising 100.00% of this class.

Unlisted Options exercisable at \$0.019 on or before 9 March 2019

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	2 ¹	3,000,000	100.00
Total			2	3,000,000	100.00

1. Mr Justin Joseph Grincer holds 1,500,000 options comprising 50.00% of this class; Mr Sergio Uribe Valdes holds 1,500,000 options comprising 50.00% of this class.

SHAREHOLDER INFORMATION

Production Performance Rights, subject to certain production based milestones

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1 ¹	8,700,000	100.00
Total			1	8,700,000	100.00

1. Mr Zeffron Charles Reeves <The Palin A/C> holds 8,700,000 production performance rights comprising 100.00% of this class.

Cashflow Performance Rights, subject to certain cashflow based milestones

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	1 ¹	8,700,000	100.00
Total			1	8,700,000	100.00

2. Mr Zeffron Charles Reeves <The Palin A/C> holds 8,700,000 cashflow performance rights comprising 100.00% of this class.

VOTING RIGHTS

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options do not carry any voting rights.

RESTRICTED SECURITIES

The Company has no restricted securities.

SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders that have been provided to the Company with substantial shareholding notices as at 7 September 2015:

Shareholder	No. of Shares	%
James Allan Fraser and Barbara Margaret Fraser <Fraser Superannuation Fund A/C> ¹	4,500,000	17.27
Colin and Jennifer Johnstone ²	46,633,441	5.48

1. As provided to the Company on 1 July 2011. As at 7 September 2015 this interest had reduced to 0.35%.

2. As provided to the Company on 11 August 2015.

ON-MARKET BUY BACK

There is no current on-market buy-back.

UNMARKETABLE PARCELS

Holdings of less than a marketable parcel of ordinary shares (being 100,000 as at 7 September 2015):

Holders	Units
555	17,978,700

SHAREHOLDER INFORMATION

TOP HOLDERS

The 20 largest registered holders of each class of quoted security as at 7 September 2015 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1.	EQUITAS NOMINEES PTY LIMITED <PB-600866 A/C>	41,666,667	4.90
2.	JETOSEA PTY LTD	33,333,333	3.92
3.	BUPRESTID PTY LTD <HANLON FAMILY S/F A/C>	24,243,226	2.85
4.	MR JASON MAN-HIN NG	20,000,000	2.35
5.	ACKERMAN GROUP HOLDINGS PTY LTD	19,590,884	2.30
6.	VYNBEN PTY LTD <MARK HOHNEN SUPER FUND A/C>	16,666,667	1.96
7.	MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	16,666,667	1.96
8.	ACKERMAN GROUP HOLDINGS PTY LTD	15,609,630	1.83
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,601,200	1.36
10.	LEET INVESTMENTS PTY LIMITED	10,833,333	1.27
11.	44 CAPITAL PTY LTD	10,000,000	1.17
12.	COLIN IKIN	10,000,000	1.17
13.	MR ALASTAIR DOUGLAS BLACK	9,950,000	1.17
14.	RYMILL HOLDINGS PTY LTD <P & M CLOSE SUPER FUND A/C>	8,838,515	1.04
15.	MR BERTRAND LALANNE	8,000,000	0.94
16.	CONQUER YOUR FEARS PTY LTD < N ROOKE SUPERFUND A/C>	7,000,000	0.82
17.	MAX JOHN SUPER PTY LTD <JOHN SUPER FUND A/C>	7,000,000	0.82
18.	MR DARRYL STUART BRODERICK	6,500,000	0.76
19.	SEEFELD INVESTMENTS PTY LTD	6,000,000	0.70
20.	MR KEITH ROBERT HUXTABLE & MRS PENELOPE ELSPETH HUXTABLE <HUXTABLE S/F A/C>	6,000,000	0.70
	TOTALS	289,500,122	34.01

TENEMENT SCHEDULE

Tenement	Name	Location	Size (Ha)	Grant Date	Expiry Date	% Ownership
E37/1037	Teutonic	Western Australia	1,613	23/07/2010	22/07/2020	70%
EP-000001-00-XI	Comval	Mindanao, Philippines	2,171	30/01/2009	30/01/2011 ¹	80%
EP -000002-09-XI	Comval	Mindanao, Philippines	2,139	04/01/2012	04/01/2014	80%
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 ²
Paraguay Mine	El Roble	Region III, Chile	5	n/a	n/a	n/a ²
Total			5,989 Ha			

Notes:

1. 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.
2. 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.

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

ANNUAL MINERAL RESOURCE STATEMENT

On 10 October 2012, in accordance with the JORC Code 2004, the Company reported a maiden inferred mineral resource for the Tagpura East, Tagpura West, Maangob and Kalamatan prospects at the Company's Comval copper gold project, located 90 kilometres north of Davao City, Mindanao, in the Philippines, of **32,675,000 tonnes at 0.42% Cu and 0.13 g/t Au**. This was estimated using a 0.3% Cu cut-off **and contained 136,100 tonnes of Cu and 138,900 ounces of gold** (Table 1). A higher grade resource of **8,987,00 tonnes at 0.63% Cu and 0.20 g/t Au** (Table 2) was estimated using a 0.4% Cu cut-off.

The maiden resource statement was calculated predominantly from drilling data inherited from Cadan Resources Limited, and was independently calculated by consultant, Cube Consulting Pty Ltd. Cube Consulting is an independent, Perth based resource consulting firm specialising in geological modelling, resource estimation and Information Technology.

Material Changes and Resource Statement Comparison

The Company reviews and reports its mineral resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its mineral resources over the course of the year, the Company is required to promptly report these changes.

In completing the annual review for the year ended 30 June 2015, the historical resource factors were reviewed and found to be relevant and current. No resources have been converted to reserves since the previous report dated 10 October 2012 and the Comval project has not been converted to an active operation yet, hence no resource depletion has occurred for the review period.

No field work was conducted at Comval during the year, as the Company scaled down activities in line with its new strategy to focus on the El Roble copper project in Chile, given El Roble's high grade, near term production potential. Consequently there has been no change to the mineral resource during the year, or since 10 October 2012.

Governance Arrangements and Internal Controls

Metallum has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been generated by an independent external consultant who is experienced in best practices in modelling and estimation methods. The consultant has also undertaken reviews of the quality and suitability of the underlying information used to general the resource estimation. In addition, Metallum's management carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The mineral resource dated 10 October 2012 was compiled in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2004 Edition.

Table 1: Tagpura, Maangob and Kalamatan Inferred Mineral Resource Estimate > 0.3% Copper

Inferred Prospect	Oxidation	Tonnes	Cu (%)	Au (ppm)	Cu (t)	Au (oz)
Maangob	oxide	500	0.32	0.06	1	1
	transitional	265,500	0.37	0.04	1,000	300
	fresh	4,756,000	0.41	0.06	19,500	9,200
Sub Total		5,022,000	0.41	0.06	20,500	9,500
Kalamatan	oxide	-	-	-	-	-
	transitional	1,811,000	0.38	0.22	6,800	12,600
	fresh	4,836,000	0.36	0.23	17,200	35,300
Sub Total		6,647,000	0.36	0.22	24,000	47,900
Tagpura West	oxide	251,000	0.39	0.06	1,000	500
	transitional	2,225,500	0.36	0.06	8,000	4,300
	fresh	13,232,500	0.34	0.08	45,000	34,000
Sub Total		15,709,000	0.34	0.08	54,000	38,800
Tagpura East	oxide	219,000	0.57	0.18	1,200	1,250
	transitional	2,009,000	0.74	0.26	14,900	16,800
	fresh	3,069,000	0.70	0.25	21,500	24,650
Sub Total		5,297,000	0.71	0.25	37,600	42,700
Grand Total		32,675,000	0.42	0.13	136,100	138,900

Table 2: Tagpura, Maangob and Kalamatan Inferred Mineral Resource Estimate > 0.4% Copper

Inferred Prospect	Oxidation	Tonnes	Cu (%)	Au (ppm)	Cu (t)	Au (oz)
Maangob	oxide	-	-	-	-	-
	transitional	55,000	0.46	0.06	200	100
	fresh	1,917,000	0.52	0.08	10,000	4,900
Sub Total		1,972,000	0.52	0.08	10,200	5,000
Kalamatan	oxide	-	-	-	-	-
	transitional	560,000	0.44	0.22	2,500	3,900
	fresh	613,000	0.43	0.24	2,600	4,700
Sub Total		1,173,000	0.43	0.23	5,100	8,600
Tagpura West	oxide	100,000	0.47	0.06	500	200
	transitional	466,000	0.44	0.07	2,000	1,100
	fresh	1,322,000	0.44	0.09	5,800	3,800
Sub Total		1,888,000	0.44	0.08	8,300	5,100
Tagpura East	oxide	169,000	0.64	0.20	1,100	1,100
	transitional	1,395,000	0.92	0.33	12,800	14,800
	fresh	2,390,000	0.81	0.29	19,400	22,300
Sub Total		3,954,000	0.84	0.30	33,300	38,200
Grand Total		8,987,000	0.63	0.2	56,900	56,900

Competent Person Statement

The information in this Annual Report that relates to mineral resources was prepared and first disclosed under the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") 2004 Edition and has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported. It was previously released to ASX on 10 October 2012 and was titled "New Copper Gold Discovery at Comval". The Company is not aware of any new information or data that materially affects the information as previously released on 10 October 2012 and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Mineral Resource released on 10 October 2012 was prepared by Mr Chris Black of Cube Consulting, who is a Member of The Australasian Institute of Geoscientists. Chris Black has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Chris Black consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Cube Consulting is an independent Perth based resource consulting firm specialising in geological modelling, resource estimation and Information Technology.

This Annual Mineral Resource Statement is based on and fairly represents information and supporting documentation prepared by competent persons. The Annual Mineral Resource Statement as a whole has been approved by Mr Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), an employee 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 2004 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.