



3 May 2019

ASX Announcement

Royalty from Koolyanobbing Iron Ore Project

- **Vonex received first notification of royalties derived from the Koolyanobbing Iron Ore Project currently being mined by Yilgarn Iron Pty Ltd, a subsidiary of Mineral Resources Limited**
- **\$282,305 of royalties were generated for the quarter ended March 2019, offsetting against a prepaid amount of \$3 million, leaving remaining pre-payment amount of \$2,717,695 prior to any royalties flowing to Vonex**

Telecommunications innovator Vonex Limited (“Vonex” or the “Company”) (ASX: VN8) is pleased to advise that it has received a royalty statement from Mineral Resources Ltd (“Mineral Resources”) regarding Vonex’s entitlements to iron ore production royalties in respect to M77/1258 which is part of the Koolyanobbing Iron Ore Project currently being mined by Yilgarn Pty Ltd (“Yilgarn”), a wholly owned subsidiary of Mineral Resources.

Pursuant to the Johnston Range Tenement Sale Agreement between Golden State Resources Ltd and Cliffs Asia Pacific Iron Ore Pty Ltd (“Cliffs”) dated 29 April 2010, Cliffs made a royalties prepayment of \$3 million to Golden State Resources. The assets of Cliffs including its mining tenements were acquired by Mineral Resources Ltd on 28 August 2018. When ore is mined and sold from M77/1258, Vonex is entitled to a 2% royalty calculated on a quarterly basis now payable by Yilgarn.

Vonex acquired the royalty entitlement as part of its reverse takeover of Aleator Resources Ltd (formerly known as Golden State Resources) in February 2017.

The royalty payment due to Vonex for the March 2019 quarter was \$282,305, which has been offset against a prepaid royalty amount of \$3 million, leaving a pre-payment amount of \$2,717,695. Vonex is entitled to future royalties, however the timing and quantum of the royalty depends on a number of variables, including the future production and economic viability of mining activities at M77/1258 by Mineral Resources.

Vonex Managing Director Matt Fahey said: “The decision to divest all mining projects but to retain the Johnston Range royalty entitlement is now starting to pay off. Although there remains a royalty pre-payment account before we see cashflow from the mining activities, any future royalty income stream requires no expenditure or resources by Vonex.”

ENDS



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About Vonex

Vonex is a full service, award-winning telecommunications service provider selling mobile, internet, traditional fixed lines, and hosted PBX and VoIP services - predominately to the small to medium enterprise ("SME") customer under the Vonex brand. The Company also provides wholesale customers, such as internet service providers, access to the core Vonex PBX and call termination services at wholesale rates via a white label model.

Vonex also develops new technologies in the telecommunications industry, including a feature-rich cloud-hosted PBX system. Vonex is also developing the Oper8tor App, a multi-platform real-time voice, messaging and social media app that allows users to connect with all social media friends, followers and contacts across different social medias, all consolidated into one app.

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