



16 AUGUST 2019

VOLUNTARY ADMINISTRATORS APPOINTED FOR SUBSIDIARY COMPANY, NORNICO PTY LTD

Anthony Connelly and Jamie Harris of McGrath Nicol have been appointed as Voluntary Administrators of Nornico Pty Limited (**Nornico**), a wholly owned subsidiary of Metallica Minerals Limited (**Metallica**; ASX: MLM).

The first meeting of creditors is scheduled to take place on or before 8 business days following the appointment of the administrators.

Background

In February 2019, new directors of Nornico (**Nornico Directors**) were appointed and have recently advised the Board of Metallica as follows:

*Nornico recently received correspondence on behalf of International Royalty Corporation (IRC) requesting confirmation that the royalty agreement held by IRC with Nornico (**IRC Royalty Agreement**) had been assigned to Sconi Mining Operations Pty Ltd, a subsidiary of Australian Mines Limited as part of the sale of the Sconi project (refer ASX Announcements dated 2 September 2017 and 12 December 2017) (**Sconi Transaction**).*

The Nornico Directors were previously unaware of the IRC Royalty Agreement and accordingly undertook a review of the company records to identify the position regarding the IRC Royalty Agreement.

The review of Nornico company records revealed that:

- a) *There were three royalty agreements in existence relating to the tenements transferred as part of the Sconi Transaction, of which the IRC Royalty Agreement was one;*
- b) *The Sale and Purchase Agreement (SPA) to sell the Sconi assets to Australian Mines Ltd was executed effective from 2 September 2017;*
- c) *Only one of the three royalty agreements was assigned to the purchaser as part of the SPA;*
- d) *Nornico remains a party to the two remaining royalty agreements with the counter-parties to those royalty agreements;*

e) *Nornico was, at the date of reviewing the company records, a dormant company that:*

- a. *has not traded for over 12 months,*
- b. *has no assets;*
- c. *has no bank account; and*
- d. *has no facility or arrangement in place with any other party.*

f) *Metallica is a current and the largest creditor of Nornico.*

Nornico has been conducting investigations about whether the parties to the royalty agreements were possible contingent creditors.

To ensure that Nornico does not trade whilst insolvent in dealing with any claim, the Nornico Directors have appointed Voluntary Administrators, who will manage the process of resolving any claims against Nornico.

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The existence of these royalty agreements and their effect on Nornico was omitted from the Metallica consolidated Audited Financial Statements as at 30 June 2018. The Financial Statements as at 31 December 2017 also incorrectly stated that there had been no changes to the contingent liabilities noted in the 2017 annual financial report.

Metallica Chairman, Theo Psaros said:

"It is uncertain why Nornico did not assign all royalty agreements as part of the Sconi Transaction. The steps taken by the current Nornico Board is a prudent step to ensure that the process is managed and resolved with the assistance of an independent party. We can assure shareholders of Metallica that the new Metallica Board is doing everything in its power to resolve this matter, including any residual effect on Metallica."

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