



## Quarterly Activities Report September 2015

**ASX ANNOUNCEMENT**

**27 October 2015**

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**Metallum Limited (ASX: MNE)** provides the following activities report for the quarter ended 30 September 2015.

### **Operational**

As announced 15 September 2015, the Company halted all mining operations and stood down its production staff at its El Roble Copper Project in Chile. This action was considered necessary due to the recent decline in the copper price and the dramatic price decrease of the ENAMI tariff for delivered ore. Under the current ENAMI pricing structure, mining the El Roble Project became uneconomic for the Company and the mine was subsequently placed onto care and maintenance.

The Company was not in a position to meet the most recent option payment over certain concessions at the El Roble Copper Project and the option subsequently expired. The Company notes that its Panga, Viuda, Paraguay and San Sebastian mines are not part of these licence areas and were not impacted by this option expiry.

Post the end of the quarter, on 15 October 2015, the Company announced that the Board had resolved to seek to dispose its remaining Chilean assets and to instead focus on advancing the Teutonic project in Western Australia, reviewing the best options for its Comval assets in the Philippines and seeking other opportunities to create value for shareholders.

The Company has commenced a sale process whereby any interested parties may contact the independent arbiters appointed to determine the best sale offers for the assets on behalf of the Company (see ASX Release dated 15 October 2015 for full details). Underpinning the process the former Board of the Company (being current Chairman Winton Willesee, and former directors Zeffron Reeves and Cobb Johnstone) have conditionally agreed to acquire Metallum's Australian subsidiary, Atacama Holdings Pty Ltd, which holds a 100% interest in all the Chilean entities, for a nominal consideration, to effectively take assignment of the liabilities owed by those entities, which at the date of the initial announcement were approximately \$295,000.

The acquisition is conditional on there being no superior bids received for the Chilean assets from other parties and is also conditional on shareholder approval, which will be sought in due course and for which an independent expert will be engaged to opine on the transaction. This conditional acquisition offer by the former Board effectively underwrites the sale and assignment of the liabilities for the Company.

### **Corporate**

Post the end of the quarter, following the decision to dispose of the Company's remaining Chilean assets, Managing Director, Mr Zeffron Reeves, and Non-executive Director, Mr Colin "Cobb" Johnstone, resigned from the Board on 15 October 2015. Ms Shannon Coates and Miss Erlyn Dale were appointed to the Board as interim Non-executive Directors during the transition period.

The Company also accepted a proposal (Proposal) from its corporate adviser, Merchant Corporate Finance Pty Ltd (Merchant) to assist in re-capitalising the Company via a capital raising to raise up to approximately \$2 million to help meet its existing creditor obligations, advance the Teutonic project in Western Australia, review the best options for its Comval assets in the Philippines and seek other opportunities to create value for shareholders and for working capital (Capital Raising).

The Capital Raising will be undertaken via the issue of approximately 40,000,000,000 new Metallum shares at an issue price of \$0.00005 per share and will proceed by way of a priority offer to existing shareholders in the Company on a 47 for 1 basis (**Priority Share Offer**). In addition, for every share issued under the Priority Share Offer, each investor will receive one option to acquire an additional share at an exercise price of \$0.00006 per share, with an expiry date of 30 July 2016 (originally intended to be 100 days from the date of issue however now to have an expiry date of 30 July 2016).

Following completion of the Capital Raising, Metallum intends to proceed with a consolidation of its existing shares and options on a 400 for 1 basis.

To provide working capital in the interim, the Company has agreed to accept a convertible loan of up to \$400,000 from nominees of Merchant. See the Company's announcement of 15 October 2015 for further details. Since that announcement the security for the loan has been extended to include the Chilean assets, with agreement that this security will be released once a sale is agreed. As noted earlier, the assets are currently up for sale and the Company is open to all bids for the assets via an independent process.

### **Teutonic Project**

The Company identified the Teutonic tenement as being prospective for VMS style Cu-Pb-Zn-Ag mineralisation similar to that known in the region. As announced to ASX on 15 August 2014, Metallum completed a ground MLEM survey in 2014 within a corridor of prospective geology containing the Jaguar, Bentley and Teutonic Bore Volcanogenic Massive Sulphide (VMS) deposits (Figure 1). Processing and modelling of the EM data has identified a strong, coherent 350m long west dipping conductor, positioned within the prospective VMS corridor.

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

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

In order to fully test the Mustang target drill testing is planned to determine the source of the EM response, and test for base metal mineralisation.

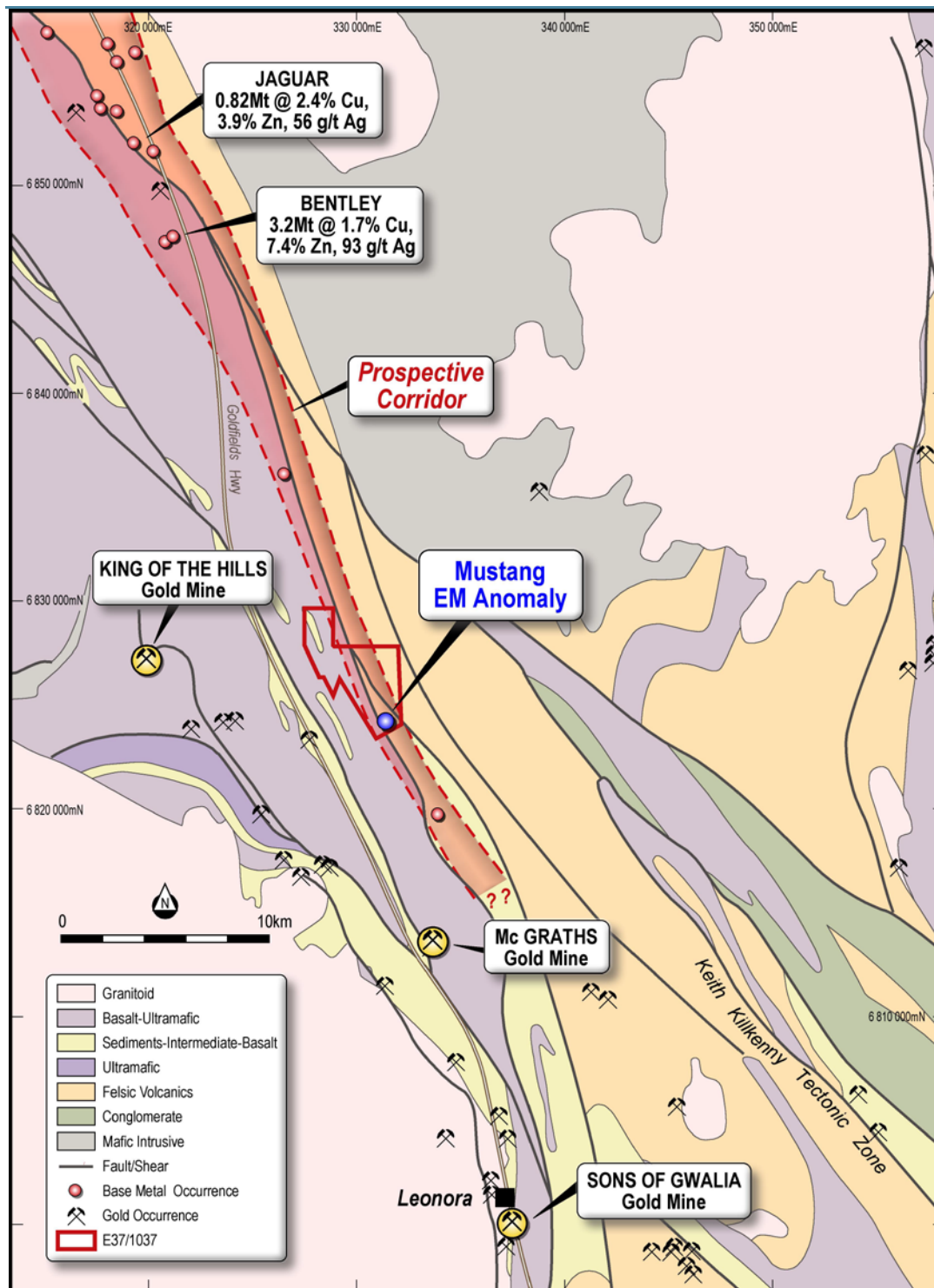


Figure 1 – Regional geology and location map for the Teutonic Base Metals Project and Mustang Target showing proximately to the Jaguar, Bentley and Teutonic Bore VMS deposits. Map and resource figures for Bentley and Jaguar Mines are sourced from Independence Group NL's website.

For further information please contact:

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#### About Metallum Limited

Metallum Limited (ASX: MNE) is an Australian-based company that acquires and develops copper and gold projects around the world. The Company currently has interests in the El Roble region in Chile, as well as the Comval Copper Project in the Philippines, and its Australian-based project, Teutonic Project.

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

#### Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (BAppSc (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. Mr Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

#### Tenement Schedule

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

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)	Minera Panga SpA
2.	San Sebastian 1/16 (1)	Minera Panga SpA