

5 September 2016

ASX RELEASE

COMPANY UPDATE

Metallum Limited (ASX: MNE) (“Metallum” or “the Company”) advises that the heads of agreement in respect of the Company’s proposed acquisition of Squirrel Ltd (further details of which were announced to ASX on 17 June 2016) has been terminated due to non-satisfaction of certain conditions precedent to the transaction. Accordingly, the transaction will not proceed.

Future Operations

The Board believes that, given the current market, it is in the best interests of the Company and its shareholders to refocus on the Company’s Teutonic Project in the Eastern Goldfields region of Western Australia and the Comval Copper Gold Project.

Teutonic Project

The Company has recently added to its ground holding at its Teutonic Project having made application for additional ground to the south of its existing tenement.

The next work program will be designed to follow up the encouraging drill intercepts at the Mustang electromagnetic (“EM”) conductor at Teutonic (“Mustang”) which were drilled in late 2015. Work carried out at Mustang included surface EM, diamond drilling and subsequent downhole EM surveys. The result of this work concluded that the first two drill holes at Mustang displayed characteristics consistent with proximity to a volcanogenic massive sulphide (“VMS”) mineralising system and that drilling intercepted the possible distal portion of a VMS system, similar to the deposits approximately 30km north at Bentley and Jaguar.

In order to fully investigate and follow up these results, work programs to carry out further ground EM surveys along the prospective geological trend – along strike north and south of the Mustang EM anomaly – will be developed. Dependent on the results of this next phase of EM surveys, follow up drilling may be planned.

In addition, the Company is developing work programs for an initial aircore drilling campaign to follow up historical gold anomalies at the Spike anomaly, generated from regional wide spaced RAB drilling carried out during the 1990s. A number of significant intercepts were identified coincident with a major N-S shear zone which have never been followed up.

Previous significant intercepts – released to ASX on 13 May 2011 – are as follows:

Hole	GDA_E	GDA_N	Depth	Results (ppm Au)
IRA303	329970	6825750	45m	6m @ 0.46
IRR197	331230	6823450	82m	3m @0.11 (42-45m)
IRR201	331080	6823300	85m	7m @ 0.57 (78-85m EOH)
IRR208	330982	6823691	50m	2m @ 0.2 (48-50m EOH)



The Spike anomaly was identified in drilling following geological targeting of the eastern side of the McGraths ultramafic sequence, which hosts the McGraths Gold Deposit on the western side.

A 2000m x 200m +100 ppb Au RAB anomaly was intersected in the drilling completed at the Spike anomaly. Drilling was completed on 400m x 80m spacing with infill to 40m along drill lines. Gold is hosted in quartz veined fine to medium grained sediments (conglomerates, sandstones) which grade into shales towards the east.

A number of RAB holes returned anomalies within the saprolitic zone, as released to ASX on 13 May 2011.

Comval Copper Gold Project

The Company plans to continue to hold Comval on care and maintenance while it seeks external investment to assist in progressing the project.

Outlook

Metallum holds approximately \$1.2 million in working capital which will enable it to continue its proposed activities on the Teutonic and Comval Projects.

ASX has confirmed to the Company that it will be reinstated to trading on ASX upon release of this announcement.

Winton Willesee
Chairman
Metallum Limited

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), a member of the Australian Institute of Geoscientists and a consultant of the Company. Mr Reeves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reeves consents to the inclusion of the matters based on his information in the form and context in which it appears.