

FUNDING UPDATE

- Execution of definitive funding documentation with Pacific Road
- Adjusted payment terms agreed with Pybar Mining Services

PACIFIC ROAD FINANCING

Aurelia Metals Limited ("**Aurelia**" or the "**Company**") advises that it has executed definitive documentation with Pacific Road Capital Management Pty Ltd as trustee for the YTC Managed Investment Trust ("**Pacific Road**") with respect to the funding term sheet announced to the ASX on 9 September 2015.

Under the Agreements Pacific Road will provide:

- A convertible \$6 million working capital facility;
- A convertible \$6 million subordinated loan facility; and
- An exclusive entitlement to underwrite up to a \$25 million an equity raising by Aurelia.

The Company will grant to Pacific Road 40 million share options with an exercise price of \$0.0125 per option, with an expiry date of 5 years from the date of execution.

Aurelia has not yet decided the quantum or timing of any capital raising but welcomes Pacific Road's support for its funding initiatives.

A summary of the Agreement terms are presented below:

A\$6 million Working Capital Facility (Facility A)	
Type	Convertible loan
Amount	Up to A\$6,000,000
Purpose	To fund working capital requirements of Aurelia (including an amount of approximately A\$2,700,000 to fund Employee Entitlement Payments) in accordance with an agreed payment schedule.
Availability Period	From the date Pacific Road notifies Aurelia that all of the conditions precedents to first utilisation have been satisfied until the earlier to occur of the Maturity Date or 31 December 2015.
Interest Rate	8% per annum, accruing daily, paid on maturity.
Repayment / Conversion	Subject to shareholder approval and at Pacific Road's election, the Loan will be converted to equity at A\$0.01 per share upon maturity. If shareholder approval is not received, the facility will become repayable in full upon maturity.
Conditions Precedent to Facility A Only	Terms customary for a facility of this nature, including, but also including: <ul style="list-style-type: none"> • Confirmation of acceptable negotiations with major contractors • Agreed plan in relation to mining at the Hera project • Agreed working capital schedule

A\$6 million Convertible Subordinated Loan Facility (Facility B)	
Type	Convertible loan
Amount	Up to A\$6,000,000
Purpose	Facility to be used by Aurelia for general working capital purposes and select capital work programs (which will have been agreed between Aurelia and Pacific Road as a condition precedent to the Facility).
Availability Period	From the date that Pacific Road notifies Aurelia that all of the conditions precedents to first utilisation have been satisfied until the earliest to occur of the Maturity Date, 31 December 2015 (if Facility A has not been drawn down on or by that date) and 30 June 2016.
Interest Rate	12% per annum, accruing daily, paid on maturity.
Termination Date	The later of 10 months from the date of first drawdown of the facility or to the extent that a Conversion Notice has been submitted, in respect of that part of the Principal Amount the subject of the Conversion Notice, the date falling 2 Business Days after the relevant Conversion Notice is cancelled.
Repayment / Conversion	Subject to shareholder approval and at Pacific Road's election, the Loan will be converted to equity at A\$0.01 per share upon maturity. If shareholder approval is not received, the facility will become repayable in full upon maturity.
Conditions Precedent to Facility B only	Terms customary for a facility of this nature, including, but not limited to: <ul style="list-style-type: none"> • Facility A (other than any portion of such Facility Limit which is reserved for the funding of Employee Entitlement Payments) is fully drawn; • material improvement in operational performance of the Hera project; • agreed working capital and capital works schedule for Facility B as contemplated above.

Equity Underwriting	
Equity Underwrite:	Up until 31 December 2016, Pacific Road has the exclusive right to underwrite an equity raising up to A\$25 million at an issue price to be as agreed with Aurelia. Aurelia has an obligation to conduct the Equity Raising as a pro rata offer to shareholders or an offer to the public under a disclosure document, capable of being underwritten by Pacific Road. Dealings between Aurelia and Glencore are exempt from these exclusivity arrangements. Conditions to underwriting include: <ol style="list-style-type: none"> (1) Agreement on the base case life of mine plan and Aurelia's funding requirements; (2) Agreement on funding strategy, including any requirement for refinancing residual debt obligations; (3) Improved technical governance measures (4) Commitment by Aurelia to seek shareholder approval for the all requisite approvals; and (5) Receipt of all necessary Board and Committee approvals by Pacific Road. The underwriting is also subject to any required shareholder approvals.
Fees:	A 4% fee will be charged on the underwritten amount.

PYBAR DEFERRED PAYMENT ARRANGEMENTS

Aurelia has reached an agreement with its underground mining contractor Pybar Mining Services ('Pybar') for the deferral of outstanding payments until January 2016.

Under the terms of the agreement

- Pybar have agreed to defer outstanding amounts to 31 January 2016 subject to an interest rate of 11% per annum,
- Any successful funding and recapitalisation before 31 January 2016 will accelerate payment of deferred amounts as cash or on otherwise mutually agreed terms,
- Aurelia agree to repay outstanding amounts by \$50k per week through to January 2016,
- To the extent that Pybar elects in its absolute discretion to convert any or all of its outstanding amounts to equity, any such equity will be offered to Pybar at a price no greater than the lowest price offered paid by any other capital provider in the recapitalisation,
- Subject to AMI shareholder approval, AMI will issue to Pybar 10 million AMI share options with an exercise price of \$0.0125 per share and a 5 year term.