Drilling Commences at Teutonic

ASX ANNOUNCEMENT **10 November 2015**

HIGHLIGHTS

- **Metallum has commenced the first of two planned diamond drill holes into the prospective and untested Mustang EM conductor**
- **Prospective for high grade base metal VMS mineralisation similar to Independence Group's Teutonic Bore, Bentley and Jaguar VMS deposits to immediate north west**
- **Drilling scheduled to be completed within 3 weeks**
- **Co-funded by Department of Mines and Petroleum's (DMP) Exploration Incentive Scheme grant**

Perth-based exploration Company **Metallum Ltd (ASX: MNE)** is pleased to announce that drilling has commenced to test the Mustang electromagnetic (EM) conductor ("Mustang Conductor") at its Teutonic Project (MNE earning 70% from wholly owned subsidiary of **Cazaly Resources Limited (ASX: CAZ)**) in the Eastern Goldfields region of Western Australia. The drilling is co-funded by the DMP as part of their Exploration Incentive Scheme covering 50% of drilling costs up to a value of $70,000.

Metallum identified the Teutonic tenement as being prospective for volcanogenic massive sulphide (VMS) style mineralisation similar to that being mined to the immediate north-west (Figure 1). The Mustang bedrock conductor was identified following a Moving Loop Electromagnetic (MLEM) geophysical survey completed in 2014 (refer ASX Announcement 15 August 2014).

The Mustang 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 (Figure 2). The area is affected by a deep weathering profile of up to 100m.

The Mustang Conductor occurs within the same geological sequence that host the nearby Jaguar, Bentley and Teutonic (VMS) deposits, with a reported total resource of 4.8 million tonnes grading 1.80% Cu, 6.60% Zn and 100g/t Ag (Independence Group Mineral Resource Statement, 28 August 2014).

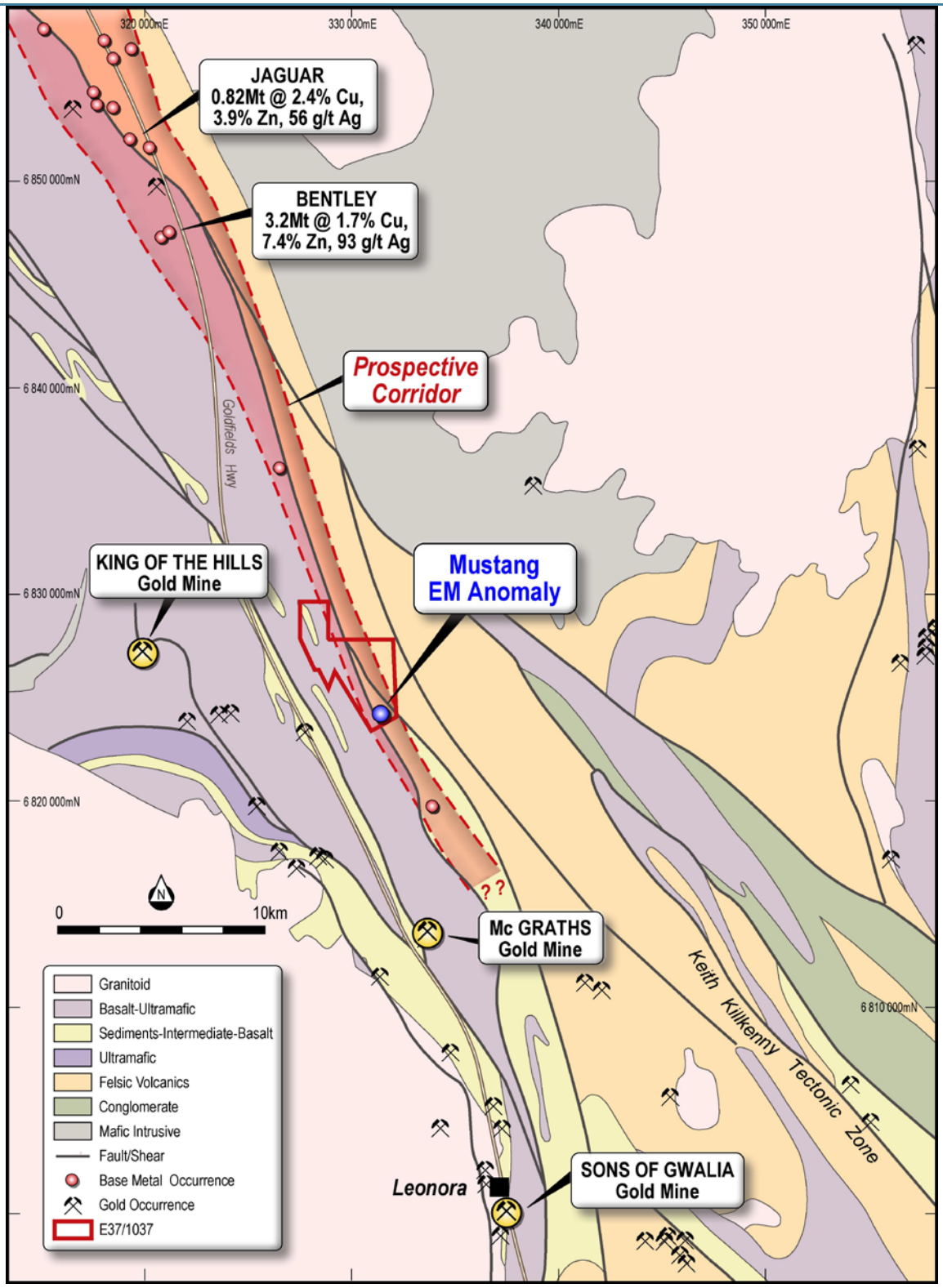

Figure 1 – Regional geology and location of the Teutonic Project and Mustang Conductor showing proximity to the Jaguar and Bentley VMS deposits. Resource figures for Bentley and Jaguar sourced from Independence Group's website.

An initial two drill-hole program has commenced to test the Mustang Conductor, totaling approximately 700m. Each hole will be drilled with RC pre-collars and diamond core tails and are designed to intersect the conductor at approximately 270m downhole. It is expected that the program will take approximately 3 weeks to complete with assays available a further 4 to 6 weeks upon program completion.

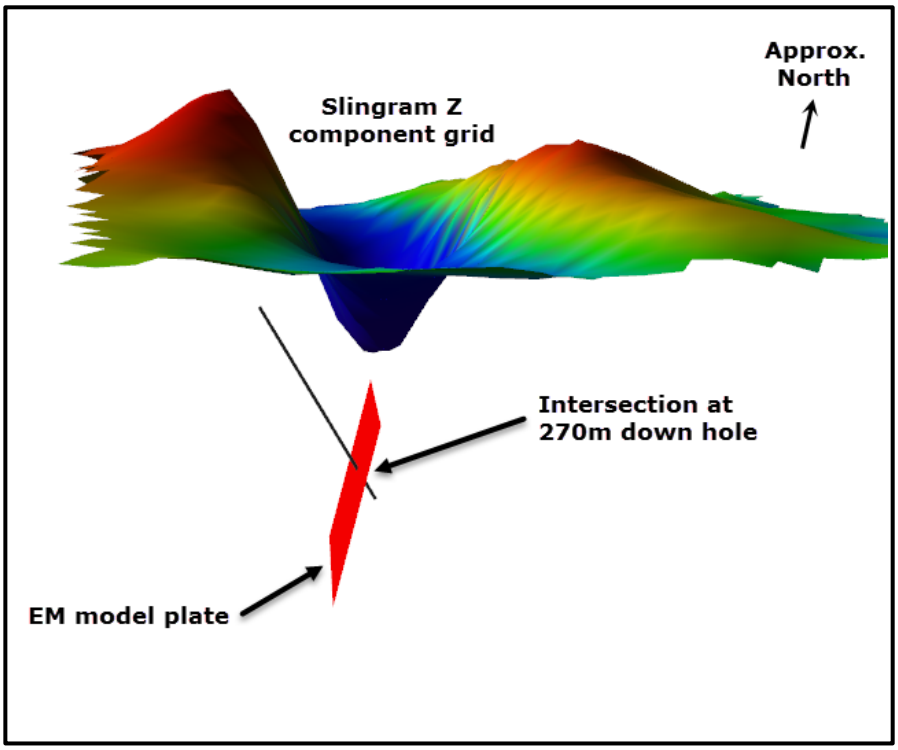

Figure 2 –Section of planned drill-hole designed to intersect the Mustang bedrock EM conductor at approximately 270m downhole depth.

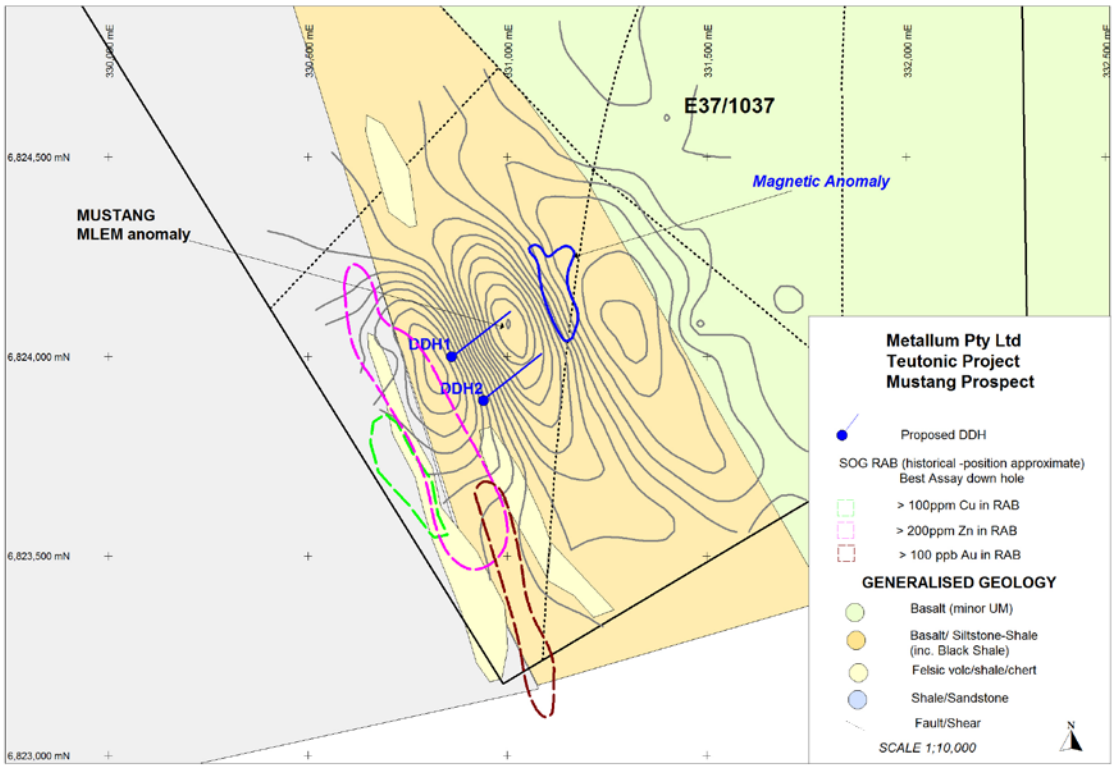

Figure 3–Plan of planned drill-holes at the Mustang bedrock EM conductor overlain on generalised geology and geochemical anomalism intersected in historical RAB drilling completed by Sons of Gwalia (SOG) in the 1990's.

For more information visit the Metallum website at www.metallum.com.au or contact:

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About Metallum Limited

Metallum Limited (ASX: MNE) is an Australian-based company that acquires and develops copper and gold projects around the world. 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.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), a member of the Australian Institute of Geoscientists and is a consultant 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.

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

Criteria	**Explanation**
Sampling techniques	• Ground moving loop electromagnetic data collected utilising the following parameters: ▪ Moving loop (in loop) + (Sling ram) survey consisting of 200mx200m double turn loop ▪ Transmitter TX-50 70-80 amps, Smartem 24 and a 3-component fluxgate sensor (smart fluxgate), Coil ▪ Time base/Frequency: 1Hz ▪ 3 repeatable readings, 128-256 stacks
Drilling techniques	• NA - No drill results are presented in this announcement
Drill sample recovery	• NA - No drill results are presented in this announcement
Logging	• NA - No drill results are presented in this announcement
Sub-sampling techniques and sample preparation	• NA - No assay results are presented in this announcement
Quality of assay data and laboratory tests	• NA - No assay results are presented in this announcement
Verification of sampling and assaying	• NA - No assay results are presented in this announcement
Locations of data points	• Electromagnetic Survey lines and reading stations located with a handheld GPS • Co-ordinates are recorded in GDA94 Zone 51 co-ordinate system
Data spacing and distribution	• The current spacing of electromagnetic survey stations and lines is deemed appropriate for this phase of exploration
Orientation of data in relation to geological structure	• Wherever possible survey lines were designed to be perpendicular to the interpreted strike of geological structures
Sample security	• NA - No assay results are presented in this announcement
Audits or reviews	• No audit or review has been conducted due to the early stage exploration nature of the work.

JORC Table 7: Section 2 Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	• Metallum does not own any of the properties surveyed but is the appointed manager of the project • Metallum has an exclusive option agreement to acquire up to 70% of the mineral tenement E37/1037 (refer to Company Prospectus released to the ASX on 13th May 2011).
Exploration by other parties	• Historic drilling information has been utilised accessed through the Department of Minerals and Petroleum databases. • Drilling was conducted by Sons of Gwalia Ltd between 1995 and 1997.
Drill hole information	• NA - No drill results are presented in this announcement
Geology	• The Teutonic Project occurs within the Norseman-Wiluna greenstone belt. Within the north-west trending Keith-Kilkenny tectonic Zone • Rock types observed include metasedimentary rocks and felsic-intermediate volcanic rocks and high Mg basalt and ultramafic intrusive rocks
Data aggregation methods	• Contours of Cu and Zn shown in Figure 5 have been chosen to highlight results the Company considers to form coherent, statistically anomalous regions, in line with geological controls.
Relationship between mineralization widths and intercept lengths	• NA - No drill results are presented in this announcement
Diagrams	• Pertinent maps, plans and sections are within this announcement
Balanced Reporting	All new exploration results relating to the announcement are reported. • Terms like “best”, “strongest” or “significant” are used to highlight those results considered most important in the context of the announcement. • Some statements in this report regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company’s exploration programme outlook, target sizes and mineralised material estimates. They include statements preceded by words such as “anticipated”, “expected”, “target”, “scheduled”, “intends”, “potential”, “prospective” and similar expressions.
Other substantive exploration data	• The announcement contains results of ground geophysical surveys as follows: Moving Loop (MLEM) • Transmitter: Monex Tx 50 • Transmitter loops 200m x 200m, 2 turns • Current: 60A • Receiver: SmartEM24 • Base Frequency: 1Hz • Sensor: Fluxgate B-Field • Components: Z, X and Y Location of Data Points • Handheld GPS used for receiver/transmitter locations, co-ordinates GDA94/ MGA Zone 51 Data spacing and distribution

	• Line spacing: 75-150m • Station spacing: 50-100m Audits and reviews • All geophysical data was collected and reviewed by an independent consultant. • Several sources of conductors in the bedrock are possible, including but not limited to concentrations massive sulphide and graphitic black shales. • A model of a conductive source is made from a combination of the measured data and assumptions made according to industry best practice. The resultant model should therefore be considered a "best estimate" of the conductive source, and not a definitive characterisation.
Further work	• Further exploration work including further data processing and drilling is required to test the EM bedrock conductor • Diagrams cannot be provided until final geophysical and geological models have been completed, other than what is presented within this notice.