

METALLUM LIMITED
ACN 149 230 811

PROSPECTUS

An offer (**Offer**) for investors to raise \$2 million by the issue of 40 billion Shares (**Offer Shares**) at an issue price of \$0.00005 per Offer Share and 40 billion free attaching Options (**Offer Options**) on a one for one basis (together the **Offer Securities**).

The Offer is fully underwritten by Merchant Corporate Finance Pty Ltd. Refer to Section 8.5 for details regarding the terms and conditions of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be distributed in the United States.

The Offer Securities offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Winton Willesee (Non-Executive Chairman)
Shannon Coates (Non-Executive Director)
Erlyn Dale (Non-Executive Director)

Registered Office

Suite 5
62 Ord Street
West Perth WA 6005

Company Secretary

Shannon Coates

Telephone: +61 8 9322 4328

Facsimile: +61 8 9322 5230

Email: admin@metallum.com.au

Website: www.metallum.com.au

Share Registry*

Automic Registry Services
Suite 1a, Level 1
7 Ventnor Avenue
West Perth WA 6005

Telephone: +61 8 9324 2099

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Underwriter

Merchant Corporate Finance Pty Ltd
Suite 43
Chelsea Village
145 Stirling Highway
Nedlands WA 6009

Auditor*

RSM Bird Cameron
8 St Georges Terrace
Perth WA 6000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Announcement of the Offer	8 February 2016
Lodgement of Prospectus with ASIC and ASX	8 February 2016
Open Date	8 February 2016
Closing Date	19 February 2016
Shareholders meeting to consider Offer	26 February 2016
Issue Date for Offer Securities	4 March 2016
Despatch Holding Statements	8 March 2016
Normal trading in Offer Securities	11 March 2016
Offer Options Expiry Date	31 July 2016

3. IMPORTANT NOTES

3.1 Introduction

This Prospectus is dated 8 February 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Offer Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Offer Securities the subject of this Prospectus should be considered highly speculative.

Applications for the Offer Securities offered pursuant to this Prospectus can only be submitted on an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of shares and options over continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.2 Risk factors

Potential investors should be aware that subscribing for Offer Securities in the Company involves a number of risks. **The key risk factors of which Applicants should be aware are set out in Section 7 of this Prospectus.** These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Offer Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Applicants should consider consulting their professional advisers in relation to the issue of Offer Securities pursuant to this Prospectus.

3.3 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other

important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Company proposes to raise \$2 million by the issue of 40 billion Offer Shares at an issue price of \$0.00005 per Offer Share, before costs (**Offer**). A free attaching Offer Option exercisable at \$0.00006 on or before 31 July 2016 will be issued for every Offer Share subscribed for.

The Board intends to adopt an allocation policy that favours all existing Shareholders.

All of the Offer Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.2 for further information regarding the rights and liabilities attaching to the Shares.

All of the Offer Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.1 of this Prospectus. The Company does not intend to apply for Official Quotation of the Offer Options.

The Offer is fully underwritten by Merchant Corporate Finance Pty Ltd. Refer to Section 8.5 for details regarding the terms and conditions of the Underwriting Agreement.

Shareholder approval will be sought for the issue of the Offer Securities. In the event Shareholder approval is not received, then unless the Company can validly issue the Offer Securities pursuant to its capacity under ASX Listing Rule 7.1, the Offer will not proceed and no Offer Securities will be issued pursuant to this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in Section 5 of this Prospectus.

4.2 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 8 February 2016 and the Closing Date will be 19 February 2016 at 5:00pm WST. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary or beneficial to the Company to do so.

4.3 Application for Shares

Applications for Offer Shares must be made by investors using the Application Form accompanying this Prospectus. By completing an Application Form, Applicants will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Closing Date**, which is currently scheduled to occur on 19 February 2016.

Applications under the Offer must be accompanied by payment in full at the issue price of \$0.00005 per Share in Australian currency by cheque or direct debit in accordance with the instructions set out in the Application Form.

The Company reserves the right to close the Offer early.

If you require assistance in completing an Application Form, please contact the Company on +61 8 9322 4328.

4.4 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Metallum Limited – Share Account" and crossed "Not Negotiable".

The completed Application Form and cheque must reach the Company's Registered Office no later than 5:00 pm WST on the Closing Date.

4.5 Implications of an acceptance

Returning a completed Application Form will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Application Form, and read them both in their entirety;
- (b) you acknowledge that once the Application Form is returned the application may not be varied or withdrawn except as required by law.

4.6 Minimum subscription

Applications under the Offer must be for a minimum of \$500 worth of Shares (10,000,000 Shares).

4.7 ASX listing

Application for Official Quotation of the Offer Shares offered pursuant to this Prospectus will be made within 7 days after the date of issue of this Prospectus.

If ASX does not grant Official Quotation of the Offer Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Offer Shares and will repay all application monies for the Offer Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Offer Shares is not to be taken in any way as an indication of the merits of the Company or the Offer Shares now offered for subscription.

Application will not be made for quotation of the Offer Options.

4.8 Underwriting

The Offer is fully underwritten by the Underwriter. Refer to Section 8.5 of this Prospectus for details of the terms of the underwriting.

Subject to Shareholder approval, the Offer will be partially sub-underwritten by Mr Winton Willesee (or his nominee) (**Sub-Underwriter**). Mr Willesee is a Director of the Company. Refer to Section 8.6 of this Prospectus for details of the terms of the sub-underwriting.

4.9 Effect of control on the Company

The Underwriter is not presently a Shareholder of the Company. The Underwriter has secured sub-underwriting commitments for the full Offer amount therefore the extent to which Offer Shares are issued pursuant to the underwriting will not increase the Underwriters' voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

4.10 Tax Implications

The Company makes no representation and provides no advice in relation to the tax consequences for any Offeree or Shareholder relating to acceptance of the Offer. Applicants should seek professional taxation advice regarding the tax consequences of the Offer.

4.11 Issue

The Offer Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the timetable set out at the commencement of this Prospectus. Holding statements for Offer Securities will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Pending the issue of the Offer Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.12 Overseas shareholders

The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Offer Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Offer Securities will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or Monaco.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Applicants resident outside of Australia or New Zealand are responsible for ensuring that taking up the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Monaco

The Offer Securities may not be offered or sold, directly or indirectly, to the public in Monaco other than to existing holders of the Company's securities.

4.13 Enquiries

Any questions concerning the Offer should be directed to Ms Shannon Coates, Company Secretary, on +61 8 9322 4328.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The primary purpose of the Offer is to raise \$2,000,000 (before costs) to be applied in accordance with the table set out below:

Item	Proceeds of the Offer	Subscription (\$)	%
1.	Drilling Teutonic Mustang EM target and follow up work program	\$250,000	12.5
2.	Payment of creditors ¹	\$887,000	44.35
3.	Expenses of the Offer ²	\$160,753	8.37
4.	Working capital	\$702,247	35.11
	Total	\$2,000,000	100%

Notes:

1. Assumes no creditor will accept equity in lieu of cash fees, per Resolution 15 of the Notice of Meeting dated 21 January 2016 and lodged with ASX on 28 January 2016.
2. Refer to section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offer.
3. Assumes successful divestment of Atacama Holdings Pty Ltd.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

5.2 Effect of the Offer

The principal effect of the Offer will be to:

- (a) increase the cash reserves by \$2,000,000 (before deducting the estimated expenses of the Offer) immediately after completion of the Offer; and
- (b) increase the number of Shares on issue from 851,199,739 as at the date of this Prospectus to 40,851,199,739 and increase the number of Options on issue from 162,388,889 as at the date of this Prospectus to 40,162,388,889.

5.3 Pro-forma balance sheet

The un-audited balance sheet as at 30 September 2015 and the unaudited pro-forma balance sheet as at 30 September 2015 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets

and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UN-AUDITED 30 SEPTEMBER 2015	PROFORMA 30 SEPTEMBER 2015
CURRENT ASSETS		
Cash ¹	122,339	1,961,586 ¹
Trade and other receivables	17,088	17,088
Other Assets	14,776	14,776
TOTAL CURRENT ASSETS	154,203	1,993,450
NON-CURRENT ASSETS		
Fixed Assets	7,097	7,097
Exploration	175,349	175,349
Other non-current assets	4,595	4,595
TOTAL NON-CURRENT ASSETS	187,041	187,041
TOTAL ASSETS	380,413	2,180,491
CURRENT LIABILITIES		
Trade and other payables	557,175	557,175
Provisions	26,378	26,378
Borrowings	285,822	285,822
TOTAL CURRENT LIABILITIES	869,375	869,375
NON-CURRENT LIABILITIES		
Deferred taxes and loans	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	869,375	869,375
NET ASSETS (LIABILITIES)	(528,131)	1,311,116
EQUITY		
Share capital	22,257,725	24,096,972
Reserves	6,042,187	6,042,187
Accumulated losses	(27,229,129)	(27,229,129)
Non-controlling interest	(1,598,914)	(1,598,914)

	UN-AUDITED 30 SEPTEMBER 2015	PROFORMA 30 SEPTEMBER 2015
TOTAL EQUITY	(528,131)	1,311,116

Notes:

1. Reflects increase in cash of \$2,000,000 less expenses of the Offer of \$160,753.
2. Assumes successful divestment of Atacama Holdings Pty Ltd.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Offer Securities offered under this Prospectus and additional securities for which Shareholder approval is being sought at the Company's general meeting of shareholders to be held on or around 26 February 2016 are issued, is set out below.

Shares

	Number
Shares currently on issue	851,199,739
Shares to be issued on conversion of Convertible Loan (including an estimated 3 months' interest of \$12,000)	8,240,000,000
Shares offered pursuant to the Offer	40,000,000,000
Maximum number of Shares to be issued to Directors and other creditors on conversion of debts	11,925,095,000
Maximum Total Shares on issue after completion of the Offers (pre-Consolidation)	61,016,294,739
Maximum Total Shares on issue after completion of the Offers (post-Consolidation)	152,540,737

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

Options

	Number
Options currently on issue:	
Unlisted Options exercisable at \$0.0186 each on or before 17 November 2017	13,800,000
Unlisted Options exercisable at \$0.05 each on or before 30 June 2016	14,000,000
Unlisted Options exercisable at \$0.034 each on or before 17 October 2016	8,000,000
Unlisted Options exercisable at \$0.037 each on or before 17 October 2017	10,000,000
Unlisted Options exercisable at \$0.05 each on or before 30 November 2016, vesting on the date the 30 day VWAP of the Company shares is \$0.012 or higher	1,000,000
Unlisted Options exercisable at \$0.019 each on or before 9	3,000,000

March 2019	
Unlisted Options exercisable at \$0.015 each on or before 15 July 2017	15,000,000
Unlisted Options exercisable at \$0.015 each on or before 30 June 2017	88,888,889
Unlisted Options exercisable at \$0.0073 each on or before 16 July 2018	8,700,000
Unlisted Options to be issued on conversion of Convertible Loan ¹	8,240,000,000
Unlisted Offer Options offered pursuant to the Offer ²	40,000,000,000
Unlisted Options to be issued to Directors and other creditors on conversion of debts	11,925,095,000
Total Options on issue after completion of the Offer (pre-Consolidation)	60,327,483,889
Total Options on issue after completion of the Offers (post-Consolidation)	150,818,709

Notes:

¹ The Offer Options will be issued in accordance with the timetable set out at the commencement of this Prospectus.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 1,013,588,628 Shares and on completion of the Offer (assuming all Offer Securities are issued) would be 121,343,778,628 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Colin Johnstone	46,633,441	5.35%

6. RIGHTS AND LIABILITIES ATTACHING TO OFFER SECURITIES

6.1 Terms and Conditions of Offer Options

(a) **Exercise Price**

The exercise price of each Offer Option is \$0.00006.

The terms and conditions of the Options are pre-consolidation and the post consolidation Exercise Price will be \$0.024 per Option.

(b) **Entitlement**

Each Offer Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

(c) **Option Period**

The Offer Options will expire at 5.00pm WST on 31 July 2016. Subject to this clause and paragraph 6.1(g), Offer Options may be exercised at any time prior to the expiry date and Offer Options not so exercised shall automatically expire on the expiry date.

(d) **Ranking of Share Issued on Exercise of Offer Option**

Each Share issued as a result of the exercise of any Offer Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of issue.

(e) **Voting**

A registered owner of an Offer Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

(f) **Transfer of an Option**

Offer Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Offer Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX and the Corporations Act.

(g) **Method of Exercise of an Option**

(i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Offer Options (**Notice of Exercise of Offer Options**). Offer Options may be exercised by the Option Holder by completing the Notice of Exercise of Offer Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Offer Options must state the number of Offer Options exercised and the consequent number of ordinary shares in the capital of the Company to be issued; which number of Offer Options must be a multiple of 2,500 if only part of the Offer Option Holder's total Offer Options are exercised, or if the total number of Offer

Options held by an Offer Option Holder is less than 2,500, then the total of all Offer Options held by that Offer Option Holder must be exercised.

- (ii) The Notice of Exercise of Offer Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of \$0.00006 per Share.
- (iii) Subject to paragraph 6.1(g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (iv) Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- (v) If the Company is listed on the ASX, the Company will apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

(h) **ASX Listing**

The Company will not apply for Official Quotation of the Offer Options on the ASX.

(i) **Reconstruction**

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

(j) **Participation in New Share issues**

There are no participating rights or entitlements inherent in the Offer Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the expiry date unless and until the Offer Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue will be such date required to satisfy the Listing Rules in order to afford the Option Holder an opportunity to exercise the Offer Options held by the Option Holder.

(k) **No change of Offer Options' exercise price or number of Underlying Shares**

Subject to paragraph 6.1(i), there are no rights to change the exercise price of the Offer Options or the number of underlying Shares.

6.2 Rights attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Offer Option to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as

against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as are referred to in the resolution and which plan provides for any dividend which the Directors may declare from time to time and payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, to be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued upon the exercise of the Bonus Options will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Offer Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Company & Industry Specific Risks

(a) Exploration Success

The Company's projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high risk undertakings.

There can be no assurance that exploration of the project areas in which the Company has an interest, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Tenement Title

Continuing title to the Company's tenements is conditional on the Company meeting the requirements under which the tenement title is granted and failure to meet those requirements places the Company's on-going rights to that title and therefore the tenement at risk.

(c) Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents;

industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated in February 2011, the Company has only a short operating history. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.

(d) **Conditions and Renewal of Licences**

The Comval Project consists of two exploration permits, EP-0001-X1 (**EP1**) and EP-00002-09-X1 (**EP2**), covering an area of 4310 hectares, which are prospective for copper and gold. These permits are governed by Philippine legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Argusan Metals Corporation (formerly Philco Mining Corporation) could lose title to, or its interest in, the licences if any licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. Renewal of the EP2 permit was approved on 7 August 2015 and is valid until 7 August 2017. The EP1 permit status has not changed and an application for its third renewal remains outstanding to date and unacted upon by the Mines and Geosciences Bureau.

(e) **Environmental Risk**

The operations and proposed activities of the Comval Project are subject to Philippine laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(f) **Sovereign and Political Risks Associated with Operating in the Philippines**

The Comval Project is located in the Philippines and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic, terrorist, personal and other risks and uncertainties.

The Philippine government is currently undertaking a review of its mining legislation, which may impact on the Company's activities in that country.

(g) **Sovereign and Political Risks Associated with Operating in Chile**

The operations and proposed activities of the Company's Chilean interests are subject to Chilean laws and regulations concerning the environment.

Subject to the passing of Resolution 1 at the Company's general meeting of Shareholders scheduled for 26 February 2016, and the successful subsequent sale of the Company's Chilean interests, the Company's exposure to Chile will cease. However, if the Company is

not successful in selling its Chilean interests, its exposure to sovereign and political risks associated with operating in Chile will continue.

While Chile is considered to be one of South America's most politically stable and prosperous nations, it may nevertheless be subject to social and economic uncertainty. Civil and political unrest and outbreaks of hostilities in Chile could affect the Company's access to the El Roble Project and subsequent exploration and development.

Adverse changes in government policies or legislation in Chile affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company.

(h) **Indigenous Heritage Protection**

Under the Mining Act (Philippines), no mining permit may be issued on areas subject to ancestral land claims or verified by the appropriate government agency as actually being occupied by indigenous cultural communities/indigenous peoples (**ICCs/IPs**), except with their prior consent. Prior consents shall be obtained as far as practicable in accordance with the customary laws of the ICCs/IPs concerned.

The Indigenous People's Act of 1997 (Philippines) and its implementing rules and regulations also provide that no permit will be issued, granted or renewed by the concerned government agency without the NCIP first having issued a certificate which will only be issued after securing the free and prior informed consent of the affected ICCs/IPs.

(i) **Seasonal Weather**

The Philippines experiences large seasonal weather changes which may adversely affect drilling operations, site services and assets. Such extreme weather conditions may create access and operational difficulties and negatively affect results and progress accordingly.

(j) **Identified due diligence risks**

Based on the due diligence conducted to date, the Company has identified other risks relevant to Agusan Metals Corporation (formerly Philco Mining Corporation), including illegal small scale miners.

The Company intends to manage these risks, however, there is a risk that if these matters are not attended to, the Company will not be able to receive the full benefit of the Comval Project.

(k) **Sale of Chilean Assets and Assumption of Creditors by Past Directors**

As detail in Section 8.7 of this Prospectus and in the Notice of Meeting date 21 January 2016 and lodged with ASX on 28 January 2016 it is proposed that, subject to the receipt of shareholder approval, an entity associated with the current Chairman, Winton Willesee, and the Past Directors, has agreed to acquire the Company's Chilean assets and assume responsibility for the Chilean associated creditors.

The creditors are estimated to be approximately \$394,000.

Should shareholders reject that resolution, and no alternate purchaser be found, those creditors will remain with the Company and remain the responsibility of the Company.

To date the Company has not been able to identify any alternate purchasers of the Chilean assets prepared to formally offer superior terms than those offered by the related entity.

7.2 Industry specific

(a) Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to the tenements or tenements which the Company has an interest in or will in the future acquire an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining the consent of any relevant landowner), or to progress from the exploration phase to the development and mining phase of operations may be adversely affected.

(b) Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(c) Environmental Risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(d) Gold and Copper Mining

The success of the Company may be primarily dependent on the price of gold or copper as a substantial proportion of the Company's potential revenues may be derived from the sale of gold or copper.

Gold and copper prices are volatile and may fluctuate as a result of numerous factors, which are beyond the control of the Company.

Such factors include, but are not limited to:

- (i) speculative positions taken by investors or traders;
- (i) changes in global demand for gold or copper;
- (ii) global and regional recessions or reduced economic activity and/or inflationary expectations;
- (iii) financial market expectations regarding the rate of inflation;
- (iv) the strength of the U.S. dollar (the currency in which gold and copper trades internationally);
- (v) hedging and de-hedging by gold and copper producers;
- (vi) decisions made by central banks and multilateral organisations to purchase, hold or sell portions of their gold reserves; and
- (vii) changes in production costs in major gold producing regions.

(e) **Unforeseen Expenditure Risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(f) **Economic Factors**

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and share price can be affected by these factors which are beyond the control of the company and its Directors.

(g) **Government Policy Changes**

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

At present, the Company is not aware of any reviews or changes that would affect its tenements. However, changes in community attitudes on matters such as taxation, competition policy, environment and indigenous lands right issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's exploration plans or its rights and obligations in

respect of its tenements. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

(h) **Commodity Price Volatility and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for gold, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(i) **Legal Risks**

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

(j) **Uninsured Loss and Liability**

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses and liabilities to third parties. There is a risk that the Company may not be insured against all losses or liabilities that could arise from its operations. If the Company incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of the Company's assets may be at risk.

7.3 General risks

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Dilution**

Upon implementation of the Offer the number of Shares in the Company will increase by 40,006,387,733 and the number of Options in the Company will increase by 40,006,387,733. If each Option is subsequently exercised, 40,006,387,733 additional Shares will be issued and each pre-existing Share will represent a lower proportion of the ownership of the Company.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.4 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and

others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Offer Securities offered under this Prospectus.

Therefore, the Offer Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Offer Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers.

8. ADDITIONAL INFORMATION

8.1 Litigation

Other than contact from a small number of its Chilean based creditors who are seeking surety over the amounts they claim to be owed, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Issue Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
30 September 2015	Appendix 4G
6 October 2015	Clarification to cashflow reporting
8 October 2015	Trading Halt
12 October 2015	Suspension
14 October 2015	Continued Suspension
15 October 2015	Company Update
15 October 2015	Reinstatement to official quotation
15 October 2015	Initial Director's interest notice x2
15 October 2015	Final Director's interest notice x2
27 October 2015	Quarterly activities report
30 October 2015	Notice of Annual General Meeting / Proxy Form
2 November 2015	Quarterly Cashflow Report
12 November 2015	Drilling commences at Teutonic
16 November 2015	Expiration of Options
30 November 2015	Results of Meeting
7 January 2016	Teutonic Drilling Update
28 January 2016	Notice of General Meeting/Proxy Form

Date	Description of Announcement
28 January 2016	Consolidation/Split – MNE
1 February 2016	Quarterly Activities and Cashflow Report
9 February 2016	Letter to Shareholders – Company Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.metallum.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

At all times during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC, the market sales price of the Shares on ASX was \$0.001.

8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

8.5 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to underwrite the Offer for 40,000,000,000 Offer Shares and 40,000,000,000 Offer Options (**Underwritten Securities**). Pursuant to the Underwriting Agreement, the Underwriter has also agreed to manage the Offer.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter (or its nominee) an underwriting fee of 6% of the total value of all funds raised pursuant to the Offer. Subject to Shareholder approval, Mr Winton Willesee intends to partially sub-underwrite the Offer up to \$100,000, which will result in the issue of 2,000,000,000 Offer Shares and 2,000,000,000 Offer Options (**Sub-Underwriting Securities**).

In addition, the Underwriter intends to procure non-related third parties to take up the Shortfall. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Offer Securities under the Offer taken up by the other sub-underwriters.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of specified events if those events have a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise, including if:

- (a) ASX does not give approval for the Offer Shares to be listed for Official Quotation;

- (b) a Director of the Company is charged with an indictable offence;
- (c) the Company alters its capital structure or its Constitution without the prior written consent of the Underwriter; or
- (d) any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company.

8.6 Director Sub-Underwriting

Subject to Shareholder approval, the Offer is sub-underwritten by Mr Winton Willesee (or his nominee) (**Sub-Underwriter**) to a maximum amount of \$100,000. This means that the Sub-Underwriter may receive the Sub-Underwriting Securities which are not taken up by existing Shareholders under the Offer. The Sub-Underwriter will not receive a fee in consideration for its sub-underwriting commitment from the Company.

The Sub-Underwriter is a related party of the Company as Mr Winton Willesee is a Director and Shareholder of the Company. The issue of the Sub-Underwriting Securities will result in the issue of Offer Shares and Offer Options which constitutes giving a financial benefit to a related party. As the issue of the Sub-Underwriting Securities involves the issue of Shares and Options to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

The Sub-Underwriter's (and its associates) current interest and potential interest upon completion of the Offer is set out in Section 8.8 below.

8.7 Share Sale Agreement

As announced to ASX on 15 October 2015, Rio Verde Holdings Pty Ltd (**Rio Verde Holdings**), a company controlled by the former Board of the Company (being current Chairman Winton Willesee, and former directors Zeffron Reeves and Cobb Johnstone) has conditionally agreed to acquire the Company's Australian subsidiary, Atacama Holdings Pty Ltd (**Atacama**), which holds a 100% interest in all the Chilean entities, for a nominal consideration, to effectively take assignment of those liabilities (**Acquisition**).

The abovementioned acquisition was conditional on there being no superior bids received for the Chilean assets from other parties for a period of 45 days from the date of the ASX announcement notifying ASX of this agreement (during which there were no formal bids received), and is also conditional on shareholder approval, which is being sought at a meeting of shareholders of the Company on 26 February 2016.

Rio Verde Holdings will procure that loan funds will be made available to Atacama to meet the working capital requirements of Atacama for the period from 5 October 2015, being the date the first amount was loaned from Rio Verde to Atacama, up to the settlement date for the Acquisition. At the election of Rio Verde Holdings, and subject to the receipt of any required regulatory approvals, the loan funds shall be secured against the assets of Atacama and guaranteed by the Company. In total as at the date of this Prospectus, there has been \$158,000 in loan funds provided by Rio Verde Holdings Pty Ltd to Atacama.

In the event that:

- (a) a superior offer is accepted by the Company; or
- (b) Shareholder approval for the Acquisition is not obtained,

(each a **Repayment Event**), these loan funds shall be immediately repayable to Rio Verde and guaranteed by the Company should Atacama not be in a position to make immediate repayment.

Atacama must pay interest at a rate of 12% per annum on any part of the loan which is due and payable, but unpaid after a Repayment Event. The interest accrues from day to day from and including the due date for payment up to the actual date of payment and may be capitalised by Rio Verde Holdings at monthly intervals.

The Parties acknowledge and agree that on and from settlement of the Acquisition occurring, the intercompany loan from the Company to Atacama shall be written off and extinguished in its entirety (**Intercompany Loan**).

As at the date of this Prospectus, no other formal bids for the Chilean assets have been received by the Company from other parties.

8.8 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Proposed acquisition of Chilean assets

As announced to ASX on 15 October 2015, the former Board of the Company (being current Chairman Winton Willesee, and former directors Zeffron Reeves and Cobb Johnstone) have conditionally agreed to acquire the Company'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 those liabilities.

The abovementioned 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.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options	Sub-underwritten Shares ²	Sub-underwritten Options ²
Winton Willesee	4,000,000	4,500,000 ¹	2,000,000,000	2,000,000,000
Shannon Coates	677,345	Nil	Nil	Nil
Erlyn Dale	Nil	Nil	Nil	Nil

Notes:

¹ 2,000,000 unlisted Options exercisable at \$0.034 on or before 17 October 2016 and 2,500,000 unlisted Options exercisable at \$0.037 on or before 19 October 2017.

² These figures represent the maximum securities issued under the Sub-Underwriting Agreement.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) remuneration paid to Directors:

Director	Financial year ending 30 June 2014	Financial year ending 30 June 2015	Proposed financial year ending 30 June 2016 ³
Winton Willesee	\$60,000	\$60,000	\$68,247 ¹
Shannon Coates	\$0	\$0	\$20,000 ^{2,4}

Erlyn Dale	\$0	\$0	\$20,000 ²
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¹ From 1 July 2015 to 19 October 2015, Mr Willesee accrued \$18,247 in fees. Mr Willesee has been engaged for a six month fixed term from 20 October 2015 for a fixed fee of \$50,000. In the event the six month fixed term is extended, future fees will be negotiated in good faith.

² Ms Coates and Miss Dale were appointed as Non-Executive Directors on 14 October 2015 for a six month fixed term for a fixed fee of \$20,000. In the event the six month fixed term is extended, future fees will be negotiated in good faith.

³ \$50,000 of Mr Willesee, \$20,000 Ms Coates and \$20,000 Miss Dale's remuneration will be paid in securities in the Company, subject to Shareholder approval being sought at a General Meeting to be held on 26 February 2016.

⁴ A company associated with Ms Coates, Evolution Corporate Services Pty Ltd, provides company secretarial, registered office and office lease services to the Company, at commercial rates.

8.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Merchant Corporate Finance Pty Ltd will be paid an underwriting fee of approximately \$120,000 in respect of the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Merchant Corporate Finance Pty Ltd has been paid fees totalling \$270,756 (excluding GST) by the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding

lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$61,663.50 (excluding GST and disbursements) for legal services provided to the Company.

8.10 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Merchant Corporate Finance Pty Ltd has given its written consent to being named as Underwriter in this Prospectus. Merchant Corporate Finance Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.11 Expenses of the offer

The total expenses of the Offers are estimated to be approximately \$160,753 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	8,433
Underwriting fees	120,000
Legal fees	15,000
Management, printing and distribution	10,000
Miscellaneous	5,000
Total	<u>\$160,753</u>

8.12 Electronic prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.metallum.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 9322 4328 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.metallum.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.13 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Offer Securities certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing Share or Option certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Offer Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.14 Privacy Act

If you complete an Application Form for the Offer Securities, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Priority Options, the Company may not be able to accept or process your application.

8.15 Director's Disclosure regarding Previous Directorships

Mr Winton Willesee is also a director of Cove Resources Limited, which previously went into voluntary administration, while Mr Willesee was one of the directors, on 17 January 2014.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Winton Willesee
Non-Executive Chairman
For and on behalf of
METALLUM LIMITED

GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a person who has submitted an Application Form.

Application Form means an application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the Offer closing date specified in the timetable set out at the commencement of this Prospectus.

Company means Metallum Limited (ACN 149 230 811).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

General Meeting means the general meeting scheduled to be held on or around 26 February 2016, pursuant to which the Company will seek Shareholder approval for the Offer.

Issue Date means the issue date specified in the timetable set out at the commencement of this Prospectus.

Offer means the offer of the Offer Securities, the subject of this Prospectus.

Offer Securities means the Offer Shares and Offer Options.

Offer Options means the Options being offered under this Prospectus.

Offer Shares means the Shares being offered under this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Past Director means former Directors Zeffron Reeves and Colin Johnstone.

Prospectus means this prospectus.

Open Date means the Offer open date specified in the timetable set out at the commencement of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

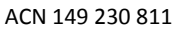
Share Registry means Automic Registry Services Pty Ltd.

Shortfall means Offer Securities not applied for under the Offer before the Closing Date.

Sub-Underwriter means Mr Winton Willesee or his nominee.

Underwriter means Merchant Corporate Finance Pty Ltd (ACN 168 562 918).

WST means Western Standard Time as observed in Perth, Western Australia.



INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1.

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$0.00005 – the application price per Share.

3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.automic.com.au

5 Existing Shareholders and CHESS Holders

If you are an existing shareholder of the Company tick the box in section 5 and insert your current HIN/SRN in section 5A. If you are not a current shareholder of the Company but you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5A.

6 Email Address

As permitted under the Corporations Act, Metallum Limited will only be forwarding printed annual reports to shareholders electing to receive one. Our company annual report and company information will be available at www.metallum.com.au. You may elect to receive all communications despatched by Metallum Limited electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

8 Cheque Details

Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to **Metallum Limited – Share Account** and crossed "Not Negotiable". Alternatively, you can make your payment via a direct deposit as per the details below. Please complete the relevant details in section 8.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am (WST) and 5:00pm (WST) should we need to speak to you about your application.

HOW TO LODGE YOUR APPLICATION FORM

You can email your completed application form to sarah@evolutioncapital.com.au and return your payment to the following address:

Mailing Address

Metallum Limited
Suite 5, 62 Ord Street
West Perth, WA, 6005

Direct Payment Details

Metallum Limited – Share Subscription Account
National Australia Bank
BSB: 086 492
Account: 12 233 2118
Ref: [please include your existing HIN/SRN or applicant name if not an existing shareholder]