



25 November 2019

NORNICO ROYALTY AGREEMENTS TO BE ASSIGNED TO AUSTRALIAN MINES LIMITED

Metallica Minerals Limited (**Metallica**, ASX: MLM) is pleased to advise that it has entered into a Deed of Settlement, Release and Undertaking, which has the effect of releasing Metallica and its wholly owned subsidiary, Nornico Pty Limited (Administrators Appointed) (Nornico), from all current and potential liabilities and claims in association with the unassigned royalty agreements.

As announced by Metallica 16 August 2019, Nornico had been placed into Voluntary Administration following the discovery that two Nornico royalty agreements (Bell Creek and Minnamoolka tenements) were not assigned, by the prior Directors and management of Nornico, as part of the sale of the Sconi Project to Australian Mines Limited (ASX:AUZ) (refer to ASX announcements dated 2 September 2017 and 12 December 2017) (Sconi Transaction).

Parties to the Deed are Metallica, Nornico, International Royalty Corporation (IRC), AUZ, Sconi Mining Operations Pty Ltd (Sconi) (a wholly owned subsidiary of AUZ), and the Nornico administrators. The key features of the Deed are:

1. Nornico is to assign all outstanding Royalty agreements to Sconi, including the IRC Royalty agreement (Deed of Assignment and Assumption).
2. All relevant parties release and discharge other parties from all claims, other than claims arising from the provisions of the royalty agreements and the Deed of Assignment and Assumption between IRC and Sconi.
3. A condition precedent must be satisfied including that either Nornico enter into the Deed of Company Arrangement (DOCA) on terms which approve the execution of the Deed of Assignment and Assumption by Nornico or creditors approve return of control of Nornico to its Directors.
4. Metallica agrees to reduce the amount payable by AUZ from \$5,000,000 to \$2,500,000, in relation to the Production Payment, which is payable upon AUZ reaching commercial production from the Sconi project, as per the terms of the Sconi Transaction.

The Second Creditors meeting of Nornico is due to be held on 25 November 2019 to vote that Nornico be returned to the control of its directors (as a solvent entity).

Following the execution of the Deed by all parties, Metallica and Nornico will no longer be subject to any claim by IRC. Nor will the prior Directors of Nornico and Metallica be subject to any claim by IRC.

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