

## CLARIFICATION OF MEDIA COMMENTS

**Auris Minerals Ltd (ASX: AUR)** notes comments attributed to Mr Andrew Frazer of Somers and Partners Pty Ltd in The West Australian on Saturday, 17 March 2018 in which it was noted:

*“One of the brokers, Andrew Frazer, said he and other shareholders had been disappointed with the Sandfire deal, suggesting previous offers which had been on the table had been more attractive and should have been put to shareholders.”*

In the interests of ensuring all shareholders have an equal level of knowledge of the Company’s affairs a summary of that information is now provided below.

### **March 2017 JV Proposal**

On Monday, 27 March 2017, a proposal was received by the Company from Mr Andrew Frazer that contained an offer from a Company to enter into a Joint Venture for the majority of Auris’ assets (the “**March 2017 JV Proposal**”). The March 2017 JV Proposal was in final form and appeared to have been under negotiation for some time without the knowledge of the Auris Board. Mr Rob Martin had knowledge of this proposal and had been involved in discussions with Mr Andrew Frazer and Mr Gary Castledine regarding the Joint Venture proposal and tabled to the Board that Mr Castledine was expecting to receive a fee of \$250,000 in recognition of his involvement in bringing the offer to the Company.

The Company provided a release to the ASX on 7 April 2017 advising that it was in receipt of various proposals and had retained independent advisors to support a commercial and legal review of the proposals. This was deemed necessary by the Board as neither the Board nor the Executive Team had been involved in any discussions or negotiations with the proposed March 2017 JV Proposal Party. In addition, Auris had received another informal approach regarding its assets. This approach did not eventuate in a final offer being presented to the Board.

The March 2017 JV Proposal presented to the Board by Messrs Frazer and Castledine contained the following key commercial terms:

#### **JV Offer**

1. The JV was for Auris’ Doolgunna, Morck’s Well East and Cashmans project areas. A land package of 755 km<sup>2</sup> (Figure 1).
2. The incoming JV partner to spend \$5 million on exploration expenditure across the farm-in areas in the first 2 years before it can withdraw.
3. Stage 2 required a \$4 million spend across the tenements within four years to earn up to 51%.
4. Stage 3 required an additional \$3 million spend within 6 years to earn up to 75% of the project areas.

5. Following \$12 million of expenditure the incoming JV partner will have earned 75% in all the projects.
6. If at **any time** a JORC resource of 50,000 tonnes of copper (inferred category) was identified, then the JV partner was deemed to have immediately earned 75% of all the project areas.

#### **Auris Option and Conditions**

7. Conditional on the JV proceeding, Auris was offered the option to accept an equity subscription of \$3 million (the “**Offer**”).
8. The Offer came with the following conditions:
  - a. Auris must spend \$2 million within 2 years on its remaining exploration projects (non-JV tenements). If a discovery is made on the non-JV tenements, then any subsequent sale by Auris of those tenements would be subject to an irrevocable pre-emptive right.
  - b. Any new projects acquired by Auris within the Bryah Basin would also be subject to the irrevocable pre-emptive right in the event of a sale by Auris of those projects.

**Sandfire Farm-in Agreement (“2018 Transaction”)** The recently completed 2018 Transaction as announced by Auris (see ASX announcement 27 February 2018) provides for the following key terms:

1. A Farm-in Agreement (Farm-in) across Auris’ Doolgunna and Morck’s Well East Projects. Land package of 429 km<sup>2</sup> (Figure 1).
2. A payment on signing of the Farm-in right of \$1.5m.
3. Sandfire to spend a minimum before withdrawal of \$2m within 2 years.
4. Sandfire to sole fund all exploration costs until a positive Feasibility Study is complete on a Discovery of not less than 50,000t contained copper JORC resource (minimum 50% Indicated category). No maximum spend amount meaning Sandfire will be responsible for all exploration costs of the tenements until a Discovery is made.
5. The delivery to Auris of a Feasibility Study with a mine plan for the Discovery which is technically achievable and economically viable which would underpin progressing to the Discovery to a decision to mine would secure Sandfire 70% of the project.

***The Board unanimously agreed to implement the 2018 Transaction as announced to the ASX.***

The Auris Board refused to implement the March 2017 JV Proposal made by Messrs Frazer and Castledine as the proposal didn’t receive the support of any of the Auris directors.

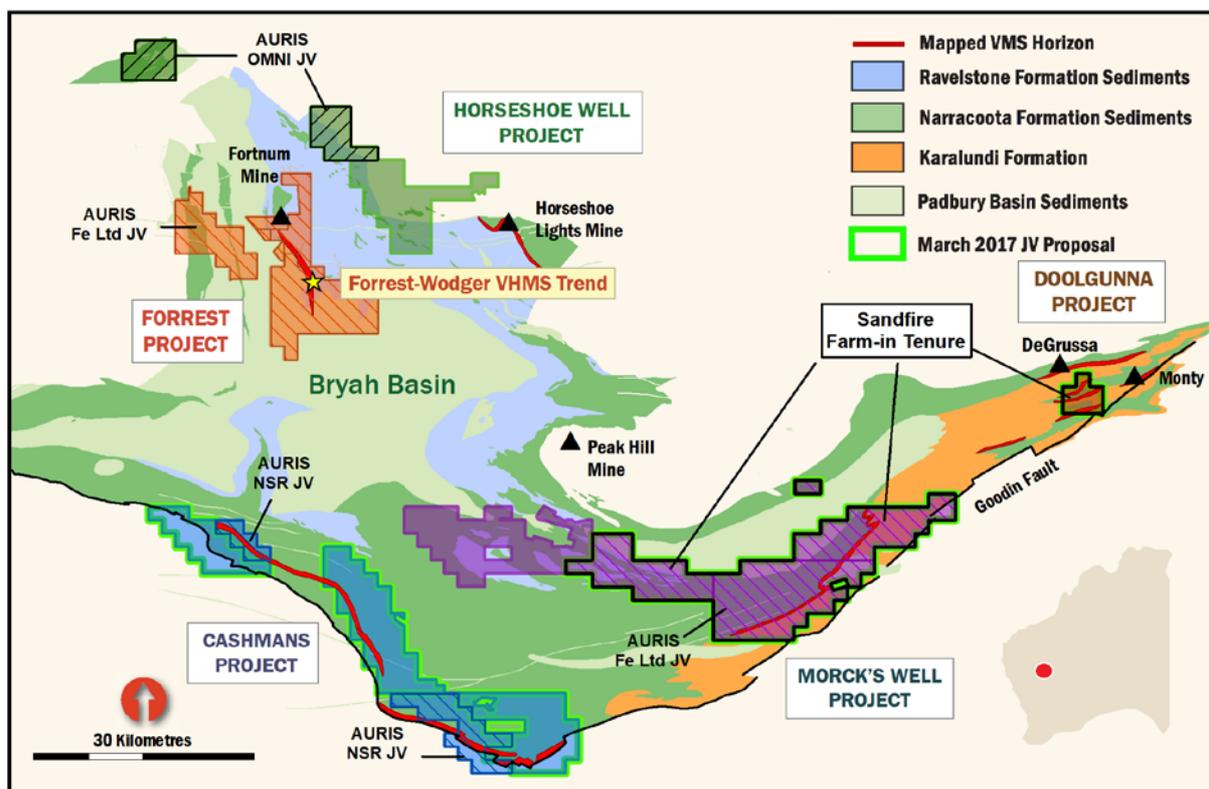
The 2018 Transaction recently announced by Auris was superior to the March 2017 JV Proposal in the following ways:

- The March 2017 JV Proposal Offer, would have, if accepted, significantly encumbered all of Auris’ current and potential new projects in the Bryah Basin and would have left the Company as merely an exploration division of the JV partner with no independence or associated corporate appeal.

- The March 2017 JV Proposal would have handed over control of the majority of the Company’s assets without a Discovery.
- The 2018 Transaction that Auris has transacted with Sandfire, resulted in the Company being well-funded and fully leveraged to the future exploration success on its 100% owned projects and only dilutes its interest in the Farm-in tenements following the completion of a Feasibility Study on a Discovery.
- No fees were paid to a third party in relation to the 2018 Transaction.

For and on behalf of the Board.

**Bronwyn Barnes**  
Chair



**Figure 1:** Auris Tenure in the Bryah Basin. Sandfire Farm-in Tenure (“2018 Transaction”) tenements as marked. “March 2017 JV Proposal” tenure – green highlight.

**Notes**

1. The Forrest Project tenements (Figure 1) have the following outside interests:
  - i. Auris 80%; Fe Ltd 20% ((Fe Ltd (ASX:FEL) interest is free carried until a Decision to Mine)
  - ii. Westgold Resources Ltd (ASX:WGX) own the gold rights over the Auris interest.
2. Doolgunna Project tenement E52/2438 – Subject to Farm-in Agreement with Sandfire Resource NL (ASX:SFR)
3. The Morck’s Well East JV Project tenements E52/1613, E51/1033, E52/1672 (Figure 1) (Auris 80%; Fe Ltd 20%)
  - i. Subject to Farm-in Agreement with Sandfire Resources NL (ASX:SFR)
4. The Cashmans Project tenements E51/1391, E51/1837-38, E52/2509 (Figure 1) have the following outside interests:
  - i. Auris 51%; Northern Star 49% (ASX:NST) with Auris earning 70%
5. The Horseshoe Well Project tenements E52/3248, E52/3291, E52/2509 (Figure 1) have the following outside interests:
  - i. Auris 85%; OMNI Projects Pty Ltd 15% (OMNI interest is free carried until a Decision to Mine)

### Forward-Looking Statements

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