



ASX RELEASE

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SALE OF SCONI PROJECT FOR \$10 MILLION

HIGHLIGHTS

- Metallica agrees to sell the SCONI Project for A\$10 million in cash and shares to Australian Mines
- Transaction delivers on Metallica's strategy of focusing on cash producing bauxite assets and unlocking value from non-core assets
- Contingent payments secured via a mortgage and caveat over the tenements
- Metallica's total proforma cash balance post Completion Payment will be approximately A\$7.5 million

Metallica Minerals Limited ([ASX:MLM](#)) (**Metallica**, or the **Company**) is pleased to announce it has executed a Sale and Purchase Agreement (**Agreement**) with Australian Mines Limited (**Australian Mines**) in relation to the SCONI Project tenements (**SCONI Project**) in North Queensland.

The Agreement provides for the sale of 100% of the project tenements to Australian Mines, superseding the Farm-in and Joint Venture Agreement announced by Metallica on 10 October 2016.

The key terms of the transaction are:

- Payment of A\$3.5 million (**Completion Payment**) in cash by Australian Mines to Metallica on the Completion Date;
- Issuance of Australian Mines shares to Metallica to the value of A\$1.5 million (based on a 30-day volume weighted average price) (**Consideration Shares**) upon the earlier of the completion of a Definitive Feasibility Study by Australian Mines or 30 June 2018;
- A further A\$5 million in cash or issuance of Australian Mines shares (based on a 30-day volume weighted average price) (**Production Payment**) following the commencement of commercial production from the SCONI Project;
- Australian Mines shares issued to Metallica will be subject to a three-month escrow period;
- Metallica will obtain a caveat and mortgage over the SCONI tenements to protect its rights under the Agreement; and
- The termination of the Farm-In and Joint Venture Agreement between Metallica and Australian Mines.

The Completion Payment is expected to be made five days after a number of conditions precedent are satisfied by Australian Mines, including obtaining shareholder approval for the Sale and Purchase Agreement (if required) and completing a capital raising to fund the Completion Payment.

The Agreement is subject to several other conditions precedent related to regulatory and other approvals and contains a number of other terms considered normal in an agreement of this nature. If the conditions precedent are not satisfied or waived within 60 business days then the Agreement will be terminated.

Metallica CEO, Mr Simon Slesarewich said:

“With Metallica’s focus firmly on the development of the Urquhart Bauxite Project, the SCONI Project has become a non-core asset, which was reflected in the earn-in agreement signed with Australian Mines in 2016. This transaction represents an opportunity for SCONI to be progressed even more effectively, to the benefit of both parties.

“Metallica is set to retain significant exposure to the project by taking equity in Australian Mines and having additional payments linked to commercial production. The cash to be received will be used to advance the Urquhart Bauxite Project and potentially to assist Metallica with its strategic objective of increasing bauxite production to 5 to 7 million tonnes annually, over the next 3 to 5 years.”

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