

## PEAK ACQUISITION AND CASH FLOW

### KEY POINTS

- **Strong Peak gold production in the March 2018 Quarter of 25,433 oz at an AISC of approx. A\$800/oz. The economic benefit of this production has flowed to AMI due to the locked box mechanism in the sale agreement.**
- **The Company acquired cash, via the locked box mechanism, of \$36M and expects to make a final "Net Cash and Working Capital Adjustment" payment to New Gold of approximately A\$17M, resulting in a \$19M cash benefit for the period from 31 December 2017 to 10 April 2018.**
- **At 30 April 18, Group cash balance was \$65M, with Debt of \$45M (Investec).**
- **Material cash outflows anticipated in the next two months, relating to the acquisition, total some A\$28M ("Net Cash and Working Capital Adjustment", stamp duty and tax). Additional restructuring costs may also be incurred during the integration of Peak Mines over the next six months.**
- **The Company is considering its future commitments, together with operating cash flow, to determine the appropriate debt draw on the remaining Investec Tranche B debt facility (with available additional debt capacity of \$40M)**

### PEAK ACQUISITION

Aurelia Metals Limited ("AMI" or the "Company") acquired Peak Mines from New Gold Inc. ("Transaction") on 10 April 2018. The acquisition consisted of a base price of US\$58 million in cash, plus a net cash and working capital adjustment to be calculated post completion.

The transaction was structured such that the final acquisition price (net cash and working capital adjustment) is based on a 31 December 2017 balance date, and any surplus or deficit accruing from business activity from 31 December 2017 to 10 April 2018 would remain with Peak Mines and therefore be acquired by AMI on 10 April 2018 (locked box mechanism).

### PEAK MINES QUARTERLY PERFORMANCE

Performance of Peak Mines in the March quarter is sourced from information released by New Gold Inc (TSX:NGD) and from internal information.

Metric	Peak Mines	Source:
Gold production:	25,433 oz	New Gold Inc <sup>(1)</sup> – Gold production less production from continuing operations
Gold sales:	21,475 oz	New Gold Inc <sup>(1)</sup> – Gold sales less sales from continuing operations
AISC/oz:	Approx A\$800/oz	Aurelia Metals Limited – internal data

<sup>(1)</sup> Page 2 of New Gold's Management's Discussion and Analysis – for the three months ended March 31, 2018. Available at [www.newgold.com/investors/financials-reports-and-filings/default.aspx](http://www.newgold.com/investors/financials-reports-and-filings/default.aspx)

## NET CASH AND WORKING CAPITAL ADJUSTMENT

The Transaction has a net cash and working capital adjustment calculated at 31 December 2017.

The Company discloses that based on preliminary information, the net payment to New Gold Inc. is estimated at US\$13M (plus or minus to be determined). This equates to an additional payment to New Gold Inc. of approximately A\$17M at current exchange rates. The final number is to be agreed in the coming months.

However, it should be noted that the Company acquired Peak Mines on 10 April 2018 and due to strong operating performance in the March quarter, AMI acquired a cash balance with Peak Mines of approximately A\$36 million (balance as at 31 March 2018). This cash balance is now owned and controlled by AMI.

### MAJOR CASH FLOWS DURING APRIL 2018

Due to the material cash flows in the month of April, the following information is provided to assist in understanding the key movements in cash:

<b>31 March 18: Cash Balance</b>	<b>A\$81.6M</b>	<b>Opening cash balance</b>
10 April: Purchase of Peak Mines	(A\$72M)	US\$55M payment on 10 April 2018
10 April: Debt draw (Investec)	A\$45M	Tranche A of Investec Facilities
10 April: Cash acquired (Peak)	A\$36M	Peak's cash balance at 31 March 2018
24 April: Debt repaid (Glencore)	(A\$30.4M)	Glencore debt fully repaid
27 April: WHT tax	(A\$1.9M)	Withholding tax payment upon capitalisation and repayment of interest on Glencore Debt
April: Other Cash Flows	A\$6.7M	Net operating and other cash flows
<b>30 April 18: Cash Balance</b>	<b>\$65M</b>	<b>Closing cash balance</b>

It should be noted that material cash outflows in the next two months, relating to the acquisition, total some A\$28M, including stamp duty (c\$5M), a tax obligation acquired with Peak Mines (c\$6M), but adjusted for in the working capital adjustment, and the payment of the Net Cash and Working Capital Adjustment Amount (c.\$17M). Additional costs associated with operational restructuring may be incurred during the integration of Peak Mines over the next six months.

The Company is considering these future cash commitments, together with internally generated cash flow to determine an optimal level of debt draw on Investec Tranche B debt (with available debt capacity of \$40M).

#### Further Information

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