

DEBT REPAYMENT AND OPTION ANNULMENT

KEY POINTS

- Voluntary \$10M repayment of Facility A, reduces total debt by 8% to \$115M
- 108 million Glencore Options attached to Facility A are no longer exercisable
- Current cash balance after debt repayment is approximately \$18M

Aurelia's Managing Director & CEO, Jim Simpson comment: "I am pleased to report that the Company has commenced delivering on one of its core objectives, to reduce the Company's debt. The repayment of \$10 million of Facility A reduces our outstanding debt by 8% and it removes the potential dilution from 108 million options. Regaining control of the balance sheet, delivering strong operational cash flow and growing our mine life are our primary goals" said Mr Simpson.

DEBT POSITION

Aurelia Metals Limited ("AMI" or the "Company") is pleased to announce that it has repaid the balance of \$10.080 million outstanding on Convertible Note Facility A. Importantly, the repayment of Facility A causes the 108 million Options issued to Glencore at an exercise price of 4c/share to be un-exercisable and of no effect.

The repayment reduces the debt balance owed to Glencore by 8% to \$115 million. There is no interest payable or accruing on this debt from November 2015 to March 2018. In summary, the outstanding position is:

\$75.561 million Convertible Notes	Convertible at the AMI's election 5 days prior to 31 March 2018, at a 60-day VWAP
\$39.409 million	Senior debt
\$114.970 total debt	

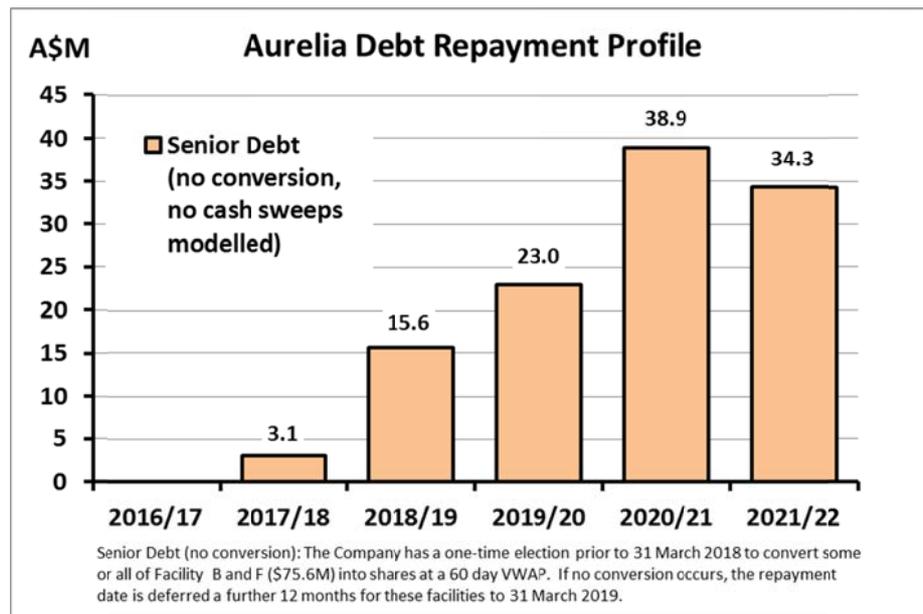


Diagram displaying the scheduled amortisation of existing debt (assuming no debt to equity conversion occurs on 31 March 2018). The repayment profile may accelerate, subject to levels of available cash, via a cash sweep mechanisms.



All scheduled interest and debt repayment obligations are frozen until 31 March 2018. The Company does have an obligation to repay debt, via an upside repayment mechanism, when cash flow in a quarterly testing period exceeds \$10 million. Any quarterly net cash flow generated by the Company which exceeds \$10 million will be applied as a debt repayment across all facilities until 31 March 2018. Once scheduled debt amortization commences, post March 2018, the original cash sweep mechanism will operate and the upside repayment mechanism will cease.

Formal repayment obligations commence on 31 March 2018. However, if AMI elects not to convert any of the \$75.561 million convertible notes into shares prior to 31 March 2018, this debt will convert to senior debt with the repayment obligation deferred a further 12 months to 31 March 2019.

CASH POSITION

The current cash balance after the \$10M debt repayment is approximately \$18M. The cash balance is yet to include approximately \$4.5M cash inflow from the provisional sale of concentrate completed on 3 December 2016.

OPTIONS

As part of the 2015 debt restructure with Glencore (the Company's main financier), AMI granted 108 million Options exercisable at \$0.04/share to Glencore. The Glencore options were only exercisable if the Company elected to convert any of Facility A Convertible Notes into shares. Following full repayment of Facility A, the Options can no longer be exercised pursuant to their terms.