

## COMPLETION OF GLENCORE FUNDING ARRANGEMENTS

Aurelia Metals Limited (ACN 108 476 384) ("Aurelia" or the "Company") refers to the funding arrangements entered into with Glencore on 18 December 2015 and as previously referred to in the Company's ASX announcements of 18 March 2016, 8 February 2016, 18 December 2015 and 27 November 2015.

### New Funding deal complete

Aurelia is pleased to advise that the revised financing agreements with Glencore are now complete and finalised. As part of this agreement, Glencore has provided a new converting note facility of \$20 million (Facility F). A total of \$5 million from Facility F was received in November 2015 as an advance payment on agreeing the terms of the revised financing agreement.

The Company now advises that a further drawdown of \$13.5 million from Facility F has been made and as agreed, this drawdown has been immediately applied as a repayment against the existing convertible note Facility A. As a result, the balance of Facility A is reduced from \$23,579,871 to \$10,079,871.

The remaining balance of Facility A can be converted by the Company, subject to certain conditions, into shares at a conversion price consistent with the existing contract price adjusted in accordance with the Convertible Notes Deed Poll, at any time up to maturity of the facility, which is 30 months after 31 March 2018.

### New debt remains convertible into Aurelia shares

The drawn balance of Facility F has increased from \$5 million to \$18.5 million, with a further \$1.5 million available to be drawn by 30 June 2016. Facility F is convertible, subject to certain conditions, in the 5 business days prior to 31 March 2018, with a convertible price based on the 60 day VWAP price prior to the date of the conversion notice.

### No increase in debt level

This transaction has created no net increase in net indebtedness.

### Cleansing Notice

Following is a notice under section 708A(12C)(e) of the Corporations Act 2001 ("Cleansing Notice") in respect of the \$13.5 million in convertible notes issued today.

### Glencore Options

In addition, as part of the agreement with Glencore, Aurelia advises that it has also issued 108m options to Glencore, the details of which were previously announced and for which shareholder approval was obtained at the General Meeting of 18 March 2016. The Glencore options are only exercisable into Aurelia shares, in whole or in part, by Glencore at any time within 24 months of Aurelia having converted Facility A.

For further information, please contact:

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1 April 2016

Australian Securities Exchange Limited  
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**Notification under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) for the purposes of ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82**

This notice is given by Aurelia Metals Limited ABN 37 108 476 384 (ASX code: AMI) ("**AMI**" or the "**Company**") under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (the "**Corporations Act**") as modified by Australian Securities and Investments Commission ("**ASIC**") Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 ("**CI 2016/82**").

Where applicable, references in this notice to the Corporations Act are to those sections as modified by CI 2016/82.

On 1 April 2016 ("**Issue Date**"), AMI issued \$13.5 million worth of secured converting notes in AMI (convertible at AMI's option) ("**Converting Notes**") to Glencore Group Funding Limited ("**GGFL**" or "**Glencore**") following the drawdown under Facility F of the facilities provided by GGFL ("**Amended Glencore Facilities**") to set-off amounts owed by Hera Resources Pty Ltd under Facility A of the Amended Glencore Facilities.

The Converting Notes were issued without a disclosure document under Part 6D.2 of the Corporations Act.

Details of the Amended Glencore Facilities, of which Facility F forms a part, were provided in AMI's Notice of General Meeting dated 10 February 2016 ("**Notice of Meeting**").

The issue of the Converting Notes was approved by AMI's members at a general meeting on 18 March 2016 for the purposes of section 611, item 7 of the Corporations Act.

## **1. EFFECT OF THE ISSUE ON AMI**

The issue of the Converting Notes under Facility F was set off against amounts owed under Facility A, having no net effect on the indebtedness of AMI. The indebtedness created by the issue of the Converting Notes will be reduced to the extent that the Converting Notes are converted to ordinary shares at AMI's option. If Converting Notes are converted, AMI's equity capital will increase by that number of shares issued upon conversion as detailed by the conversion formula below.

The number of ordinary shares to be issued upon conversion of a Converting Note is determined as follows:

## Principal Amount / Conversion Price

Where:

**Principal Amount** means, in respect of each Converting Note at any time, the outstanding principal amount of that Converting Note.

**Conversion Price** means for Converting Notes: the 60 day volume weighted average price per share prior to date of conversion notice

Assuming conversion of the Converting Notes today at a Conversion Price of \$0.068 per share<sup>1</sup>, the AMI capital structure would be as follows:

Capital structure	Share Capital
Conversion price	\$0.068
Shares on issue	387,991,188
Options	158,000,000
Performance Rights	672,000
<b>Fully diluted shares on issue</b>	<b>546,663,188</b>
Maximum Shares issued upon conversion of Converting Notes	198,529,412
<b>Fully diluted shares on issue following conversion of Converting Notes</b>	<b>745,192,600</b>

AMI also notes that investors should have regard to information regarding the Company, its securities and the financing arrangements with Glencore that have previously been disclosed on ASX, in particular, the Notice of Meeting.

The Notice of Meeting contains more detail on the other converting notes which form part of the Amended Glencore Facilities and also the maximum voting power that Glencore or its associates may attain in AMI, under different conversion scenarios, upon the conversion of the various converting notes (see the Chairman's Letter at page 8 and sections 6.4 and 6.5 at pages 30 - 33 of the Notice of Meeting).

## 2. IMPACT ON AMI'S FINANCIAL POSITION

Set out below is a pro forma consolidated balance sheet for AMI as at 31 December 2015 (audited), adjusted to reflect the drawdown of Facility F and issuance of Converting Notes and the repayment of Facility A (unaudited).

<sup>1</sup> The actual Conversion Price on the date of any conversion of the Converting Notes may be higher or lower than this amount.

At 31 December 2015, the Company classified its debt in accordance with the existing debt amortisation profile, as classified in the 30 June 2015 accounts, adjusted for the additional \$5.0 million drawn under Facility F, with adjustment for the standstill agreement and timing of debt obligations under the existing loan agreements.

With the Company successfully meeting all conditions precedent under the new financing arrangement with Glencore, the debt classification has been restated to reflect the terms of the new agreement with Glencore. Facility A, some \$10.080 million after the mandatory set-off from the drawdown on Facility F, is classified as a current liability due to the active consideration and likely intention to repay the remainder with a debt to equity conversion. This decision has not been finalised. All other debt amounts are classified as non-current as the repayment obligations are deferred for 24 months.

The restated position shows the reversal of interest capitalised and expensed on the Glencore debt from 27 November 2015 to 31 December 2015. Under the new agreement, all payment and interest obligations are frozen from 27 November 2015 to 31 March 2018 subject to an agreed regime around upside repayments.

	Accounts as at 31/12/2015 (audited)	Restated with completion of Glencore Financing Agreement (Facility F drawdown and Facility A repayment)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	9,360,121	9,360,121
Trade and Other Receivables	1,136,063	1,136,063
Inventories	6,037,290	6,037,290
Prepayments	576,308	576,308
<b>Total Current Assets</b>	<b>17,109,782</b>	<b>17,109,782</b>
<b>Non-current Assets</b>		
Property, plant and Equipment	54,790,653	54,790,653
Investments in Associates	0	0
Financial Assets	409,200	409,200
Exploration and evaluation assets	116,000	116,000
Mine properties	32,284,170	32,284,170
<b>Total non current Assets</b>	<b>87,600,023</b>	<b>87,600,023</b>
<b>TOTAL ASSETS</b>	<b>104,709,805</b>	<b>104,709,805</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and Other Payables	12,084,562	9,702,568
Provisions	2,191,997	2,191,997
Glencore Borrowings - current <sup>(1)</sup>	37,675,794	10,079,871
Other Borrowings - current	580,470	580,470
<b>Total current Liabilities</b>	<b>52,532,823</b>	<b>22,554,906</b>
<b>Non-current Liabilities</b>		
Provisions	10,718,383	12,870,018
Glencore Borrowings - non current <sup>(1)</sup>	88,102,663	114,969,936
Other Borrowings - non current	(3,151,915)	(3,151,915)
<b>Non current liabilities</b>	<b>95,669,131</b>	<b>124,688,039</b>
<b>TOTAL LIABILITIES</b>	<b>148,201,954</b>	<b>147,242,945</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>(43,492,149)</b>	<b>(42,533,140)</b>
<b>EQUITY</b>		
Contributed equity	99,929,152	99,929,152
Reserves	3,954,240	3,954,240
Retained losses	(147,375,541)	(146,416,532)
<b>TOTAL EQUITY</b>	<b>(43,492,149)</b>	<b>(42,533,140)</b>
<sup>(1)</sup> Total Glencore Borrowings	125,778,457	125,049,807

### 3. RIGHTS AND LIABILITIES ATTACHING TO THE CONVERTING NOTES

Converting Notes amount:	\$13.5 million
Facility F Limit:	\$20 million
Conversion:	Priced at 60 day VWAP prior to the relevant conversion notice, convertible at the Company's option, once only, within 5 business days before the Deferred Date (being 31 March 2018). No undrawn or repaid amounts can be converted. If converted, the total outstanding balance must be converted in part or in full.
Maturity Date:	The date which is 30 months after the Repayment Date (defined below).
Interest Payment Dates:	The 15th day in April, July, October and January of each year.
Interest Periods:	Each period on, and from, an Interest Payment Date to, but excluding, the following Interest Payment Date provided that the first Interest Payment Date will commence on the Drawdown Date and the final Interest Period will end on the Maturity Date.
Interest:	<p>During an Interest Period, interest will accrue on a daily basis at a rate equal to the Base Rate (determined on the first day of that Interest Period) plus the Margin Rate.</p> <p>Between 25 November 2015 and the Repayment Date, no interest will accrue. Upon the Repayment Date, interest will resume accruing. Such interest, must be paid in accordance with the paragraph headed "Payments" below.</p>
Payments:	<p>Payments of principal and interest will commence on the Deferred Date, or as amended pursuant to Amended Glencore Facilities with regards to payment suspension (the "<b>Repayment Date</b>").</p> <p>Quarterly payments of interest (in arrears) commencing on each Interest Payment Date following the Repayment Date and ending on the Maturity Date.</p> <p>Principal repayments will be made:</p> <ul style="list-style-type: none"> <li>(a) in a mandatory amount based on straight line amortisation from the Repayment Date; and</li> <li>(b) using 80% of free cash available under the cashflow waterfall after:</li> </ul>

- (i) paying for all operating costs, mandatory scheduled debt service and other agreed costs; and
- (ii) making cash sweep repayments under each of Facility A, Facility B, Facility C, Facility D and Facility E.

Principal repayments will be required to be made on the Repayment Date and each Interest Payment Date following the Repayment Date.

Starting from 18 May 2016 until the Deferred Date, if the total CFADS for the preceding quarter for AMI or a Borrower exceeds \$10,000,000, the excess must be applied as a mandatory prepayment of the Facilities.

"CFADS" means an amount equal to the revenue of a company during a three month rolling period prior to the testing date less the total of each of the following for that period:

- (a) all mine site operating and maintenance expenses paid;
- (b) all mine site capital expenditure paid;
- (c) all corporate and discover costs; and
- (d) all working capital expenses.

For the avoidance of doubt, CFADS excludes the proceeds from:

- (a) any issue of shares or securities that are convertible into shares;
- (b) any options to subscribe for any such shares or convertible securities; or
- (c) any instruments, warrants, options or other arrangements which would lead to the Company issuing shares to the holder of the relevant security or arrangement (or other person).

Gross-up:

If the holder of a Converting Note is not domiciled in Australia and the Company is required to withhold tax in relation to any payment made to the holder of that note in connection with the facility, the Company will be required to gross-up the relevant payment.

Prepayment:

No penalty or break costs except for break costs incurred if

	repayment does not occur on an Interest Payment Date.
Security:	Specific security deed granted by the Company in favour of a security trustee over the Company's shareholding in Nymagee Resources Pty Ltd ACN 138 154 131 (" <b>Nymagee</b> ") and Hera Resources Pty Limited ACN 138 992 999 (" <b>Hera</b> ") and its interest in the Nymagee JV agreement.  All asset security granted by Hera and Nymagee.
Events of Default and Representations and Warranties:	Customary Events of Default and representations and warranties by the Company.
Hedging Requirements:	None.
Base Rate:	3M Australia BBSW.
Margin Rate:	4.0% pa and 6.5% during a default.
Rights:	The Converting Notes are non-voting and do not carry any entitlement to participate in any rights issues, returns of capital, bonus issues or capital restrictions. If the Company reorganises its share capital, the number of shares issued under the Converting Note will be amended in accordance with the ASX Listing Rules.
Transferability:	The Converting Notes will be transferable by Glencore subject to certain conditions, including the Company's consent (unless certain conditions are met), the transferee of the Converting Notes acceding to the terms of the Amended Glencore Facilities and agreeing to sell-down its holding of Converting Notes in the event that conversion by the Company would require further AMI shareholder approval.
Uses:	Setting off \$13.5 million as partial repayment of Facility A.

#### 4. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE CONVERTING NOTES

Shares issued on conversion of the Converting Notes will rank equally in all respects with other shares on issue. The following is a broad summary of the rights which are attached to AMI shares.

<b>Voting Rights:</b>	At a general meeting each shareholder in person or by proxy, attorney or representative is entitled to one vote on a show of hands.  On a poll, every person present who is a shareholder or a proxy,
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attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share.

<b>General Meetings</b>	Each shareholder has the right to receive notice of and to attend and vote at all general meetings of AMI
<b>Dividend Rights</b>	There is no entitlement to a dividend other than that determined by the directors from time to time.
<b>Rights on winding up</b>	In a winding up, the shares attract the right to participate equally in the distribution of the assets of AMI (both capital and surplus), subject to any amounts unpaid on the share.
<b>Offer of Shares</b>	Subject to the Corporations Act, the Listing Rules and AMI's Constitution, the Directors may at any time issue such number of Shares either as ordinary shares or shares of a named class or classes at the issue price that the Directors determine and with such preferred, deferred or other special rights or such restrictions.
<b>Transfer of shares</b>	Subject to AMI's constitution, shareholders may transfer any share held by them by an ASX Settlement Transfer or any other method of transferring or dealing in shares introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or ASX Listing Rules and in any such case recognised under the Corporations Act or an instrument in writing in any usual or common form or in any other form that the Directors approve.
<b>Variation of rights</b>	If at any time the share capital of AMI is divided into difference classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of the class.

## 5. COMPLIANCE WITH CONTINUOUS DISCLOSURE

As a disclosing entity, AMI is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to AMI may be obtained from, or inspected at an ASIC office.

As at the date of this notice, AMI has complied with:

- (i) the provisions of Chapter 2M of the Corporations Act, as they apply to AMI; and
- (ii) section 674 of the Corporations Act, as it applies to AMI.

AMI will provide a copy of any of the following documents free of charge, to any person on request:

- (i) a copy of its annual financial report most recently lodged with ASIC;

- (ii) a copy of any half-year report lodged with ASIC after lodgement of that annual financial report and before the lodgement of this cleansing notice; and
- (iii) a copy of any continuous disclosure notices given after the lodgement of that annual financial report and before the lodgement of this cleansing notice.

## 6. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICE

AMI is not aware of any information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of AMI; and
  - (ii) the rights and liabilities attaching to the Converting Notes being issued.

Yours faithfully



Richard Willson  
Company Secretary  
Aurelia Metals Limited