

Aurelia Metals Ltd.: Hera Project Update, Expansion Study and Financial Update

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Sydney, Australia (ABN Newswire) - [Aurelia Metals Ltd.](#) (ASX:AMI) here provides an operational update on the Hera gold-lead-zinc project and its expansion study, together with an update on the Company's financial position, and on the Company's strategy in response.

- The Hera Project continues to show incremental operational improvement but is yet to reach design performance. Most recent plant performance, notably the fortnight of late June and early July are particularly encouraging.
- The under-performance of the Hera Project to date has had a negative impact on the Company's financial performance, cash flow and liquidity. Consequently the Company's liquidity is significantly constrained with cash at bank at 30 June of \$4.85 million. In addition, the Company holds gold concentrates available for smelting with a market value of approximately \$3.5 million and a concentrate receivable of \$3.7 million associated with shipment#4, exported on 29 June 2015. A total of \$2.8 million of this shipment was receipted on 6 July 2015.
- In response, the Company has completed a detailed cost and technical review and has finalised a detailed Scoping Study for Hera which includes process plant rectification as well as a significant project expansion from the current 350ktpa mining and process rate up to 450ktpa ('HERA EXPANSION STUDY').
- The Hera Expansion Study provides a clear and compelling investment case. The Expansion study shows the Hera Project capable of delivering:
 - * Average annual gold production of 40,000 oz at an average All-in Sustaining Cost (AISC) over the life of mine of less than A\$700/oz after by-product credits
 - * A significantly increased average base metal production profile of 14,000 tpa zinc and 12,500 tpa lead
- The Hera Expansion Study has been based on the recently revised Hera Resource Estimate (July 2015)
- The Company has drawn debt and convertible note facilities with Glencore totalling A\$117 million including capitalised and accrued interest. The first payments under these facilities are due on 13 September 2015, when a total amount of \$4.2m is payable pro-rata across all facilities.
- Owing to the capital investment required to deliver the Hera Expansion Study and the Company's current financial position, Aurelia has determined to source additional funding, with the optimal solution considered to be a combination of equity funding together with a restructure of its outstanding debt and Convertible Note obligations with Glencore.
- To further this strategy, the Company is in discussions with its major shareholders and lenders with regard to restructuring its financing arrangements to deliver a rectification and expansion of the Hera Mine. The steps have included:
 - * a review of the Company's conversion rights under the Convertible Notes held by Glencore;
 - * discussions with certain Investment Banks on capital market options; and
 - * the negotiation of term sheets that the Company has received for injections of capital.
- It is the Company's commitment to deliver an optimal refinancing proposal, however no binding agreements have yet been reached there is no certainty that agreements will be concluded that will deliver the required funding. Equity funding will be required by August if the Company's plans are to be delivered as scheduled.
- Under the Convertible Note Deed Poll executed with Glencore on 11 February 2013, which covers Facility A (\$23.1 million including capitalised interest) and Facility B (\$55.8 million including capitalised interest), Aurelia has the right to convert these Facilities into ordinary shares on certain specified terms.
- As previously announced, the Company has received an event of default notice from its major lender,

Glencore. The Company has rejected the default notice. There are no amounts currently due under the facility with the first scheduled repayment due on 13 September 2015. The Company remains engaged in discussions with Glencore with respect to the Hera Expansion Study.

- As of the date of this report, a full year review of the Company's asset carrying values has yet to be completed. However, primary indicators of impairment exist and an impairment in the range of \$60-90 million is probable for the year ending 30 June 2015. The impairment is a non-cash item and therefore has no impact on the Company's cash position or conditions around the Company's debt facility with Glencore.

- The Company has appointed Treadstone Partners as financial advisors and Allens-Linklaters as legal counsel with regard to the res-structuring of its financing arrangements.

To view the full release including the Hera Project update, Expansion study and Financial update, please visit:

<http://media.abnnewswire.net/media/en/docs/ASX-AMI-725609.pdf>

About Aurelia Metals Ltd:

[Aurelia Metals Ltd.](#) (ASX:AMI) is focused on the development and exploration of the high grade Hera-Nymagee Project in the Cobar district of NSW.

Aurelia is actively drilling the evolving copper deposit at Nymagee with the potential that the Nymagee mineralisation may evolve into another 'Cobar Giant' similar to the world class CSA copper deposit located approximately 100km north-west along strike.

Aurelia also remains active in the exploration for copper, gold and tin on a number of tenements in the Lachlan Fold Belt of NSW.

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