

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 8 February 2016 (**Prospectus**), issued by Metallum Limited (ACN 149 230 811) (**Company**).

This Supplementary Prospectus is dated 16 February 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.metallum.com.au. The Company will provide a copy of this Supplementary Prospectus to all Applicants who have subscribed for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. BACKGROUND

By this Supplementary Prospectus, the Company makes the amendments to the Prospectus as set out in Section 2 below for the purpose of clarifying certain information regarding the domestic and international markets, including an additional risk factor and correcting a minor typographical error.

The amendments to the Prospectus outlined in Section 2 below should be read in conjunction with the Prospectus (as amended by Section 2).

2. AMENDMENTS TO THE PROSPECTUS

2.1 Allocation Policy

Section 4.1 of the Prospectus is amended by inserting the following sentence into paragraph 2:

The existing Shareholders will be given priority to apply for an amount of Offer Securities that is the higher of:

- (a) *their shareholding in the Company as at the date of the Prospectus (in proportion to the remaining Shares on issue); and*
- (b) *\$10,000.*

2.2 Effect of control on the Company

Section 4.9 of the Prospectus is amended by inserting the following after paragraph 1:

The Underwriter's present relevant interest and changes under several scenarios are set out in the table below and are based on the assumption that the Underwriter takes up its full entitlement of Shares, and no Shares are taken up by the other shareholders and sub-underwriters, under each scenario.

Event	Shares held by Underwriter	Voting power of Underwriter
<i>Date of Prospectus</i>	0	0%
<i>Completion of Placement</i>		

• Fully subscribed	0	0%
• 75% subscribed	10,000,000,000	16.45%
• 50% subscribed	20,000,000,000	32.91%
• 0% subscribed	40,000,000,000	65.82%

The number of shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no shareholders and no sub-underwriters, other than the Underwriter, will take up entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of entitlements under the Offer taken up by the other shareholders and by sub-underwriters.

2.3 Purpose of the Offer

Note 1 to the table in Section 5.1 of the Prospectus is deleted and replaced with the following:

¹ Pursuant to Resolution 15 of the Notice of Meeting dated 21 January 2016 and lodged with ASX on 28 January 2016 (**Notice of Meeting**), the Company is seeking shareholder approval to issue up to 8,000,000,000 Shares and up to 8,000,000,000 free attaching Options to unrelated creditors in order to discharge \$400,000 owing to those creditors. Notwithstanding that shareholders approve the issue of these Shares and Options, the unrelated creditors may not agree to accept securities in lieu of cash. Accordingly, the figure of \$887,000 in the table above assumes that no creditor will accept equity in lieu of cash fees. If creditors are willing to accept equity in lieu of cash fees pursuant to Resolution 15 of the Notice of Meeting, the Company will still have the ability to pay those creditors in cash. However, in the event that the creditors are willing to convert the \$400,000 owing to those creditors into equity pursuant to Resolution 15 of the Notice of Meeting, then the Company will apply the balance of the funds to working capital.

2.4 Risk Factors

(a) Repayment of Loan

The following is included as Section 7.1 (l) of the Prospectus:

(l) Repayment of Loan

The Company has guaranteed the loan funds made available by Rio Verde Holdings Pty Ltd (**Rio Verde**) to Atacama Holdings Pty Ltd (**Atacama**), which total \$158,000 as at the date of this Prospectus. There is a risk that, upon the occurrence of a Repayment Event (as described in Section 8.7), the Company will have to immediately pay these loan funds to Rio Verde should Atacama not be in a position to make immediate repayment.

(b) Going concern

The following is to be included as Section 7.1 (m) of the Prospectus:

(m) Going concern

The Company's 2015 Annual Report contains a 'going concern' note. Based on the number of inherent uncertainties relating to the Company's future plans, including doubt as to the ability to raise equity capital in the current market, there is material uncertainty which may cast significant doubt regarding the ability of the Company to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business.

Notwithstanding the 'going concern' note included in the Company's 2015 Annual Report, the Directors believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern. However, in the event that the Offer is not completed successfully or is delayed,

there is significant uncertainty as to whether the Company can meet its commitments to its creditors and continue as a going concern, which is likely to have a material adverse effect on the Company's activities.

(c) Dilution risk

Section 7.3(b) of the Prospectus is deleted and replaced with the following:

(b) Dilution risk

Upon implementation of the Offer the number of Shares in the Company will increase by 40,000,000,000 and the number of Options in the Company will increase by 40,000,000,000. If each Option is subsequently exercised, 40,000,000,000 additional Shares will be issued and each pre-existing Share will represent a lower proportion of the ownership of the Company.

2.5 Sub-underwriter substantial holding

The following is to be included at the end of Section 8.5 of the Prospectus:

Terra Capital Natural Resource Fund Pty Ltd (ACN 608 953 868) (Terra Capital) will be issued 4,000,000,000 Offer Shares and 4,000,000,000 Offer Options as a sub-underwriter to the Offer and will subsequently hold 6.5% of the Shares in the Company upon completion of the Offer. Assuming that the Shortfall is taken up in full, this amount is the maximum number of Offer Securities that Terra Capital will receive under the Shortfall as a sub-underwriter to the Offer.

2.6 Interests of Directors

The table in Section 8.8 of the Prospectus under the sub-heading 'Security holdings' is deleted and replaced with the table below:

Director	Shares	Options	Sub-underwritten Shares ³	Sub-underwritten Options ³
Winton Willesee ¹	4,000,000	4,500,000 ²	2,000,000,000	2,000,000,000
Shannon Coates ⁴	677,345	Nil	Nil	Nil
Erlyn Dale ⁵	Nil	Nil	Nil	Nil

Notes:

¹ Subject to Shareholder approval at the General Meeting, Mr Winton Willesee will be entitled to participate in the Offer and be issued up to 188,000,000 Shares and up to 188,000,000 free attaching Options pursuant to Resolution 6, and up to 1,702,949,000 Shares and up to 1,702,949,000 free attaching Options in lieu of cash payment for Directors' fees pursuant to Resolution 10 of the Notice of Meeting dated 21 January 2016 and lodged with ASX on 28 January 2016 (**Notice of Meeting**).

² 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.

³ These figures represent the maximum securities that could be issued under the Sub-Underwriting Agreement.

⁴ Subject to Shareholder approval at the General Meeting, Ms Shannon Coates will be entitled to participate in the Offer and be issued up to 31,835,215 Shares and up to 31,835,215 free attaching Options pursuant to Resolution 7, and up to 400,000,000 Shares and up to 400,000,000 free attaching Options in lieu of cash payment for Directors' fees pursuant to Resolution 12 of the Notice of Meeting.

⁵ Subject to Shareholder approval at the General Meeting, Ms Erlyn Dale will be issued up to 400,000,000 Shares and up to 400,000,000 free attaching Options in lieu of cash payment for Directors' fees pursuant to Resolution 11 of the Notice of Meeting.

3. NEW APPLICATIONS

New applications for Shares on and from the date of this Supplementary Prospectus **must** be made using the Supplementary Application Form accompanying this Supplementary Prospectus. The Supplementary Application Form contains detailed instructions on how it is to be completed.

Applications made on the Application Form attached to or accompanying the Prospectus on or after the date of this Supplementary Prospectus will not be valid.

4. DIRECTORS' AUTHORISATION

This Supplementary 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 and Proposed Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Winton Willesee
Chairman
For and on behalf of
METALLUM LIMITED

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]