



**Australian Mines Limited**

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## **Bell Creek and Minnamoolka Projects Agreement on Royalties**

Australian Mines Limited (**Australian Mines** or **the Company**) (Australian ASX: AUZ; USA OTCQB: AMSLF; Frankfurt Stock Exchange: MJH) refers to the ASX announcements released by Metallica Minerals Limited (ASX: MLM) ("MLM") on 16 August 2019 and 18 September 2019 with respect to two royalties on the Company's Bell Creek and Minnamoolka Projects that were not assigned to Australian Mines when the Sconi Project was acquired in December 2017.

Australian Mines advises that it has agreed to assume the royalties in exchange for MLM reducing the payment due to MLM upon commencement of commercial production at the Sconi Project from \$5,000,000 to \$2,500,000.

Given that any decision to develop the Bell Creek and/or Minnamoolka Projects would follow commencement of production at the Sconi Project, Australian Mines considers the substantial reduction in the up-front commercial production payment at the Sconi Project to be beneficial to the Company and its shareholders.

Further detail with respect to the arrangement are set out in the annexure to this announcement.

For and on behalf of the Board

*Benjamin Bell*

Benjamin Bell  
(Managing Director and CEO)

For further information, please email [investorrelations@australianmines.com.au](mailto:investorrelations@australianmines.com.au)

## ANNEXURE – AGREEMENT ON BELL CREEK AND MINNAMOOKKA PROJECT ROYALTIES

The MLM announcements on 16 August 2019 and 18 September 2019 advised that MLM's wholly owned subsidiary, Nornico Pty Ltd (Administrators Appointed) (ACN 065 384 045) ("Nornico") had been placed into Voluntary Administration following the discovery that two royalty agreements to which Nornico was a party ("Royalties") had not been assigned to SMO when the Sconi, Bell Creek and Minnamoolka Projects were acquired by Australian Mines' wholly owned subsidiary, Sconi Mining Operations Pty Ltd ("SMO") in December 2017.

The Royalties and their payment obligations are:

- (a) a royalty of \$1.00 per tonne for the first 5 million tonnes of ore produced and \$2.00 per tonne for production in excess of 5 million tonne on the Bell Creek tenements, payable to International Royalty Corporation ("IRC"); and
- (b) a royalty of \$1.00 per tonne for the first 500,000 tonnes of ore produced and \$1.50 for production in excess of 500,000 tonnes of ore on the Minnamoolka tenement, that was payable to Auriongold Exploration Pty Limited (now deregistered).

Under the agreement with MLM, IRC and related entities:

- (a) SMO will assume the Royalties in exchange for MLM reducing the payment due to MLM upon commencement of commercial production at the Sconi Project from \$5,000,000 to \$2,500,000.
- (b) Relevant parties release and discharge the other parties from any claims relating to MLM's failure to assign the Royalties in December 2017.
- (c) The arrangement is subject to the condition that Nornico either:
  - (i) enter into a Deed of Company Arrangement on terms which approve the execution of the Settlement Deed by Nornico; or
  - (ii) creditors approve the return of control of Nornico to its directors.

The second meeting of creditors of Nornico to approve the above is due to be held on 25 November 2019.

