



**METALLUM LIMITED**  
ABN 73 149 230 811

**2017 ANNUAL REPORT**

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### **DIRECTORS**

Winton Willesee - Chairman

Shannon Coates - Non-Executive Director

Erlyn Dale - Non-Executive Director

### **COMPANY SECRETARY**

Shannon Coates

### **PRINCIPAL PLACE OF BUSINESS**

#### **AND REGISTERED OFFICE**

Suite 5

62 Ord Street

WEST PERTH WA 6005

### **CONTACT DETAILS**

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### **SOLICITORS**

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

PERTH WA 6000

### **SHARE REGISTRY**

Automatic Registry Services

Level 2

267 St Georges Terrace

PERTH WA 6000

Phone: +61 (8) 9324 2099

Fax: +61 (8) 9321 2337

### **AUDITORS**

RSM Australia Partners

8 St Georges Terrace

PERTH WA 6000

### **SECURITIES EXCHANGE**

Australian Securities Exchange

Level 40, Central Park

152 St Georges Terrace

PERTH WA 6000

**(ASX: MNE)**

## DIRECTORS' REPORT

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The Directors of Metallum Limited ("Metallum" or the "Company") submit herewith the financial report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

Winton Willesee - Chairman

Shannon Coates – Non-Executive Director

Erlyn Dale – Non-Executive Director

The Directors have been in office since the beginning of the financial year to the date of this report.

### COMPANY SECRETARY

Shannon Coates

### PRINCIPAL ACTIVITIES

Metallum Limited is an ASX listed company, incorporated in Australia. The principal activities of the Company and its subsidiaries are the acquisition, exploration and development of commercially significant resource projects in Australia and overseas. The Company currently holds interests in the Comval Project in the Philippines ("Comval Project"), which is prospective for copper and gold, and the West Australian based Teutonic Project ("Teutonic Project"), which is prospective for gold and base metals.

### OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$631,743 (2016: \$1,364,124).

### DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### REVIEW OF OPERATIONS

Metallum Limited (ASX: MNE) is an Australian-based company with a strategy to acquire and develop resource projects around the world.

As at the date of this report, Metallum has interests in its West Australian Teutonic Project (MNE earning 70% on E37/1037 and MNE 100% of E37/1281 and 1282) in the Eastern Goldfields region of Western Australia and its Comval Project, located in the Philippines.

#### Australia

During the period, Metallum worked to progress its Teutonic Project.

On 13 March 2017, the Company announced that it planned to conduct an extensive, detailed MLEM survey to test the northern extensions of the Mustang electromagnetic (EM) conductor ("Mustang Conductor") at Teutonic (E37/1037). Previous work at Mustang has included MLEM surveying, drilling of two diamond drill holes and follow up down hole electromagnetic surveying (DHEM) (ASX Announcement 7 January 2016). Drilling intersected a package of rocks showing characteristics of being part of a VMS mineralising system similar to Independence Group Limited's Bentley and Jaguar deposits to the north of the Teutonic Project area.

On 23 May 2017, the Company announced that the preliminary results from the MLEM survey had identified a number of prospective bedrock conductors, occurring within the target stratigraphic horizon which contains the Mustang conductor and within the regionally important VMS corridor which hosts the Bentley and Jaguar VMS zinc and copper deposits approximately 20kms to the north. The results further confirmed the prospectivity of the Teutonic Project to host base metal mineralisation similar to the deposits to the north.

Metallum is working to refine these targets in the context of the local geology to define possible drill targets. These results, combined with the regional position of the conductors along with the VMS style mineralisation drilled previously at Mustang, provide further exciting evidence of the potential of the Teutonic Project to host significant VMS mineralisation.

During the period, the Company extended its option over (E37/1037) Teutonic Project for a further 12 months to enable it to conduct further exploration over this highly prospective belt. The Company also secured two additional tenements in proximity to the initial Teutonic Project licence, being E37/1281 and EL37/1282 (Both Metallum 100%), and following a review of publicly available data covering the recently granted tenement E37-1281, a new gold target (Pump Station Target) has been identified which shows geophysical similarities to other economically significant gold deposits occurring along the Keith-Kilkenny Tectonic Zone (KKTZ). The tenement E37-1281 is located approximately 10km north of Leonora, adjacent to the KKTZ.

### **Philippines**

The Comval Project in the Philippines consists of two exploration permits, EP-00001-XI ("EP1") and EP-00002-09-XI ("EP2"), covering an area of 4310 hectares, which are prospective for copper and gold. The permits are held by the Company's Filipino subsidiary Agusan Metals Corporation, of which Metallum held 80% (before any claw backs for any under-expenditure) and the balance is held by Cadan Resources Corporation (TSXV), the joint venture partner for the Comval Project.

The Comval Project is located in the established copper and gold producing region of the Compostela Valley, on the island of Mindanao in the Philippines. A number of major copper and gold deposits occur within the same geological belt and the project has potential for large scale copper gold porphyry mineralisation. It is located within the East Mindanao Ridge, which is a world class copper/gold province and which hosts major deposits such as Kingking (St Augustine) (5 billion lb Cu, 10.3 million oz. Au), Dilwalwal (Philippines Mining Development Corp) (10 million oz. Au) and CoO (Medusa) (2.5 million oz. Au).

After a significant exploration program in the initial years of the joint venture, the Comval Project has been held on care and maintenance since 2013 and the Company is seeking partners to assist in progressing the project. Metallum's interest is being diluted in accordance with the original acquisition terms and at 30 June 2017 its interest was approximately 36%.

### **Corporate**

On 12 August 2016, the Company issued 50,000 Shares on conversion of 50,000 options, exercisable at \$0.024 each on or before 31 July 2017.

### **Squirrel**

As announced 17 June 2016, the Company entered into a binding, conditional Heads of Agreement with the shareholders of Sydney-based financial software and services company Squirrel Limited (Squirrel), pursuant to which it agreed to acquire 100% of the issued capital of Squirrel. Squirrel develops and sells vertically integrated SMSF software and services direct to the mass consumer market.

As announced 5 September 2016, the Heads of Agreement in respect of the Company's proposed acquisition of Squirrel (further details of which were announced to ASX on 17 June 2016) lapsed due to non-satisfaction of certain conditions precedent to the transaction. Accordingly, the transaction did not proceed.

### Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), a member of the Australian Institute of Geoscientists and a consultant of the Company. Mr Reeves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this Annual Report.

### CORPORATE

A summary of consolidated revenues and results is set out below:

	2017	2016
	\$	\$
Revenue	<b>10,200</b>	248,242
Loss before income tax expense	<b>(628,978)</b>	(1,292,132)
Income tax (expense)/benefit	-	-
Loss attributable to members of Metallum Ltd	<b>(628,978)</b>	(1,292,132)

### FINANCIAL POSITION

The Group had a total issued capital of \$24,806,331 (2016: \$24,805,131) at the end of the reporting period.

During the financial year, the Group had a net increase in contributed equity of \$1,200 (2016: \$3,256,016) net of share issue costs as a result of the exercise of options.

As at 30 June 2017, the net assets of the Group are \$707,274 (2016: \$1,346,052) and total liabilities (being trade creditors and provisions) amount to \$101,941 (2016: \$180,100).

The Directors believe the Group is in a strong financial position to pursue its current operations.

### EVENTS SUBSEQUENT TO REPORTING DATE

#### Teutonic

On 8 August 2017, the Company provided further detail on its Moving Loop Electromagnetic (MLEM) survey at its Teutonic Project.

It was noted that the MLEM survey had identified 15 geophysical anomalies which occur within a NW-SE trending corridor, running along strike from the previously identified and drilled Mustang Prospect. The geophysical anomalies are interpreted to be associated with the contact between sedimentary rocks and a package of mafic to felsic volcanic rocks.

The anomalies have been grouped into four main target zones containing 'clusters' of priority EM anomalies. Further processing including three-dimensional conductor plate modelling was completed on anomalies in these target areas to provide a spatially referenced model for future drill planning.

On 12 September 2017, the Company announced that following a review of publicly available data covering the recently granted tenement E37-1281, a new gold target (Pump Station Target) has been identified which shows geophysical similarities to other economically significant gold deposits occurring along the Keith-Kilkenny Tectonic Zone (KKTZ). The Company has compiled and analysed the publicly available historical data over the tenement and identified a high priority gold exploration target from the historical drill results. The tenement E37-1281 is located approximately 10km north of Leonora, adjacent to the KKTZ.

### **Kopore Acquisition**

On 30 August 2017, the Company announced that it has entered into a binding heads of agreement to acquire the Kopore Botswana Copper/Silver Project via the acquisition of 100% of the existing shares in Global Exploration Technologies Pty Ltd (to be renamed "Kopore Metals Australia Pty Ltd") (Kopore) in consideration for the issue of 137,500,000 shares in the Company (Transaction).

The acquisition of the Kopore Project represents an opportunity to secure a highly prospective portfolio of tenements in a world class copper region that the Company believes will add significant growth potential to Metallum and enhance its profile as an emerging mineral exploration company.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Company's strategy is to complete the acquisition of Global Exploration Technologies Pty Ltd to secure and seek to explore those assets whilst continuing to progress its Teutonic and Comval Projects and seek ways to maximise the value of those assets for shareholders.

### **ENVIRONMENTAL ISSUES**

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors of the Group are not aware of any breach of environmental regulations for the year under review.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

### **INFORMATION ON DIRECTORS**

**Winton Willesee** Chairman

**Qualifications:** BBus, DipEd, PGDipBus, MCom, FFin, CPA, GAICD, FGIS/FCIS

Mr Willesee is an experienced company director. He brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr

Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects.

Mr Willesee holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators.

As well as his position with Metallum, Mr Willesee is currently the chairman of xTV Networks Limited and Ding Sheng Xin Finance Co Limited and a director of MMJ Phytotech Limited.

**Shannon Coates** Non-Executive Director

**Qualifications:** LLB, BJuris, GAICD, ACIS/ACSA

Ms Coates holds a Bachelor of Laws from Murdoch University and has over 20 years' experience in corporate law and compliance. Ms Coates is a Chartered Secretary and currently acts as Company Secretary to a number of ASX listed companies. Ms Coates is a Director of Perth based corporate advisory firm Evolution Corporate Services, which specialises in the provision of company secretarial and corporate advisory services to ASX listed companies.

Ms Coates is currently a non-executive director of Vmoto Limited.

**Erlyn Dale** Non-Executive Director

**Qualifications:** BCom, ACIS/ACSA

Miss Dale has a broad range of experience in company administration and corporate governance, having been involved with several listed and unlisted public and other companies. Miss Dale holds a Bachelor of Commerce (Accounting and Finance) and is a Chartered Secretary. Miss Dale is also a non-executive Director of ASX listed xTV Networks Limited.

### **COMPANY SECRETARY**

**Ms Shannon Coates**

Refer Director information above.



**DIRECTORSHIPS OF OTHER LISTED COMPANIES**

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

<b>NAME</b>	<b>COMPANY</b>	<b>PERIOD OF DIRECTORSHIP</b>
<b>Winton Willesee</b>	Birmian Limited	31 Jan 13 – 22 Mar 17
	MMJ Phytotech Limited	21 Oct 14 - current
	DroneShield Limited	04 Nov 15 – 24 Jan 17
	Ding Sheng Xin Finance Co Limited	10 Nov 15 - current
	XTV Networks Ltd	07 Jul 16 – current
	Cove Resources Ltd (Now BidEnergy Ltd)	01 Jun 08 – 01 Jul 16
	Coretrack Limited (Now LWP Technologies Ltd)	04 Oct 10 – 06 Mar 15
	Otis Energy Ltd (Now iSignThis Ltd)	18 Jan 08 – 22 Dec 14
	Basper Limited (Now Direct Money Limited)	27 Oct 14 – 03 Jul 15
<b>Shannon Coates</b>	Vmoto Ltd	22 May 14 – current
	Lemur Resources Ltd	29 May 14 – 03 Feb 16
	Artemis Resources Ltd	28 Sep 11 – 31 Dec 14
<b>Erlyn Dale</b>	XTV Networks Ltd	07 Jul 16 – current
	Cove Resources Ltd (Now BidEnergy Ltd)	23 Feb 15 – 01 Jul 16

**DIRECTORS' INTERESTS IN SHARES, OPTIONS AND PERFORMANCE RIGHTS**

As at the date of this report, the following table represents the shares, options and performance rights holdings of the Directors of the Company:

	Ordinary Shares		Options over Ordinary Shares		Performance Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Winton Willesee	-	9,426,389 <sup>1</sup>	-	6,250 <sup>2</sup>	-	-
Shannon Coates	1	1,001,695 <sup>3</sup>	-	-	-	-
Erlyn Dale	-	1,000,000 <sup>4</sup>	-	-	-	-

1. Comprising 4,946,244 shares held indirectly by Silverinch Pty Limited as trustee for the Silverinch Super Fund. Mr Willesee is a director of the company and a beneficiary of the fund; 4,257,373 shares held indirectly by Chinchinchee Nominees Pty Ltd as a nominee holder on behalf of a director related entity; 222,772 shares held indirectly by Azalea Family Holdings Pty Ltd, as trustee for the Britt and Winton Willesee Family Trust. Mr Willesee is a director of the company and a beneficiary of the trust.
2. Comprising 6,250 options exercisable at \$14.80 on or before 19 October 2017 held indirectly by Azalea Family Holdings Pty Ltd as trustee for the Britt and Winton Willesee Family Trust. Mr Willesee is a director of the company and a beneficiary of the trust.
3. Comprising 1,001,538 shares held indirectly by Mr Simon Kimberley Coates <The Kooyong Trust>. Simon Coates is Ms Coates' spouse. Ms Coates is a beneficiary of the Kooyong Trust and 157 shares held by Mr Simon Kimberley Coates and Mrs Shannon Louise Coates <Sunnyside Super Fund Trust>. Ms Coates is a trustee and beneficiary of the Sunnyside Super Fund Trust.
4. Comprising 1,000,000 shares held by Chinchinchee Nominees Pty Ltd as a nominee holder on behalf of a director related entity.

### REMUNERATION REPORT (AUDITED)

The full Board currently fulfils the role of a Remuneration Committee in line with a Remuneration Committee Charter and in accordance with the Company's adopted remuneration policy.

#### **Remuneration Policy**

This policy governs the operations of the Remuneration Committee. The Committee shall review and reassess the policy at least annually and obtain the approval of the Board.

#### **Executive Remuneration**

The Company's remuneration policy for Executive Directors and senior management is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- a) reward reflects the competitive market in which the Company operates;
- b) individual reward should be linked to performance criteria; and
- c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- a) salary - Executive Directors and senior managers receive a sum payable monthly in cash;
- b) bonus - Executive Directors and nominated senior managers are eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c) long term incentives - Executive Directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- d) other benefits - Executive Directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Remuneration of other executives consists of the following:

- a) salary - senior executives receive a sum payable monthly in cash;
- b) bonus - each executive is eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c) long term incentives - each senior executive may, where appropriate, participate in share option schemes which have been approved by shareholders; and
- d) other benefits – senior executives are eligible to participate in superannuation schemes and other appropriate additional benefits.

**REMUNERATION REPORT (AUDITED) (Continued)**

**Non-Executive Remuneration**

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The full Board recommends the actual payments to Directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for Non-Executive Directors is currently \$300,000.

It is recognised that Non-Executive Directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the Non-Executive Directors, are included in the operations of the Company more closely than may be the case with larger companies the Non-Executive Directors are entitled to participate in equity based remuneration schemes subject to shareholder approval.

All Directors are entitled to have their indemnity insurance paid by the Company.

**Bonus or Profit Participation Plan**

Performance incentives may be offered to Executive Directors and senior management of the Company through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

**Voting and comments made at the Company's 2016 Annual General Meeting ("AGM")**

At the 2016 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**Additional information**

The loss of the consolidated entity for the five years to 30 June 2017 are summarised below:

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales revenue	-	181,496	677,893	-	-
EBITDA	(641,913)	(1,770,871)	(11,536,419)	(3,892,464)	(11,171,744)
EBIT	(641,943)	(1,774,957)	(11,543,996)	(3,900,352)	(11,178,410)
Loss after income tax	(631,743)	(1,364,124)	(11,336,854)	(3,842,556)	(11,311,130)

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Share price at financial year end (\$)	0.022	0.032	0.005	0.020	0.015
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	0.50	0.21	2.13	1.27	12.24

REMUNERATION REPORT (AUDITED) (Continued)

Details of Remuneration for Year Ended 30 June 2017

The remuneration entitlements for each member of the key management personnel of the Group during the year was as follows:

2017

	Short-term Benefits				Post-Employment Benefits	Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Salaries, fees & leave	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Winton Willesee	60,000	-	-	-	-	-	-	-	60,000	-	-
Shannon Coates <sup>1</sup>	30,000	-	-	-	-	-	-	-	30,000	-	-
Erlyn Dale	30,000	-	-	-	-	-	-	-	30,000	-	-
	120,000	-	-	-	-	-	-	-	120,000		

1. Evolution Corporate Services Pty Ltd, an entity related to Ms Coates, received \$60,000 in fees relating to company secretarial services for the year ended 30 June 2017.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

30 June 2017 Number of shares held by key management personnel

Key Management Personnel	Balance at 30.6.2016	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation/ Appointment	Balance 30.6.2017
Winton Willesee	9,203,617	-	-	222,772 <sup>1</sup>	-	9,426,389
Shannon Coates	1,001,696	-	-	-	-	1,001,696
Erlyn Dale	1,000,000	-	-	-	-	1,000,000
	11,205,313	-	-	222,772	-	11,428,085

1. On-market purchase on 23 November 2016.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

30 June 2017 Number of options held by key management personnel

Key Management Personnel	Balance 30.6.2016	Granted as compensation	Options Exercised/ lapsed	Net Change Other	Balance on Resignation	Balance 30.6.2017	Total Exercisable	Total 30.6.2017
Winton Willesee	9,204,867	-	(9,198,617) <sup>1</sup>	-	-	6,250	6,250	6,250
Shannon Coates	1,000,000	-	(1,000,000) <sup>1</sup>	-	-	-	-	-
Erlyn Dale	1,000,000	-	(1,000,000) <sup>1</sup>	-	-	-	-	-
	11,204,867	-	(11,198,617)	-	-	6,250	6,250	6,250

1. Lapse of options issued to key management personnel were free attaching exercisable at \$0.024 on or before 31 July 2016, issued in lieu of Director fees accrued in the 2016 financial year.

**REMUNERATION REPORT (AUDITED) (Continued)**

***Other transactions with key management personnel and their related parties***

*i) Receivable from and payable to related parties are as follows:*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>30 June 2017</b>
	<b>\$</b>
Company secretarial fee payable to Evolution Corporate Services Pty Ltd <sup>1</sup>	5,000
Director's fee payable to Shannon Coates	2,500
Director's fee payable to Azalea Consulting <sup>2</sup>	7,500
<b>Total payable to during the year</b>	<b>15,000</b>

1. Shannon Coates is a director of this company.

2. Being the nominee of Winton Willesee and Eryln Dale. Winton Willesee is a director of this company.

*ii) Transactions with key management personnel and their related parties*

Evolution Corporate Services Pty Ltd, a company associated with Ms Coates was paid \$8,515 for provision of leased office space to the Company.

*iii) Loan with key management personnel and their related parties*

During the 2016 financial year, the Company loaned Atacama Holdings Pty Ltd (an entity owned by Rio Verde Holdings which is associated in part with Mr Willesee) \$32,500 as an interest bearing loan accruing interest of 8% per annum. \$2,701 interest has been recognised as revenue in the current year statement of comprehensive income.

***Options issued as part of remuneration***

Other than as noted above, no options were granted to key management persons of the Company as remuneration during the year (2016: nil).

### REMUNERATION REPORT (AUDITED) (Continued)

#### *Shares issued on exercise of options*

50,000 fully paid ordinary shares (2016: 493,625) have been issued as a result of the exercise of options during or since the end of the financial year. The following options lapsed unexercised during or since the end of the financial year:

- 20,000 Class N options exercisable at \$13.60 each on or before 13 October 2016;
- 2,500 Class P options exercisable at \$20.00 each on or before 30 November 2016;
- 37,501 Class S options exercisable at \$6.00 each on or before 15 July 2017;
- 222,223 Class U options exercisable at \$6.00 each on or before 30 July 2017;
- 132,185,818 Class W options exercisable at \$0.024 each on or before 31 July 2016.

During the year, nil options were granted as remuneration. Other than as stated above, nil options granted as remuneration have been exercised, lapsed or expired.

### SERVICE CONTRACTS OF KEY MANAGEMENT PERSONNEL

#### *Non-Executive Directors' Letters of Appointment*

Other than as set out below, Non-Executive Directors are entitled to \$30,000 per annum in Director's fees, with the Chairman being entitled to \$60,000 per annum.

On 14 March 2011, Mr Willesee was appointed Chairman, with fees payable based on \$60,000 per annum. During the 2016 financial year, the Board resolved that the Chairman's fee be varied to \$50,000 for a six months term. On 5 July 2016, the Chairman's fees were re-negotiated and the Board resolved to reinstate the Chairman's fees back to \$60,000 per annum, on the basis that if the Chairman should spend more than 12.5 hours per month on executive work, an additional \$200 per hour of work would be payable.

**\*\*\* END OF REMUNERATION REPORT \*\*\***

**MEETINGS OF DIRECTORS**

During the year, 6 scheduled meetings of Directors were held. Attendances by each Director during the financial year were as follows:

<b>Directors' Meetings</b>		
<b>Directors</b>	<b>Number eligible to attend</b>	<b>Number Attended</b>
Winton Willesee	6	6
Shannon Coates	6	6
Erlyn Dale	6	6

The full Board fulfils the role of Remuneration, Nomination and Audit and Risk Committees.

**INDEMNIFYING OFFICERS**

In accordance with the Constitution, except as may be prohibited by the Corporations Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**SHARES**

As at the date of this report, there are 135,401,400 fully paid ordinary shares on issue.

**OPTIONS**

At the date of this report, there are 88,750 unissued ordinary shares of Metallum Limited under option as follows:

<b>Unlisted Options</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>Number</b>
Unlisted	17 November 2017	\$7.44	34,500
Class O	19 October 2017	\$14.80	25,000
Class R	9 March 2019	\$7.60	7,500
Class V	16 July 2018	\$2.92	21,750

During the financial year to 30 June 2017, the following Options lapsed unexercised:

- 132,185,818 Class W options exercisable at \$0.024 each on or before 31 July 2016;
- 20,000 Class N options exercisable at \$13.60 each on or before 13 October 2016;
- 2,500 Class P options exercisable at \$20.00 each on or before 30 November 2016.

Since 1 July 2017 and to the date of this report, a further 37,501 Class S Options exercisable at \$6.00 each and expiring 15 July 2017 and 222,223 Class U Options exercisable at \$6.00 each and expiring 30 July 2017, expired unexercised.

Option holders do not have any rights to participate in new issues of shares or other interests in the Company or any other entity.

### PERFORMANCE RIGHTS

As at the date of this report, there are no Performance Rights on issue.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

### INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### DEEDS OF INDEMNITY

The Company has entered into Deeds of Indemnity and Access with each of its Directors. Pursuant to the Deeds, the Company will indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as an officer of the Company. The Company will be required under the Deeds to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of 7 years after the relevant Director's retirement or resignation.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 3 to the financial statements.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the full Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.



**AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and is included within the financial report.

Signed in accordance with a resolution of the Board of Directors.



**WINTON WILLESEE**

**Chairman**

DATED this 22nd day of September 2017

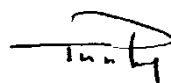
### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Metallum Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 22 September 2017

## CORPORATE GOVERNANCE STATEMENT

Metallum Limited's Board of Directors is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Principles of Corporate Governance and Best Practice Recommendations (3<sup>rd</sup> Edition) as published by the ASX Corporate Governance Council ("ASX Corporate Governance Principles").

This Corporate Governance Statement has been approved by the Metallum Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 July 2016 and to the date of this statement. In addition to the information contained in this statement, the Company's website at [www.metallum.com.au](http://www.metallum.com.au) contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where Metallum considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (3<sup>rd</sup> Edition).

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

	<b>Recommendation</b>	<b>Comply Yes/No/ Partly</b>
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to re-elect a director.	Yes Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); and (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined and published under	Yes Yes No Yes Not applicable

	that Act.	
1.6	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes Yes
1.7	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes Yes
2.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose</li> <li>(3) the charter of that committee; and</li> <li>(4) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of members at those meetings; or</li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Not applicable  Yes
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Recommendations, but the board is of the opinion it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	Yes Yes  Yes
2.4	A majority of the board of a listed entity should be independent directors.	Yes
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
3.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	Yes Yes
4.1	The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met</li> </ul> </li> </ul>	Not applicable

## CORPORATE GOVERNANCE STATEMENT

	<p>throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Yes
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes
5.1	A listed entity should: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes Yes
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Yes
7.1	The board of a listed entity should: <p>(a) have a committee or committees to oversee risk, each of which: <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director; and disclose</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> </p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Not applicable Yes
7.2	The board or a committee of the board should: <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes Yes
7.3	A listed entity should disclose: <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	Not applicable Yes
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.	Yes
8.1	The Board of a listed entity should: <p>(a) have a remuneration committee which:</p>	Not

	<p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employees for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>applicable</p> <p>Yes</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should: <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Yes</p> <p>Yes</p>

**Board Responsibilities**

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the Consolidated Entity. Without limiting the generality of that stated role, the key matters reserved specifically for the Board include:

- appointment of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring budget and adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts;
- approving significant changes to the organizational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as an when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- meeting with the external auditor, at their request, without management being present.

For a complete list of the functions reserved to the Board and a copy of the Board's charter, please refer to the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au).

Due to the size of the Board and the stage of the Company's operations, the Board has opted not to establish an Audit and Risk Committee or a Remuneration or Nomination Committee. These duties and responsibilities are discharged by the full

Board, in accordance with the Audit and Risk Committee and Remuneration and Nomination Committee Charters that have been adopted by the Board.

Refer to the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au) for a copy of the Committee charters.

### **Responsibilities of Senior Executives**

The responsibility for the day to day operation and administration of the Consolidated Entity, in accordance with the direction of the Board, is delegated by the Board to the Managing Director and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive team. In delegating this power, the Board must also be satisfied that the Managing Director and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to the Managing Director and other senior executives include:

- Developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies.
- Operating the Company's businesses and operations within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses and operations.
- Where proposed transactions, commitment or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval.
- Identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses and operations, formulating strategies for managing these risks for consideration by the Board.
- Managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis.
- Implementing the Company's internal controls; establishing procedures for monitoring these controls; and ensuring that these controls and procedures are appropriate and effective.
- Taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- Implementing all policies, procedures and codes approved by the Board.

### **Performance evaluation of Board and Senior Executives**

The Board has adopted a policy for evaluating the performance of the Board and Directors, a copy of which is available on its website. The Board did not conduct a formal evaluation of the Board and its Directors in the reporting period. However, informal evaluation was carried out on a continual basis by the Board.

The Board is responsible for an annual evaluation of the Managing Director, to be coordinated by the Chairman. Given the Company's current stage, it does not have a Managing Director.

For further information regarding the Company's Performance Evaluation Policy please refer to the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au).

### **Structure of the Board and Skills Matrix**

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination, selection, induction and ongoing professional development of Directors. These guidelines include a requirement to undertake appropriate background checks prior to the appointment of a person as a director, including but not limited to undertaking police and solvency checks, a formal induction program to enable new Directors to build their knowledge and make an effective

contribution in a timely manner, and the provision of appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

The Directors in office and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
W Willesee	Chairman	14 March 2011
S Coates	Non-Executive Director	14 October 2015
E Dale	Non-Executive Director	14 October 2015

The skills, experience and expertise relevant to the position of Director held by each Director at the date of this Statement are included in the Directors' Report section of this Annual Report.

The composition of the Board is reviewed regularly by the Board to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's operations. The Board has developed a skills matrix considered suitable for the Board of the Company at its current stage and into the future, taking into account its current strategy, operations and expectations for changes in the nature and scope of its activities. The Board skills matrix identifies a mix of areas the Board should collectively hold across its membership, including experience in the mineral resource industry, business, finance, legal and executive management. The Board is satisfied that the identified skills are well represented in the current Board.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. In addition, Directors are entitled, in furtherance of their duties, to seek independent professional advice at the Company's expense.

### *Independence*

Recommendation 2.4 requires a majority of the Board to be independent Directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. In accordance with this guidance, two of the three Directors are considered to be independent:

Name	Position
S Coates	Non-Executive Director
E Dale	Non-Executive Director

Chairman, Mr Willesee is not considered to be independent as he is currently acting in an executive capacity and is a substantial shareholder of the Company

### **Nomination and Remuneration Committee**

The Board has adopted a Nomination and Remuneration Committee Charter. As noted above, during the 2017 financial year, the full Board undertook the responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. For further details regarding the procedure for the nomination, selection and appointment of new Directors and re-election of incumbents, as well as a copy of the Nomination and Remuneration Committee Charter, please refer to the Corporate Governance section of the Metallum website at [www.metallum.com.au](http://www.metallum.com.au).



For further details on the remuneration policy of the Company, including a description of the structure of Non-executive Directors' remuneration and Executive Directors' and senior executives' remuneration, see the Remuneration Report section of this Annual Report.

The Company has established an Employee Incentive Option Plan pursuant to which the Company may offer long term equity incentive options to executive Directors and employees. The options are usually issued for nil consideration at an exercise price calculated with reference to prevailing market prices, are issued in accordance with performance guidelines established by the Directors of the Company. The options typically only vest under certain conditions, principally centred on the employee still being employed at the time of vesting. The options cannot be transferred without the approval of the Company's Board and are not quoted on the ASX. As a result, option holders may not enter into any transaction designed to remove the "at risk" aspect of an option before it is exercised.

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-executive Directors do not receive options with performance hurdles attached. However, in the Company's current circumstances, the Directors consider options to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue options to Non-executive Directors, including with performance hurdles, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Executive Directors.

For additional details please refer to the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au).

### **Audit Committee**

The Board has adopted an Audit Committee Charter. As noted above, during the 2017 financial year, the full Board undertook the responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

For further details regarding the procedures for selection, appointment and rotation of external audit partners, as well as a copy of the Audit Committee's Charter, please refer to the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au).

### **Communication with Shareholders**

Pursuant to Principle 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. To promote effective communication with shareholders, the Company has designed a Shareholder Communication policy. Information is communicated to the shareholders through:

- the Annual Report which is made available to all shareholders;
- announcements made through the ASX companies announcements platform;
- the Company's website (<http://www.metallum.com.au>) which has a dedicated Investor Relations section for the purpose of publishing all important Company information and relevant announcements made to the market; and
- the annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company (including the Company's share registry, which facilitates electronic correspondence) or attending the annual general meeting. The external auditors also attend, and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the

preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

For further information regarding the Company's Shareholder Communication Policy please refer to the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au).

### **Diversity Policy**

Metallum is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 1.5, the Company has established a Diversity Policy. However due to the small size of the organisation and its current stage of operations, the introduction of specific measurable objectives at this stage has not been implemented.

The Board of the Company strongly endorses the concept of gender diversity and the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position. The Board is pleased to report that two of the three Directors are women and that the Company has a number of women who undertake work on a salaried or contracted basis, including Chief Financial Officer and Company Secretary.

In accordance with Recommendation 1.5(c)(1), the table below shows the proportion of women in the whole organisation, women in senior executive positions and women on the Board. The Company defines "senior executive" as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. To provide an accurate reflection of the proportion of women across the whole organisation, the Company has opted to include contractors in the below percentages, which show the proportion of women in the organisation as at the date of this Statement:

Board: 66%

Senior Executive: 0%

Employees/Contractors: 0%

### **Share Trading**

The Constitution of the Company permits Directors and Officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a Securities Trading Policy concerning trading in the Company's securities by Directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with Metallum, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A Director wishing to deal in the Company's securities may only do so after first having received approval from the Chairman. All staff wishing to deal must obtain approval from the Managing Director.

Trading in the Company's securities is also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time.

The Company prohibits Directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

A copy of the Company's Securities Trading Policy is available in the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au).

### **Integrity of Financial Reporting and Risk Management Policies**

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations Act*, the Managing Director and the person who performs the Chief Financial Officer function are each required to provide a written statement to the Board that the Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Managing Director and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Managing Director and the Chief Financial Officer for the quarterly, half year and annual financial reports from 1 July 2016 to the date of this report.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes are undertaken and any recommendation for improvement reported to the Board as part of the Company's risk management processes.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the full Board and the processes and procedures mentioned above.

The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units. The full Board reviews the risk management framework at least annually. Throughout the current year the full Board reviewed risk and the application of the risk framework on an ongoing basis both within formal board meetings and outside meetings in informal review sessions. The Board felt that given the nature and scale of the Company that process was the most appropriate and most robust means of monitoring and managing risk for the Company.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of material business risks that may threaten the Group as a whole or specific business activities within the Company and includes risk mitigation strategies. The Company has established specific frameworks for operational risk. Management is currently developing a framework for organisational risk.

The categories of risk covered in the Risk Management Policy include but are not limited to:

- Operational risk;
- Environmental risk;
- Sustainability risk;
- Compliance risk;
- Strategic risk;
- Ethical conduct risk;
- Reputation or brand risk;
- Technological risk;
- Product or service quality risk;
- Human capital risk;
- Financial reporting risk; and
- Market related risk.

The Board has formed the view that the Company does not currently have any material exposure to economic, environmental or social sustainability risks, other than ongoing risks associated with funding its exploration, development and other activities.

For a summary of the Company's Risk Management Policy, please refer to the Corporate Policies section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au)

### **Code of Conduct and Continuous Disclosure Policy**

The Company has a Code of Conduct and Continuous Disclosure Policy, which can be found in the Corporate Governance section of the Company's website at [www.metallum.com.au](http://www.metallum.com.au).

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated 2017	Consolidated 2016
		\$	\$
Interest income		10,200	7,042
Other income		-	59,704
Gain on deconsolidation of subsidiary	17	35,527	-
Administrative expenses		(10,439)	(32,022)
Compliance and regulatory expenses		(187,117)	(185,102)
Consultancy and legal expenses		(142,317)	(221,045)
Depreciation		(30)	(4,086)
Employee benefits expense		(129,861)	(316,482)
Equity based payments	21	-	(23,954)
Exploration and evaluation expenses		(185,102)	(336,077)
Other expenses		(21,145)	(91,760)
Other financial fees		(1,459)	(86,056)
Impairment of exploration expenditure		-	(58,923)
Impairment of projects		-	(99,547)
Loss on disposal of assets		-	(2,548)
Loss on foreign exchange		-	(12,461)
Loss on liability extinguished via equity		-	(50,211)
<b>Loss before income tax expense from continuing operations</b>		<u>(631,743)</u>	<u>(1,453,528)</u>
Income tax benefit	4	-	-
Net loss after income tax from continuing operations		<u>(631,743)</u>	<u>(1,453,528)</u>
Net gain/(loss) after income tax from discontinued operations	23	-	89,404
<b>Net loss after income tax for the year</b>		<u><b>(631,743)</b></u>	<u><b>(1,364,124)</b></u>
<b>Other comprehensive income, net of income tax:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(8,235)	16,204
<b>Total comprehensive loss for the year</b>		<u><b>(639,978)</b></u>	<u><b>(1,347,920)</b></u>
Loss for the year is attributable to:			
Owners of Metallum Limited	15	(628,978)	(1,292,132)
Non-controlling interest		(2,765)	(71,992)
		<u><b>(631,743)</b></u>	<u><b>(1,364,124)</b></u>
Total comprehensive loss for the year is attributable to:			
Continuing operations		98,890	(34,244)
Discontinued operations		-	(25,307)
<b>Non-controlling interest</b>		<u><b>98,890</b></u>	<u><b>(59,551)</b></u>
Continuing operations		(738,868)	(1,403,080)
Discontinued operations		-	114,711
<b>Owners of Metallum Limited</b>		<u><b>(738,868)</b></u>	<u><b>(1,288,369)</b></u>
		<u><b>(639,978)</b></u>	<u><b>(1,347,920)</b></u>

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

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**Loss per share for loss from continuing operations attributable to the owners of Metallum Limited**

Basic loss per share (cents)	5	(0.50)	(0.23)
Diluted loss per share (cents)	5	(0.50)	(0.23)

**Earnings/(Loss) per share for profit/(loss) from discontinued operations attributable to the owners of Metallum Limited**

Basic earnings/loss per share (cents)	5	-	(0.02)
Diluted earnings/loss per share (cents)	5	-	(0.02)

**Loss per share for loss attributable to the owners of Metallum Limited**

Basic loss per share (cents)	5	(0.50)	(0.21)
Diluted loss per share (cents)	5	(0.50)	(0.21)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Note	Consolidated 2017 \$	Consolidated 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	746,462	1,471,968
Trade and other receivables	7	25,857	19,959
<b>TOTAL CURRENT ASSETS</b>		<u>772,319</u>	<u>1,491,927</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	434	464
Trade and other receivables	7	36,462	33,761
<b>TOTAL NON CURRENT ASSETS</b>		<u>36,896</u>	<u>34,225</u>
<b>TOTAL ASSETS</b>		<u>809,215</u>	<u>1,526,152</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	101,941	180,100
<b>TOTAL LIABILITIES</b>		<u>101,941</u>	<u>180,100</u>
<b>NET ASSETS</b>		<u>707,274</u>	<u>1,346,052</u>
<b>EQUITY</b>			
Issued capital	11	24,806,331	24,805,131
Reserves	14	5,261,117	6,053,260
Accumulated losses	15	(29,387,024)	(28,364,949)
Equity attributable to the owners of Metallum Limited		680,424	2,493,442
Non-Controlling Interest		26,850	(1,147,390)
<b>TOTAL EQUITY</b>		<u>707,274</u>	<u>1,346,052</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated 2017 \$	Consolidated 2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest revenue		7,500	7,042
Other revenue		-	59,704
Payments to suppliers and employees		(441,344)	(955,245)
<b>Net cash used in operating activities</b>	16	<u>(433,844)</u>	<u>(888,499)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation (expensed)		(292,862)	(336,077)
<b>Net cash used in investing activities</b>		<u>(292,862)</u>	<u>(336,077)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equities		1,200	2,480,828
Proceeds from issue of equities pending allotment		-	20,000
Proceeds from borrowings		-	412,500
Repayment of borrowings		-	(321,191)
Capital raising costs		-	(77,074)
<b>Net cash provided by financing activities</b>		<u>1,200</u>	<u>2,515,063</u>
Net (decrease)/ increase in cash held		(725,506)	1,290,487
Cash and cash equivalents at the beginning of the financial year		1,471,968	181,481
<b>Cash and cash equivalents at the end of the financial year</b>	6	<u>746,462</u>	<u>1,471,968</u>

The accompanying notes form part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

<b>Consolidated</b>	<b>Note</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Non-controlling Interest \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2016</b>		24,805,131	6,053,260	(28,364,949)	(1,147,390)	1,346,052
Loss for the year		-	-	(628,978)	(2,765)	(631,743)
Other comprehensive income	14	-	(109,890)	-	101,655	(8,235)
<b>Total comprehensive loss for the year</b>		-	(109,890)	(628,978)	98,890	(639,978)
<i>Transactions with owners in their capacity as owners:</i>						
Non-controlling interest assumed by parent entity upon deconsolidation of subsidiary		-	-	(1,075,350)	1,075,350	-
Foreign currency translation reserve assumed by parent entity upon deconsolidation of subsidiary	14	-	(682,253)	682,253	-	-
Shares issued during the year (net of capital raising costs)		1,200	-	-	-	1,200
<b>Balance at 30 June 2017</b>		24,806,331	5,261,117	(29,387,024)	26,850	707,274

<b>Consolidated</b>	<b>Note</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Non-controlling Interest \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2015</b>		21,549,115	5,925,201	(26,631,426)	(1,529,230)	(686,340)
Loss for the year		-	-	(1,292,132)	(71,992)	(1,364,124)
Other comprehensive income	14	-	3,763	-	12,441	16,204
<b>Total comprehensive loss for the year</b>		-	3,763	(1,292,132)	(59,551)	(1,347,920)
<i>Transactions with owners in their capacity as owners:</i>						
Non-controlling interest assumed by parent entity upon disposal of subsidiary		-	-	(441,391)	441,391	-
Fair value of liability extinguished via equity		50,211	-	-	-	50,211
Capital raising costs	14	-	100,342	-	-	100,342
Share based payments	14	-	23,954	-	-	23,954
Shares issued on option exercise		11,847	-	-	-	11,847
Conversion of director's loan		250,000	-	-	-	250,000
Conversion of convertible note		360,000	-	-	-	360,000
Shares issued during the year (net of capital raising costs)		2,583,958	-	-	-	2,583,958
<b>Balance at 30 June 2016</b>		24,805,131	6,053,260	(28,364,949)	(1,147,390)	1,346,052

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Metallum Limited and controlled entities (“Consolidated Entity” or the “Group”). The separate financial statements and notes of Metallum Limited as an individual parent entity (“Company”) have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 22 September 2017 by the Directors of the Company.

#### Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*.

The financial report covers Metallum Limited and its subsidiaries, and has been prepared in Australian dollars. Metallum Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 18.

#### a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Metallum Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when they are exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

#### b) Adoption of new and revised standards

In the year ended 30 June 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

#### c) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- a) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- b) When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### **d) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### **e) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

#### **f) Interest income**

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax.

#### **g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

#### i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land is measured at cost less accumulated impairment losses.

Depreciation is calculated over the estimated useful life of the assets using the straight line method as follows:

Plant and equipment	2 - 5 years
Furniture and Fixtures	2 - 5 years
Computer equipment	2 - 5 years
Structures and improvements	5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

#### ***Derecognition and disposal***

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Exploration, evaluation and development expenditure**

Exploration, evaluation and acquisition expenditure on areas of interest will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that Directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

**k) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Consolidated Entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the years in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I) Financial Instruments

##### ***Initial Recognition and Measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### ***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### ***Classification and Subsequent Measurement***

*i. Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the year in which they arise.

*ii. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

*iii. Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

*iv. Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

m) **Fair value**

Fair value is determined based on the last trading price for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

n) **Impairment**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged or significant decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

i. *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

ii. *Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*iii. Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

*iv. Impairment of tangible and intangible assets other than goodwill*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**o) Trade and payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### p) Employee Benefits

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### q) Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### t) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- a) costs of servicing equity (other than dividends) and preference share dividends;
- b) the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- c) other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### u) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- a) when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- b) receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### v) Critical accounting judgements, estimates and assumptions

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

##### *Deferred exploration and evaluation expenditure*

Significant management judgments involved in assessing the accounting treatment of these expenditures include:

- determination of whether the exploration and evaluation expenditures can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; and
- assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.

#### w) Operating segments

Identification and measurement of segments – AASB 8 requires the ‘management approach’ to the identification measurement and disclosure of operating segments. The ‘management approach’ requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

#### x) Foreign currency translation

Both the functional and presentation currency of Metallum Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

The functional currency of the foreign subsidiaries, Agusan Metals Corporation, Marlin Mining Corporation, and MNE Philippine Realty, Inc. is Philippines peso, “Php”.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss. In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 2. KEY MANAGEMENT PERSONNEL DISCLOSURES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.		
Short-term employee benefits	120,000	313,867
Post-employment benefits	-	4,750
Share-based payments	-	23,954
	<u>120,000</u>	<u>342,571</u>

The aggregate compensation made to Directors and other key management personnel of the Group is set out above. For further details refer to the Remuneration Report.

**NOTE 3. AUDITOR'S REMUNERATION**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor, RSM Australia Partners, for:		
- audit or review of the financial report	25,000	35,000
- tax services	16,030	11,731
- due diligence services	27,395	-
	<u>68,425</u>	<u>46,731</u>

**NOTE 4. INCOME TAX**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>a) Income tax expense</b>		
Current tax in Overseas entities	-	-
Refundable Research & Development Tax Offset	-	-
Deferred Tax in Overseas Entities	-	-
Foreign Exchange Translation Adjustment	-	-
Income tax benefit	<u>-</u>	<u>-</u>
<b>b) Reconciliation of income tax expense to prima facie tax payable</b>		
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 27.5% (2016:28.5%)	(173,739)	(388,775)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 4. INCOME TAX (continued)**

Add / (Less)

Tax effect of:

Research and Development Tax Offset

-

-

Tax losses and timing differences not recognised

159,509

239,426

Non-deductible expenses

14,220

149,349

Others

-

-

Prior year deferred tax liabilities not recognised

-

-

-

-

**c) Tax losses**

Unused tax losses for which no deferred tax asset has been recognised

7,082,678

6,448,432

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at the reporting date because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- ii. the Group satisfies conditions for deductibility imposed by tax law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

**NOTE 5. LOSS PER SHARE**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>a) Reconciliation of earnings to profit or loss from continuing operations</b>		
Loss after income tax	(631,743)	(1,453,528)
Less loss from Non-controlling interest	2,765	46,685
Loss used to calculate basic and dilutive EPS	<u>(628,978)</u>	<u>(1,406,843)</u>
<b>b) Reconciliation of earnings to profit or loss from discontinuing operations</b>		
Profit/(loss) after income tax	-	89,404
Less loss from Non-controlling interest	-	25,307
Earnings/(loss) used to calculate basic and dilutive EPS	<u>-</u>	<u>114,711</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 5. LOSS PER SHARE (continued)**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>c) Reconciliation of earnings to profit or loss</b>		
Loss after income tax	(631,743)	(1,364,124)
Less loss from Non-controlling interest	2,765	71,992
Loss used to calculate basic and dilutive EPS	<u>(628,978)</u>	<u>(1,292,132)</u>
	<b>Number of Shares</b>	<b>Number of Shares</b>
a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>135,395,510</u>	<u>162,915,107</u>
The diluted loss per share is disclosed as the same as the basic earnings per share as a loss was incurred in the year.		

**NOTE 6. CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and in hand	<u>746,462</u>	<u>1,471,968</u>

**NOTE 7. OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
GST/VAT receivable	20,281	11,161
Prepayments	5,576	7,516
Other receivables	-	1,282
	<u>25,857</u>	<u>19,959</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 7. OTHER RECEIVABLES (Continued)**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current</b>		
Other receivables <sup>1</sup>	36,462	33,761
	36,462	33,761
	36,462	33,761

1. During the year ended 30 June 2016, the Company loaned Atacama Holdings Pty Ltd (an entity owned by Rio Verde Holdings which is in part associated with Mr Willesee) \$32,500. The loan accrues interest at 8% per annum. \$2,701 (2016: \$1,261) interest has been recognised as revenue in the current year statement of comprehensive income.

Terms and conditions relating to the above financial instruments:

- Other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

**NOTE 8. PROPERTY, PLANT AND EQUIPMENT**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Carrying amounts</b>		
Furniture and Fittings – at cost	10,449	10,449
Accumulated depreciation	(5,821)	(5,791)
Impairment	(4,194)	(4,194)
	434	464
Computer Equipment – at cost	25,451	25,451
Accumulated depreciation	(22,214)	(22,214)
Impairment	(3,237)	(3,237)
	-	-
Plant and Equipment – at cost	89,767	89,767
Accumulated depreciation	(78,291)	(78,291)
Impairment	(11,476)	(11,476)
	-	-
Office Equipment – at cost	48,244	48,244
Accumulated depreciation	(39,456)	(39,456)
Impairment	(8,788)	(8,788)
	-	-



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Consolidated	
	2017	2016
	\$	\$
Leasehold Improvement – at cost	10,115	10,115
Accumulated depreciation	(5,226)	(5,226)
Impairment	(4,889)	(4,889)
	-	-
Land – at cost	62,203	62,203
Impairment	(62,203)	(62,203)
	-	-
Carrying amount at 30 June	434	464

**(b) Movements in carrying amounts**

Movements in the carrying amounts of each class of assets between the beginning and the end of the year:

	Furniture & Fittings	Computer Equipment	Plant & Equipment	Office Equipment	Leasehold	Land	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2017 year</b>							
Balance at 1 July 2016 net of accumulated depreciation	464	-	-	-	-	-	464
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Depreciation	(30)	-	-	-	-	-	(30)
Foreign currency translation	-	-	-	-	-	-	-
Balance at 30 June 2017 net of accumulated depreciation	434	-	-	-	-	-	434

	Furniture & Fittings	Computer Equipment	Plant & Equipment	Office Equipment	Leasehold	Land	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2016 year</b>							
Balance at 1 July 2015 net of accumulated depreciation	1,007	6,090	-	-	-	-	7,097
Additions	-	-	-	-	-	-	-
Disposals	(435)	(2,112)	-	-	-	-	(2,547)
Impairment	-	-	-	-	-	-	-
Depreciation	(108)	(3,978)	-	-	-	-	(4,086)
Foreign currency translation	-	-	-	-	-	-	-
Balance at 30 June 2016 net of accumulated depreciation	464	-	-	-	-	-	464

During the year, total depreciation consisted of \$30 (2016:\$ 4,086) being charged to the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 9. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Costs carried forward in respect to areas of interest:		
Exploration expenditure capitalised – at cost	-	-
	<hr/>	<hr/>
Brought forward	-	158,923
Foreign currency movement on exploration expenditure	-	(453)
Impairment of exploration expenditure capitalised	-	(99,547)
Write-offs during the year – Australian properties	-	(58,923)
	<hr/>	<hr/>
Balance at reporting date	-	-
	<hr/>	<hr/>

**NOTE 10. TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	21,941	66,526
Other payables and accruals	80,000	113,574
	<hr/>	<hr/>
	101,941	180,100
	<hr/>	<hr/>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 11. ISSUED CAPITAL**

	<b>Consolidated</b>			
	<b>2017</b>		<b>2016</b>	
	<b>\$</b>		<b>\$</b>	
Fully paid ordinary shares	24,806,331		24,805,131	

	<b>Consolidated</b>			
	<b>2017</b>		<b>2016</b>	
	<b>\$</b>	<b>Number</b>	<b>\$</b>	<b>Number</b>
a) Ordinary Shares				
At the beginning of the reporting period	24,805,131	135,351,400	21,549,115	715,674,298
Shares issued during the period				
• 12 August 2016 Option exercise	1,200	50,000	-	-
• 29 July 2015 Directors Loan conversion	-	-	250,000	41,666,667
• 29 July 2015 shares issued in lieu - Stocksdigital	-	-	30,000	5,000,000
• 29 July 2015 Placement tranche 2	-	-	533,153	88,858,774
• 26 February 2016 Capital reorganisation 400:1	-	-	-	(849,071,407)
• 17 March 2016 shares issued in lieu – related parties	-	-	125,107	6,257,373
• 17 March 2016 Prospectus	-	-	1,935,829	96,791,437
• 17 March 2016 shares issued in lieu – related parties	-	-	52,991	2,649,565
• 17 March 2016 convertible note conversion	-	-	360,000	18,000,000
• 17 March 2016 shares issued in lieu – creditors	-	-	81,262	4,063,100
• 17 March 2016 shares issued in lieu – capital raising costs – Merchant Corporate	-	-	99,359	4,967,968
• 24 May 2016 Option exercise	-	-	11,847	493,625
• Loss on liability extinguished	-	-	50,211	-
• Capital raising costs	-	-	(273,743)	-
At reporting date	24,806,331	135,401,400	24,805,131	135,351,400

Ordinary shareholders participate in dividends and the proceeds in winding up of the parent entity in proportion to the shares held.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 11. ISSUED CAPITAL (Continued)**

b) Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2017 is disclosed in Note 12.

c) Options

For details of options outstanding at year end, refer Note 22.

**NOTE 12. WORKING CAPITAL**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	746,462	1,471,968
Trade and other receivables (excluding prepayments)	20,281	46,204
Trade and other payables and provisions	<u>(101,941)</u>	<u>(180,100)</u>
Working capital position	<u>664,802</u>	<u>1,338,072</u>

**NOTE 13. COMMITMENTS**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
a) The Company has tenements rental and expenditure commitments contracted for at the reporting date but not recognised as liabilities, payable:		
– Within one year	91,557	50,000
– One to five years	-	210,000
– More than five years	<u>-</u>	<u>-</u>
	<u>91,557</u>	<u>260,000</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 14. RESERVES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Option reserve</b>		
Balance at beginning of year	4,910,450	4,786,154
Capital raising	-	100,342
Share-based payment	-	23,954
Balance at end of year	<u>4,910,450</u>	<u>4,910,450</u>
<b>Foreign exchange reserve</b>		
Balance at beginning of year	1,142,810	1,139,047
Change in reserve <sup>i)</sup>	(109,890)	3,763
Change in reserve <sup>ii)</sup>	(682,253)	-
Balance at end of year	<u>350,667</u>	<u>1,142,810</u>
Total reserves	<u>5,261,117</u>	<u>6,053,260</u>

**Options Reserve**

This reserve is used to record the value of equity benefits provided to employees, Directors and consultants as part of their remuneration. Refer to Note 22.

**Foreign Currency Translation Reserve**

Foreign currency translation reserve records

- i) exchange differences arising on translation of the subsidiaries' functional currency (Philippine Peso) into presentation currency at balance date; and
- ii) foreign currency translation reserve assumed by parent entity upon deconsolidation of subsidiary.

**NOTE 15. ACCUMULATED LOSSES**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(28,364,949)	(26,631,426)
Loss after income tax expense for the year	(628,978)	(1,292,132)
Non-controlling interest assumed by parent entity upon deconsolidation of subsidiary	(1,075,350)	-
Foreign currency translation reserve assumed by parent entity upon deconsolidation of subsidiary	682,253	-
Non-controlling interest assumed by parent entity upon disposal of subsidiary	-	(441,391)
Accumulated losses at the end of the financial year	<u>(29,387,024)</u>	<u>(28,364,949)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 16. CASH FLOW INFORMATION**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>a) Reconciliation of Cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	746,462	1,471,968
<b>b) Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax</b>		
Operating loss after income tax	(631,743)	(1,364,124)
<i>Non-cash in loss</i>		
Depreciation	30	4,086
Share-based payments	-	23,954
Liability extinguished via equity	-	256,524
Bad debt written down	-	10,000
Loss on disposal of assets	-	2,548
Loss on liability extinguished via equity	-	50,211
Discontinued operations	-	(496,889)
Exploration costs written off	-	58,923
Impairment of assets	-	99,547
Reclassify exploration costs to investing activities	185,102	336,077
Foreign exchange differences (unrealised)	99,523	12,462
<i>Changes in assets and liabilities</i>		
Trade and other receivables	(7,405)	12,953
Trade and other payables	(79,129)	49,650
Provisions	(222)	55,579
<i>Net Cash Flow used in Operating Activities</i>	<u>(433,844)</u>	<u>(888,499)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 16. CASH FLOW INFORMATION (Continued)

#### Non Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the financial year ended 30 June 2017. Details of non-cash issued during the year ended 30 June 2016, are as follows:

*i. Share Issue*

The following shares were issued during the year and not included in financing and investing activities.

- 18,000,000 shares issued for conversion of convertible notes.
- 41,666,667 shares issued for conversion of director's loan.

*ii. Option Issue*

The following options were issued during the year and not included in financing and investing activities.

- 75,000,000 options issued to Merchant Corporate Finance Pty Ltd as a capital raising fee.

### NOTE 17. RELATED PARTY TRANSACTIONS

#### Subsidiaries

The consolidated financial statements include the financial statements of Metallum Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity interest	
		2017	2016
		%	%
MNE Holdings Pty Ltd	Australia	100	100
Phil-Aust Holdings Pty Ltd	Australia	100	100
Agusan Metals Corporation (formerly Philco Mining Corp)	Philippines	Approx. 36 <sup>(i)</sup>	80
Comval Property Pty Ltd	Australia	100	100
Marlin Mining Corporation	Philippines	100	100
MNE Philippine Realty, Inc	Philippines	40	40

i) Metallum's interest is being diluted in accordance with the original acquisition terms and at 30 June 2017 its interest was approximately 36%.

*Carrying amounts of assets and liabilities deconsolidated as at 17 January 2017*

	2017	2016
	\$	\$
Cash and cash equivalents	8,081	-
Total assets	-	-
Trade and other payables	43,608	-
Total liabilities	43,608	-
Net liabilities	35,527	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 17. RELATED PARTY TRANSACTIONS (Continued)**

*Details of the deconsolidation*

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Carrying amount of net liabilities deconsolidated	35,527	-
Gain on deconsolidation before income tax	35,527	-
Gain on deconsolidation after income tax	35,527	-

***Other transactions with key management personnel and their related parties***

*i) Receivable from and payable to related parties are as follows:*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>30 June</b>	<b>30 June</b>
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Company secretarial fee payable to Evolution Corporate Services Pty Ltd <sup>1</sup>	5,000	5,000
Director's fee payable to Shannon Coates	2,500	2,500
Director's fee payable to Azalea Consulting <sup>2</sup>	7,500	15,000
<b>Total payable to during the year</b>	<b>15,000</b>	<b>22,500</b>

1. Shannon Coates is a director of this company.

2. Being the nominee of Winton Willesee and Eryln Dale. Winton Willesee is a director of this company.

*ii) Transactions with key management personnel and their related parties*

30 June 2017:

Evolution Corporate Services Pty Ltd, a company associated with Ms Coates was paid \$8,515 for provision of leased office space to the during the year ended 30 June 2017.

30 June 2016:

On 29 July 2015, Mr Reeves was granted 8,700,000 Production Performance Rights and 8,700,000 Cashflow Performance Rights, subsequent to his resignation these performance rights lapsed unvested and unexercised.

Pandion Minerals Pty Ltd, an entity associated with Mr Reeves, was paid \$19,481 for consulting geological services during the year ended 30 June 2016.

Evolution Corporate Services Pty Ltd, a company associated with Ms Coates was paid \$22,780 for provision of leased office space to the Company and \$3,900 for prospectus management during the year ended 30 June 2016.

Pursuant to the Share Sale Agreement, Rio Verde Holdings, an entity associated with Mr Willesee (existing Director of the Company), Mr Reeves and Mr Johnstone (previous directors of the Company who resigned on 14 October 2015) on 26 February 2016 received shareholder approval to acquire Atacama Holdings Pty Ltd, and its 100% owned interest in all the



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 17. RELATED PARTY TRANSACTIONS (Continued)

Chilean entities, for a nominal consideration of \$1, and to effectively take assignment of the current liabilities of the Chilean companies and entire Chilean operations.

#### *iii) Loan with key management personnel and their related parties*

30 June 2017:

During the 2016 financial year, the Company loaned Atacama Holdings Pty Ltd (an entity owned by Rio Verde Holdings, as stated below) \$32,500 as an interest bearing loan accruing interest of 8% per annum. \$2,701 interest has been recognised as revenue in the current year statement of comprehensive income.

30 June 2016:

During the 2016 financial year, the Company converted a Director Loan payable to Lazy 7 Pty Ltd, an entity associated with Mr Johnstone, via the issuance of 41,666,667 fully paid ordinary shares along with 13,888,889 free attaching options exercisable at \$0.015 expiring 30 June 2017 at a deemed value of \$0.006 per share and 291,095 fully paid shares in lieu of interest on the Director Loan at a deemed price of \$0.02 per share.

During the 2016 financial year, the Company loaned Atacama Holdings Pty Ltd (an entity owned by Rio Verde Holdings, as stated above) \$32,500 as an interest bearing loan accruing interest of 8% per annum. \$1,261 interest has been recognised as revenue in the current year statement of comprehensive income.

Other than as stated above and the remuneration disclosed in Note 2 and the Remuneration Report section of the Directors' Report, there has been no other related party transactions during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 18. PARENT ENTITY DISCLOSURES**

**Statement of Financial Position**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Current assets	771,942	1,480,633
Non-current assets	36,898	34,224
<b>Total assets</b>	<u>808,840</u>	<u>1,514,857</u>
<b>Liabilities</b>		
Current liabilities	101,692	141,283
<b>Total liabilities</b>	<u>101,692</u>	<u>141,283</u>
<b>NET ASSETS</b>	<u>707,148</u>	<u>1,373,574</u>
<b>Equity</b>		
Issued capital	24,806,331	24,805,131
Reserves	4,910,450	4,910,450
Accumulated losses	(29,009,633)	(28,342,007)
<b>Total equity</b>	<u>707,148</u>	<u>1,373,574</u>

**Statement of Comprehensive Income**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(667,626)	(1,465,976)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<u>(667,626)</u>	<u>(1,465,976)</u>

**a) Contingent liabilities**

As at 30 June 2017 and 30 June 2016, the Company had no contingent liabilities.

**b) Contractual Commitments**

As at 30 June 2017 and 30 June 2016, the Company had no contractual commitments to purchase property, plant and equipment.

**c) Guarantees entered into by parent entity**

As at 30 June 2017 and 30 June 2016, the Company had not entered into any guarantees.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 19. FINANCIAL INSTRUMENTS**

**a) Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Group's operations.

Derivatives are not currently used by the Group for hedging purposes. The Group does not speculate in the trading of derivative instruments.

The totals for each category of financial instruments, measured in accordance with Accounting Standards as detailed in the accounting policies to these financial statements, are as follows:

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>			
Cash and cash equivalents	6	746,462	1,471,968
Other receivables (excludes prepayments)	7	20,281	46,204
Total Financial Assets		766,743	1,518,172
<b>Financial Liabilities</b>			
Trade and other payables	10	101,941	180,100
Total Financial Liabilities		101,941	180,100

*i. Treasury Risk Management*

The Directors meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

*ii. Financial Risks*

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable. The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, and market risk (being equity price risk).

*iii. Interest Rate Risk*

The Group does not have any debt that may be affected by interest rate risk.

*iv. Currency Risk*

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the functional currency of the Group. The Group deposits are denominated in Philippines Peso and Australian dollars. Currently there are no foreign exchange programs in place. The Group treasury function manages the purchase of foreign currency to meet operational requirements. The impact of reasonably possible changes in foreign exchange rates for the Group has the potential to be material. The Group monitors this risk on a regular basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 19. FINANCIAL INSTRUMENTS (Continued)

#### v. Sensitivity Analysis

At 30 June 2017, if interest rates had changed by +/- 75 basis points from the weighted average rate for the period with all other variables held constant, post-tax loss for the Group would have been \$5,561 (2016: \$11,040) lower/higher as a result of lower/higher interest income from cash and cash equivalents.

#### vi. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk by preparing forward looking cash flow analysis in relation to its operational, investing and financing activities and monitoring its cash assets and assets readily convertible to cash in the context of its forecast future cash flows. The Group continually monitors its access to additional equity capital should that be required, maintains a reputable credit profile and manages the credit risk of its financial assets.

#### vii. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not have any material credit risk exposure to any single receivable or group of receivables.

Credit risk related to balances with banks and other financial institutions is managed by the Directors in accordance with approved Company policy.

	Note	2017	2016
		\$	\$
Cash and cash equivalents	6	746,462	1,471,968
		746,462	1,471,968

#### viii. Market Risk – Equity/Securities Price Risk

The Group is not exposed to securities price risk on investments held for trading or for medium to longer term as no such investments are currently held.

#### b) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities at the reporting date are recorded at amounts approximating their carrying amount.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 19. FINANCIAL INSTRUMENTS (Continued)**

**c) Interest Rate Risk**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weighted Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2017 \$	2017 \$	2017 \$	2017 \$	2017 \$	2017 %
Financial Assets						
Cash	746,462	-	-	-	746,462	0.90
Trade & other receivables	-	-	36,462	25,857	62,319	8.00
Total Financial Assets	746,462	-	36,462	25,857	808,781	
Financial Liabilities						
Trade & other payables	-	-	-	101,941	101,941	N/A
Total Financial Liabilities	-	-	-	101,941	101,941	-

	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weighted Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 %
Financial Assets						
Cash	1,471,968	-	-	-	1,471,968	0.90
Trade & other receivables	-	-	33,761	12,443	46,204	8.00
Total Financial Assets	1,471,968	-	33,761	12,443	1,518,172	
Financial Liabilities						
Trade & other payables	-	-	-	180,100	180,100	N/A
Total Financial Liabilities	-	-	-	180,100	180,100	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 20. OPERATING SEGMENTS

#### *Identification of reportable segments*

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of business category and geographical areas. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

#### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

#### *Segment assets*

Where an asset is used across multiple segments, the asset is allocated proportionately to the applicable segments based on its use. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

#### *Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

#### *Intersegment transactions*

There are no intersegment sales and purchase within the Group.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 20. OPERATING SEGMENTS (Continued)**

**i) Segment performance**

<b>Consolidated</b>	<b>Corporate</b>	<b>Australian Exploration</b>	<b>Overseas Operations</b>	<b>Total</b>
<b>2017</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>				
Interest revenue	10,182	-	18	10,200
Total revenue				10,200
<b>Results</b>				
Segment result before tax	(470,338)	(165,177)	3,772	(631,743)
<b>Consolidated</b>	<b>Corporate</b>	<b>Australian Exploration</b>	<b>Overseas Operations</b>	<b>Total</b>
<b>2016</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>				
External sales	-	-	181,496	181,496
Other external revenue	66,746	-	-	66,746
Total revenue				248,242
<b>Results</b>				
Segment result before tax	(1,194,124)	(271,847)	101,847	(1,364,124)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 20. OPERATING SEGMENTS (Continued)**

**ii) Segment assets and liabilities**

<b>Consolidated</b>	<b>Corporate</b>	<b>Australian Exploration</b>	<b>Overseas Operations</b>	<b>Total</b>
	\$		\$	\$
<b>2017</b>				
<b>Segment assets</b>				
Segment assets	808,841	-	374	809,215
Total assets				<u>809,215</u>
<b>Segment liabilities</b>				
Segment liabilities	(101,692)	-	(249)	(101,941)
Total liabilities				<u>(101,941)</u>

<b>Consolidated</b>	<b>Corporate</b>	<b>Australian Exploration</b>	<b>Overseas Operations</b>	<b>Total</b>
	\$		\$	\$
<b>2016</b>				
<b>Segment assets</b>				
Segment assets	1,514,860	-	11,292	1,526,152
Total assets				<u>1,526,152</u>
<b>Segment liabilities</b>				
Segment liabilities	(54,780)	196,067	38,813	180,100
Total liabilities				<u>180,100</u>

**(iii) Revenue by geographical region**

Segment revenues represent revenue generated from external customers.

**(iv) Assets by geographical region**

All reportable segment assets are located in Australia and Philippines.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 21. SHARE-BASED PAYMENTS**

No share based payments were issued during the year ending 30 June 2017.

**NOTE 22. SHARE OPTIONS**

At the end of the year, there are 348,474 (2016: 132,606,790) options over unissued shares as follows:

	2017		2016	
	Number of options	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)
Outstanding at beginning of the year*	132,606,790	108	172,125	1,600
Granted – in lieu of creditors and directors fees	-	-	132,729,443	2.4
	-	-	21,750	292
Granted – free attach options	-	-	34,722	600
Granted - capital raisings costs	-	-	187,500	600
Forfeited	-	-	-	-
Exercised	(50,000)	2.4	(493,625)	2.4
Expired	(132,208,316)	2.6	(45,125)	837
Outstanding at year-end	348,474	599	132,606,790	108
Exercisable at year-end	348,474	599	132,606,790	108

*Listed Options*

At 30 June 2017 and 30 June 2016, there are no listed options in the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 23. DISCONTINUED OPERATIONS**

On 31 March 2016 the consolidated entity sold Atacama Holdings Pty Ltd and its Chilean subsidiaries, for consideration of \$1 resulting in gain on disposal before income tax of \$496,889.

*Financial performance information*

	<b>2017</b>	<b>1 July 2015 to 31 March 2016</b>
	<b>\$</b>	<b>\$</b>
Ore sales	-	181,496
Cost of goods sold	-	<u>(625,146)</u>
Gross loss	-	<u>(443,650)</u>
Corporate and compliance fees	-	(34,215)
Consultants expense	-	(25,101)
Employee related expense	-	(1,500)
Administrative expense	-	(11,041)
Other expenses	-	(2,207)
Exploration expense	-	(502)
Impairment gain/(expense)	-	110,459
Foreign currency translation gain/(loss)	-	<u>272</u>
Loss before income tax expense	-	(407,485)
Income tax expense	-	<u>-</u>
Loss after income tax expense	-	<u>(407,485)</u>
Gain on disposal before income tax expense	-	496,889
Income tax expense	-	<u>-</u>
Gain on disposal after income tax expense	-	<u>496,889</u>
<b>Profit/ (Loss) after income tax expense from discontinued operations</b>	-	<u>89,404</u>

*Cash flow information*

	<b>2017</b>	<b>1 July 2015 to 31 March 2016</b>
	<b>\$</b>	<b>\$</b>
Net cash used in operating activities	-	(402,545)
Net cash used in investing activities	-	-
Net cash from financing activities	-	<u>318,378</u>
Net decrease in cash and cash equivalents from discontinued operations	-	<u>(84,167)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 23. DISCONTINUED OPERATIONS (Continued)**

*Carrying amounts of assets and liabilities disposed of at 31 March 2016*

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	-	25,922
Total assets	-	25,922
Trade and other payables	-	522,810
Total liabilities	-	522,810
Net liabilities	-	496,888

*Details of the disposal*

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Total sale consideration	-	1
Carrying amount of net liabilities disposed	-	496,888
Gain on disposal before income tax	-	496,889
Gain on disposal after income tax	-	496,889

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**NOTE 24. INVESTMENT IN ASSOCIATE**

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
Agusan Metals Corporation (formerly Philco Mining Corp)	Philippines	36%	100%
<i>Reconciliation of the consolidated entity's carrying amount</i>			
Opening carrying amount		-	-
Share of profit/(loss) after income tax		-	-
Closing carrying amount		-	-

**NOTE 25. CONTINGENT LIABILITIES AND OTHER CONTINGENCIES**

There exists a contingent liability in relation to the Company's Comval assets. The contingent liability is a loan payable which represents advances from the former Parent, Cadan Resources Corporation, to Agusan Metals Corporation, which had been made prior to the acquisition of Agusan Metals Corporation by Metallum Limited.

The loan terms are such that the timing of its repayment is based on the Comval Project achieving commercial production.

At the date of this report there are no immediate plans to develop the Comval Project and at present no funds in excess of care and maintenance have been budgeted for the development of the Comval Project. Accordingly the repayment of the loan is contingent upon the Company ultimately having access sufficient capital to restart its development operations and successfully bring the project into commercial production.

At 30 June 2017, the amount of the loan is CAD\$10,194,903.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### **NOTE 26. NEW ACCOUNTING STANDARDS APPLICABLE IN FUTURE PERIOD**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the consolidated entity expects the impact to be insignificant as there are no hedge instruments.

#### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the consolidated entity expects the impact to be insignificant as there is no operating lease.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### NOTE 27. EVENTS SUBSEQUENT TO REPORTING DATE

#### Teutonic

On 8 August 2017 the Company provided further detail on its Moving Loop Electromagnetic (MLEM) survey at its Teutonic Project.

It was noted that the MLEM survey had identified 15 geophysical anomalies which occur within a NW-SE trending corridor, running along strike from the previously identified and drilled Mustang Prospect. The geophysical anomalies are interpreted to be associated with the contact between sedimentary rocks and a package of mafic to felsic volcanic rocks.

The anomalies have been grouped into four main target zones containing 'clusters' of priority EM anomalies. Further processing including three-dimensional conductor plate modelling was completed on anomalies in these target areas to provide a spatially referenced model for future drill planning.

On 12 September 2017 the Company announced that following a review of publicly available data covering the recently granted tenement E37-1281 a new gold target (Pump Station Target) has been identified which shows geophysical similarities to other economically significant gold deposits occurring along the Keith-Kilkenny Tectonic Zone (KKTZ). The Company has compiled and analysed the publicly available historical data over the tenement and identified a high priority gold exploration target from the historical drill results. The tenement E37-1281 is located approximately 10km north of Leonora, adjacent to the KKTZ.

#### Kopore Acquisition

On 30 August 2017 the Company announced that it has entered into a binding heads of agreement to acquire the Kopore Botswana Copper/Silver Project via the acquisition of 100% of the existing shares in Global Exploration Technologies Pty Ltd (to be renamed "Kopore Metals Australia Pty Ltd") (Kopore) in consideration for the issue of 137,500,000 shares in the Company (Transaction).

The acquisition of the Kopore Project represents an opportunity to secure a highly prospective portfolio of tenements in a world class copper region that the Company believes will add significant growth potential to Metallum and enhance its profile as an emerging mineral exploration company.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### NOTE 27. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Suite 5  
62 Ord Street  
WEST PERTH WA 6005

## DIRECTORS' DECLARATION

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The Directors of the Company declare that:

- 1) The financial statements and notes attached hereto, are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
  - c) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Group;
  
- 2) the declarations required by section 295A of the Corporations Act 2001 have been received by the Directors.

In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**WINTON WILLESEE**  
Chairman

DATED this 22nd day of September 2017



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLUM LIMITED

### Opinion

We have audited the financial report of Metallum Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD  
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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<b><i>Accounting for Exploration and Evaluation Expenditures</i></b>	
<p>The Group has incurred exploration and evaluation expenditure during the year of \$185,102 which is material. This expenditure has been expensed as incurred in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> and the Group's accounting policy as disclosed at Note 1(j).</p> <p>The Group holds interests in two areas of interest, being the Comval Project in the Philippines and the Teutonic Project in Australia, which have ongoing obligations and expenditure commitments in accordance with the requirements of the licences and related Option and Farm-In agreement for the Teutonic Project.</p> <p>The accounting treatment of exploration and evaluation expenditures are considered significant to our audit as this expenditure constituted 27% of the Group's expenses for the year and the judgement involved in the treatment of the expenditures for each area of interest.</p>	<p>Our audit procedures in relation to exploration and evaluation expenditures included:</p> <ul style="list-style-type: none"> <li>• Reviewing the Option and Farm-In Agreement for the Teutonic Project to understand the agreement and assess the Group's related accounting treatment;</li> <li>• Gaining an understanding of the expenditures approval process and testing the internal controls thereof; and</li> <li>• Agreeing a sample of the expenditures incurred during the financial year to supporting documentation and ensuring that the amounts were accounted for in accordance with the Group's accounting policy.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2017.

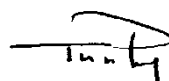
In our opinion, the Remuneration Report of Metallum Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 22 September 2017

## SHAREHOLDER INFORMATION

The following information is current as at 6 September 2017:

### DISTRIBUTION SCHEDULES

#### Quoted Securities

Distribution of each class of quoted security:

##### Fully paid ordinary shares

		Range	Holders	Units	%
1	-	1,000	861	217,062	0.16%
1,001	-	5,000	188	421,973	0.31%
5,001	-	10,000	26	195,216	0.14%
10,001	-	100,000	63	2,820,279	2.08%
100,001	-	Over	93	131,746,870	97.03%
<b>Total</b>			<b>1,333</b>	<b>1,231</b>	<b>135,401,400</b>

#### Unquoted Securities

For each class of unquoted securities, if a person holds 20% or more of the securities in a class, the name of the holder and number of securities held is disclosed.

##### Unlisted Options exercisable at \$14.80 on or before 19 October 2017

		Range	Holders	Units	%
1	-	1,000	-	-	-
1,001	-	5,000	2 <sup>1</sup>	12,500	50.00
5,001	-	10,000	1 <sup>1</sup>	12,500	50.00
10,001	-	100,000	-	-	-
100,001	-	Over	-	-	-
<b>Total</b>			<b>3</b>	<b>25,000</b>	<b>100.00</b>

1. Pandion Minerals Limited holds 12,500 options comprising 50.00% of this class; Mr Colin Thomas Johnstone & Mrs Jennifer Dawn Johnstone <Cobbandco4 Family Superannuation Fund> holds 7,500 options comprising 25.00% of this class; Azalea Family Holdings Pty Ltd <No 2 A/C> holds 7,500 options comprising 25.00% of this class.

## SHAREHOLDER INFORMATION

### *Unlisted Options exercisable at \$7.44 on or before 17 November 2017*

		<b>Range</b>	<b>Holders</b>	<b>Units</b>	<b>%</b>
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	1 <sup>1</sup>	34,500	100.00
100,001	-	Over	-	-	-
<b>Total</b>			<b>1</b>	<b>34,500</b>	<b>100.00</b>

1. Bergen Global Opportunity Fund LP holds 34,500 options comprising 100.00% of this class.

### *Unlisted Options exercisable at \$7.60 on or before 9 March 2019*

		<b>Range</b>	<b>Holders</b>	<b>Units</b>	<b>%</b>
1	-	1,000	-	-	-
1,001	-	5,000	2 <sup>1</sup>	7,500	100.00
5,001	-	10,000	-	-	-
10,001	-	100,000	-	-	-
100,001	-	Over	-	-	-
<b>Total</b>			<b>2</b>	<b>7,500</b>	<b>100.00</b>

1. Mr Justin Joseph Grincer holds 3,750 options comprising 50.00% of this class. Mr Sergio Uribe Valdes holds 3,750 options comprising 50.00% of this class.

### *Unlisted Options exercisable at \$2.92 on or before 16 July 2018*

		<b>Range</b>	<b>Holders</b>	<b>Units</b>	<b>%</b>
1	-	1,000	-	-	-
1,001	-	5,000	-	-	-
5,001	-	10,000	-	-	-
10,001	-	100,000	1 <sup>1</sup>	21,750	100.00
100,001	-	Over	-	-	-
<b>Total</b>			<b>1</b>	<b>21,750</b>	<b>100.00</b>

1. 1. Mr Zeffron Charles Reeves <The Palin A/C> holds 21,750 options comprising 100.00% of this class.

## SHAREHOLDER INFORMATION

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### VOTING RIGHTS

The voting rights attaching to ordinary shares are that on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options do not carry any voting rights.

### RESTRICTED SECURITIES

The Company has no restricted securities.

### SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders that have been provided to the Company with substantial shareholding notices:

Shareholder	No. of Shares	% (At time of notification)
The Gas Super Pty Ltd <The Gas Super Fund A/C> <sup>1</sup>	25,559,241	13.50
Mr Sufian Ahmad <sup>2</sup>	7,030,176	5.20
Winton Willesee <sup>3</sup>	9,203,617	6.82
Merchant Corporate Finance Pty Ltd <sup>4</sup>	47,039,185	5.53
Colin and Jennifer Johnstone <sup>5</sup>	46,633,441	5.48
James Allan Fraser and Barbara Margaret Fraser <Fraser Superannuation Fund A/C> <sup>6</sup>	4,500,000	17.27

1. As provided to the Company on 8 February 2017.

2. As provided to the Company on 9 May 2017.

3. As provided to the Company on 17 March 2016

4. As provided to the Company on 1 March 2016

5. As provided to the Company on 11 August 2015

6. As provided to the Company on 1 July 2011

### ON-MARKET BUY BACK

There is no current on-market buy-back.

### UNMARKETABLE PARCELS

Holdings of less than a marketable parcel of ordinary shares (as at 6 September 2017):

Holders	Units
826	184,441

### CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the 2017 financial year is included in this Annual Report at page 17.

## SHAREHOLDER INFORMATION

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### TOP HOLDERS

The 20 largest registered holders of each class of quoted security as at 6 September 2017 were:

#### *Fully paid ordinary shares*

	<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1.	THE GAS SUPER FUND PTY LTD <THE GAS SUPER FUND A/C>	21,659,193	16.00
2.	PHEAKES PTY LTD <SENATE A/C>	12,936,250	9.55
3.	MR SUFIAN AHMAD	6,700,000	4.95
4.	SACCO DEVELOPMENTS AUSTRALIA PTY LTD <THE SACCO FAMILY A/C>	6,507,250	4.81
5.	CHINCHERINCHEE NOMINEES PTY LTD	5,257,373	3.88
6.	MR BIN LIU	5,170,392	3.82
7.	SILVERINCH PTY LTD <THE SILVERINCH S/F A/C>	4,946,244	3.65
8.	RIMOYNE PTY LTD	4,067,095	3.00
9.	VULTURE FISH PTY LTD	3,500,000	2.58
10.	HM PENSION PTY LTD <HM PENSION FUND A/C>	3,000,000	2.22
	AH SUPER PTY LTD <THE AH SUPER FUND A/C>	3,000,000	2.22
11.	TEMPEST DAWN PTY LTD <SWT SUPER FUND A/C>	2,509,792	1.85
12.	RSJSDS PTY LTD <SALMON FAMILY S/F A/C>	2,500,000	1.85
13.	ANNAKAY INVESTMENTS LTD	2,468,125	1.82
14.	MR HIEU HUU NGUYEN	2,000,000	1.48
15.	SHARP HOLDINGS PTY LTD <THE SHARP PROPERTY A/C>	1,950,000	1.44
16.	MR DAVID DOMINIC PEVCIC	1,929,137	1.42
17.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,751,464	1.29
18.	PATINA RESOURCES PTY LTD	1,641,850	1.21
19.	BAB SUPER FUND PTY LTD <BAB SUPER FUND A/C>	1,600,000	1.18
20.	VYNBEN PTY LTD <MARK HOHNEN SUPER FUND A/C>	1,522,542	1.12
	<b>Total</b>	<b>96,616,707</b>	<b>71.36</b>

## TENEMENT SCHEDULE

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Tenement	Name	Location	Size (Ha)	Grant Date	Expiry Date	% Ownership
E37/1037	Teutonic	Western Australia	1,613	23/07/2010	22/07/2020	70%
E37/1281	Teutonic	Western Australia	954	21/03/2017	20/03/2022	100%
E37/1282	Teutonic	Western Australia	2,350	21/03/2017	20/03/2022	100%
EP-000001-00-XI	Comval	Mindanao, Philippines	2,171	30/01/2009 (2nd renewal)	29/01/2011	36%
EP -000002-09-XI	Comval	Mindanao, Philippines	2,139	15/08/2015 (2nd renewal)	14/08/2017	36%

Notes:

1. EP-000001-00-XI expired on the 29/01/2011. The Company's Philippines subsidiary has applied to the Philippines Mines and Geosciences Bureau for a 2 year renewal.

## ANNUAL MINERAL RESOURCE STATEMENT

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On 10 October 2012, in accordance with the JORC Code 2004, the Company reported a maiden inferred mineral resource for the Tagpura East, Tagpura West, Maangob and Kalamatan prospects at the Company's Comval copper gold project, located 90 kilometres north of Davao City, Mindanao, in the Philippines, of **32,675,000 tonnes at 0.42% Cu and 0.13 g/t Au**. This was estimated using a 0.3% Cu cut-off **and contained 136,100 tonnes of Cu and 138,900 ounces of gold** (Table 1). A higher grade resource of **8,987,00 tonnes at 0.63% Cu and 0.20 g/t Au** (Table 2) was estimated using a 0.4% Cu cut-off.

The maiden resource statement was calculated predominantly from drilling data inherited from Cadan Resources Limited, and was independently calculated by consultant, Cube Consulting Pty Ltd. Cube Consulting is an independent, Perth based resource consulting firm specialising in geological modelling, resource estimation and Information Technology.

### **Material Changes and Resource Statement Comparison**

The Company reviews and reports its mineral resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its mineral resources over the course of the year, the Company is required to promptly report these changes.

In completing the annual review for the year ended 30 June 2017, the historical resource factors were reviewed and found to be relevant and current. No resources have been converted to reserves since the initial report dated 10 October 2012 and the Comval project has not been converted to an active operation yet, hence no resource depletion has occurred for the review period.

No field work was conducted at Comval during the year. Consequently there has been no change to the mineral resource during the year, or since 10 October 2012.

### **Governance Arrangements and Internal Controls**

Metallum has ensured that the mineral resources quoted are subject to good governance arrangements and internal controls. The mineral resources reported have been generated by an independent external consultant who is experienced in best practices in modelling and estimation methods. The consultant has also undertaken reviews of the quality and suitability of the underlying information used to general the resource estimation. In addition, Metallum's management carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

The mineral resource dated 10 October 2012 was compiled in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2004 Edition.



## ANNUAL MINERAL RESOURCE STATEMENT

**Table 1: Tagpura, Maangob and Kalamatan Inferred Mineral Resource Estimate > 0.3% Copper**

Inferred Prospect	Oxidation	Tonnes	Cu (%)	Au (ppm)	Cu (t)	Au (oz)
Maangob	oxide	500	0.32	0.06	1	1
	transitional	265,500	0.37	0.04	1,000	300
	fresh	4,756,000	0.41	0.06	19,500	9,200
<b>Sub Total</b>		<b>5,022,000</b>	<b>0.41</b>	<b>0.06</b>	<b>20,500</b>	<b>9,500</b>
Kalamatan	oxide	-	-	-	-	-
	transitional	1,811,000	0.38	0.22	6,800	12,600
	fresh	4,836,000	0.36	0.23	17,200	35,300
<b>Sub Total</b>		<b>6,647,000</b>	<b>0.36</b>	<b>0.22</b>	<b>24,000</b>	<b>47,900</b>
Tagpura West	oxide	251,000	0.39	0.06	1,000	500
	transitional	2,225,500	0.36	0.06	8,000	4,300
	fresh	13,232,500	0.34	0.08	45,000	34,000
<b>Sub Total</b>		<b>15,709,000</b>	<b>0.34</b>	<b>0.08</b>	<b>54,000</b>	<b>38,800</b>
Tagpura East	oxide	219,000	0.57	0.18	1,200	1,250
	transitional	2,009,000	0.74	0.26	14,900	16,800
	fresh	3,069,000	0.70	0.25	21,500	24,650
<b>Sub Total</b>		<b>5,297,000</b>	<b>0.71</b>	<b>0.25</b>	<b>37,600</b>	<b>42,700</b>
<b>Grand Total</b>		<b>32,675,000</b>	<b>0.42</b>	<b>0.13</b>	<b>136,100</b>	<b>138,900</b>

**Table 2: Tagpura, Maangob and Kalamatan Inferred Mineral Resource Estimate > 0.4% Copper**

Inferred Prospect	Oxidation	Tonnes	Cu (%)	Au (ppm)	Cu (t)	Au (oz)
Maangob	oxide	-	-	-	-	-
	transitional	55,000	0.46	0.06	200	100
	fresh	1,917,000	0.52	0.08	10,000	4,900
<b>Sub Total</b>		<b>1,972,000</b>	<b>0.52</b>	<b>0.08</b>	<b>10,200</b>	<b>5,000</b>
Kalamatan	oxide	-	-	-	-	-
	transitional	560,000	0.44	0.22	2,500	3,900
	fresh	613,000	0.43	0.24	2,600	4,700
<b>Sub Total</b>		<b>1,173,000</b>	<b>0.43</b>	<b>0.23</b>	<b>5,100</b>	<b>8,600</b>
Tagpura West	oxide	100,000	0.47	0.06	500	200
	transitional	466,000	0.44	0.07	2,000	1,100
	fresh	1,322,000	0.44	0.09	5,800	3,800
<b>Sub Total</b>		<b>1,888,000</b>	<b>0.44</b>	<b>0.08</b>	<b>8,300</b>	<b>5,100</b>
Tagpura East	oxide	169,000	0.64	0.20	1,100	1,100
	transitional	1,395,000	0.92	0.33	12,800	14,800
	fresh	2,390,000	0.81	0.29	19,400	22,300
<b>Sub Total</b>		<b>3,954,000</b>	<b>0.84</b>	<b>0.30</b>	<b>33,300</b>	<b>38,200</b>
<b>Grand Total</b>		<b>8,987,000</b>	<b>0.63</b>	<b>0.2</b>	<b>56,900</b>	<b>56,900</b>

**Competent Person Statement**

The information in this Annual Report that relates to Mineral Resources was prepared and first disclosed under the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (“JORC Code”) 2004 Edition and has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported. It was previously released to ASX on 10 October 2012 and was titled “New Copper Gold Discovery at Comval”. The Company is not aware of any new information or data that materially affects the information as previously released on 10 October 2012 and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Mineral Resource released on 10 October 2012 was prepared by Mr Chris Black of Cube Consulting, who is a Member of The Australasian Institute of Geoscientists. Chris Black has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Chris Black consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Cube Consulting is an independent Perth based resource consulting firm specialising in geological modelling, resource estimation and Information Technology.

This Annual Mineral Resource Statement is based on and fairly represents information and supporting documentation prepared by competent persons. The Annual Mineral Resource Statement as a whole has been approved by Mr Reeves (B App Sc (Hons) (Applied Geology) MBA, MAIG), 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 and 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.