ASX Announcement
19 October 2020

ASX: AMI

Quarterly Activities Report

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Aurelia Metals Limited (ASX: AMI) (**Aurelia** or the **Company**) advises of the release of its quarterly activities report for the period ended 30 September 2020.

Highlights

- Group gold production of 30.0 koz at group AISC of A$1,000/oz (June quarter: 32.8 koz at A$1,104/oz)
- Lower Kairos decline has reached the elevation of the initial stoping area
- New drilling programs commenced at both Kairos and Great Cobar
- Exceptional high-grade results from ongoing Federation extensional and infill drilling; updated resource estimate targeted for early March 2021 quarter
- Federation Scoping Study progressing well with strong initial geotechnical and metallurgical findings
- Net cash balance at 30 September 2020 of A$104.6M (June quarter: A$79.1M) with no debt
- Full year group guidance of 80-90 koz gold at AISC of $1,500 - $1,750/oz maintained

OPERATING SNAPSHOT

		Sep-2020	Jun-2020	% chg QoQ	Mar-2020	FY21 YTD
PEAK						
Ore processed	t	**174,299**	172,947	1%	124,605	174,299
Gold head grade	g/t	**3.92**	3.25	20%	1.80	3.92
Gold produced	oz	**20,544**	17,047	21%	6,616	20,544
All-In-Sustaining Cost (AISC)	A$/oz	**594**	1,190	-50%	4,339	594
HERA						
Ore processed	t	**106,963**	103,747	3%	106,839	106,963
Gold head grade	g/t	**3.03**	5.21	-42%	2.60	3.03
Gold produced	oz	**9,450**	15,740	-40%	7,688	9,450
All-In-Sustaining Cost (AISC)	A$/oz	**1,250**	907	38%	1,662	1,250
GROUP						
Gold production	oz	**29,995**	32,787	-9%	14,304	29,995
Gold sold	oz	**29,720**	30,003	-1%	14,046	29,720
Copper production	t	**1,729**	1,878	-8%	871	1,729
Lead production	t	**5,800**	6,786	-15%	4,657	5,800
Zinc production	t	**5,303**	5,467	-3%	5,921	5,303
Group AISC	A$/oz	**1,000**	1,104	-9%	2,996	1,000

See overleaf for AISC definition detail. Percentage change denoted in green is beneficial movement and red is detrimental movement.

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ABN: 47 095 792 288
Level 17, 144 Edward Street
BRISBANE QLD 4000

GPO Box 7
BRISBANE QLD 4001

T: +61 7 3180 5000
E: office@aureliametals.com.au
www.aureliametals.com.au

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Key drivers

- 12-month moving average Group Total Recordable Injury Frequency Rate (**TRIFR**) reduced by 32% to 14.8 (June quarter: 21.9). Strong focus on safety intervention and lead indicators under 'Aurelia Metals - Safe Metals' program.
- Peak ore throughput remained steady at 174kt (June quarter: 173kt) while Hera ore throughput improved marginally to 107kt (June quarter: 104kt).
- Gold production was slightly lower than the prior quarter due to lower gold grade ores at Hera being mostly offset by higher average gold grade at Peak.
- Base metal output reduced slightly across all streams at Peak due to slightly lower grade ore sources.
- Underlying per tonne site operating costs decreased at Peak and increased marginally at Hera.
- Group All-In-Sustaining-Cost (**AISC**) reduced to A$1,000/oz, mainly due to lower mine operating and sustaining capital costs at Peak.
- Extensive protocols to minimise the risk of potential COVID-19 transmission at Aurelia's work sites and surrounding communities in place and effective.
- Full year group guidance of 80 – 90 koz gold at AISC of A$1,500 – 1,750/oz maintained; current quarter gold output expected to be lower than June quarter, in line with mine schedule.

Figure 1: Group gold and base metals production

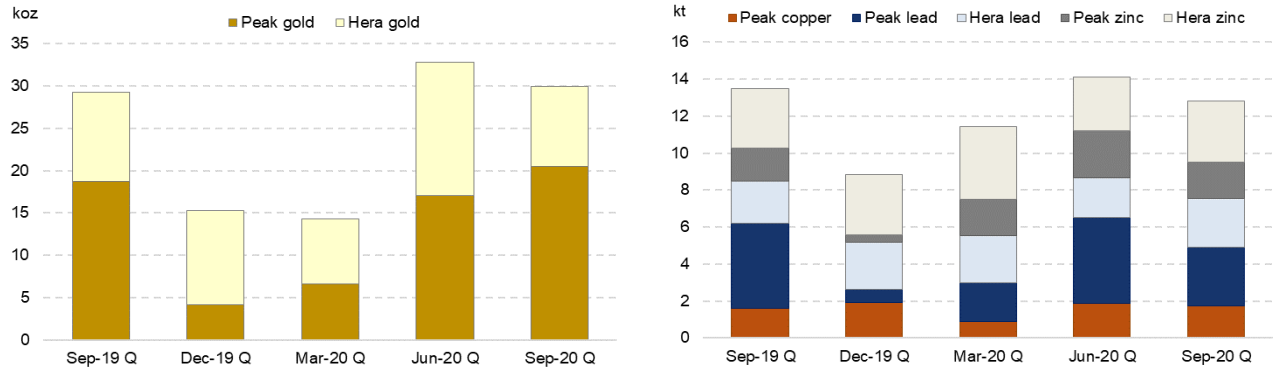
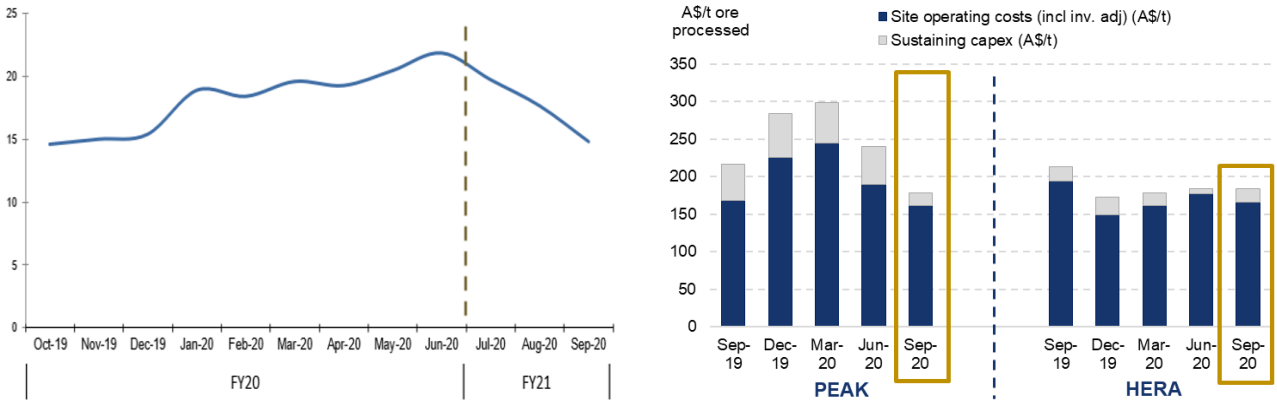


Figure 2: Group TRIFR (12 month moving average) and underlying site cost performance



Peak Mines, NSW (100%)

Production and costs

Mined ore tonnes reduced (-7%) to 157kt as underground mining activity focused on capital development towards the high-grade Kairos ore zone. The production mix saw greater sourcing of Chronos and Perseverance Deeps areas, which supported a consistent average processed NSR for the quarter.

Milled ore tonnes remained steady at 174kt with a drawdown of surface ore stocks during the September quarter. The Peak plant demonstrated its expanded throughput capacity with a plus-800ktpa processing rate achieved in August.

Table 1: Key Peak operating metrics

PEAK		Sep-2020	Jun-2020	% chg QoQ	Mar-2020	FY20 YTD
MINING AND PROCESSING						
Ore mined	t	**157,184**	168,047	-6%	149,379	157,184
Ore processed	t	**174,299**	172,947	1%	124,605	174,299
Gold mill grade	g/t	**3.92**	3.25	20%	1.80	3.92
Copper mill grade	%	**1.15%**	1.19%	-4%	0.77%	1.15%
Lead mill grade	%	**2.25%**	3.01%	-25%	2.15%	2.25%
Zinc mill grade	%	**1.79%**	1.96%	-9%	2.07%	1.79%
METAL PRODUCTION						
Gold plant recovery	%	**93.6%**	94.3%	-1%	91.9%	93.6%
Gold produced	oz	**20,544**	17,047	21%	6,616	20,544
Copper produced	t	**1,729**	1,878	-8%	871	1,729
Lead produced	t	**3,187**	4,621	-31%	2,136	3,187
Zinc produced	t	**1,988**	2,552	-22%	1,954	1,988
AISC						
Gold sold	oz	**18,147**	15,270	19%	6,238	18,147
Operating costs (incl royalties)	A$M	**27.3**	39.7	-31%	33.8	27.3
Sustaining capital	A$M	**3.6**	9.6	-62%	7.6	3.6
By-product credits	A$M	**(20.2)**	(31.1)	-35%	(14.4)	(20.2)
All-In-Sustaining-Cost (AISC)	A$/oz	**594**	1,190	-50%	4,339	594

Explanatory notes
AISC per ounce is the total of site mining, processing, and G&A costs, concentrate transport and refining, third party smelting/refining, royalties, sustaining capital and lease payments, and net inventory adjustments less by-product credit revenues and then divided by gold ounces sold. Group AISC further includes corporate general and administrative expenses. Numbers are provisional and subject to change. Percentage change denoted in green is beneficial movement and red is detrimental movement.

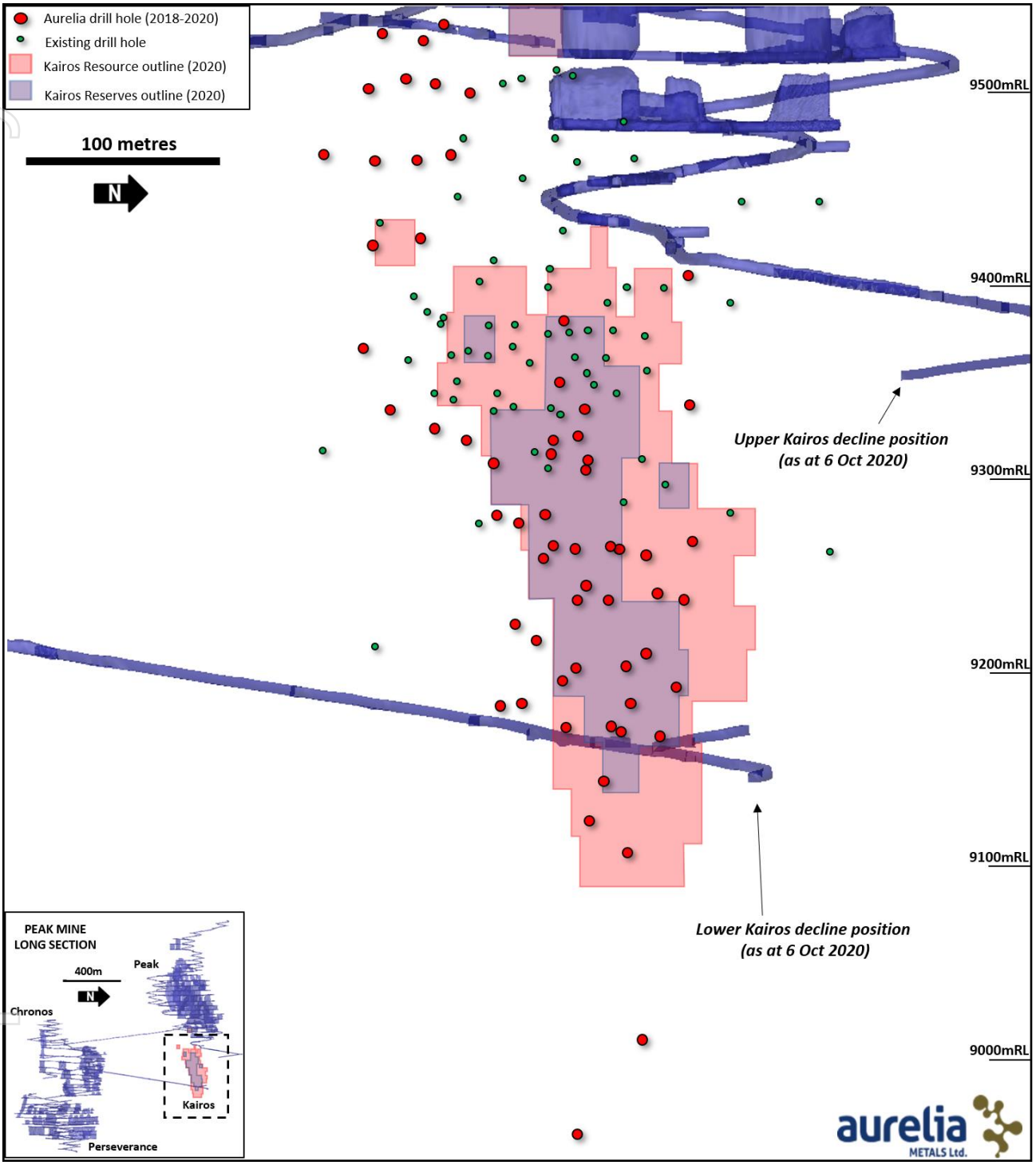
Gold produced was higher as a result of higher gold grade milled, with slightly lower recovery. All other metal production volumes were slightly lower compared to the June quarter due to lower head grades.

A total of 1,171 m of lateral development was achieved during the quarter (June quarter: 1,209 m).

Decline development continued at the high-grade Kairos zone where mining of the internal ramp access commenced from the lower decline. A total of 785 m of the lateral development during the September quarter occurred at Kairos (June quarter: 214 m). Development advanced to the elevation of the initial stoping area, ahead of the commencement of lateral development into the ore zone during the current quarter. Ventilation infrastructure and development remain on target to allow first stoped ore production from Kairos during the March 2021 quarter.

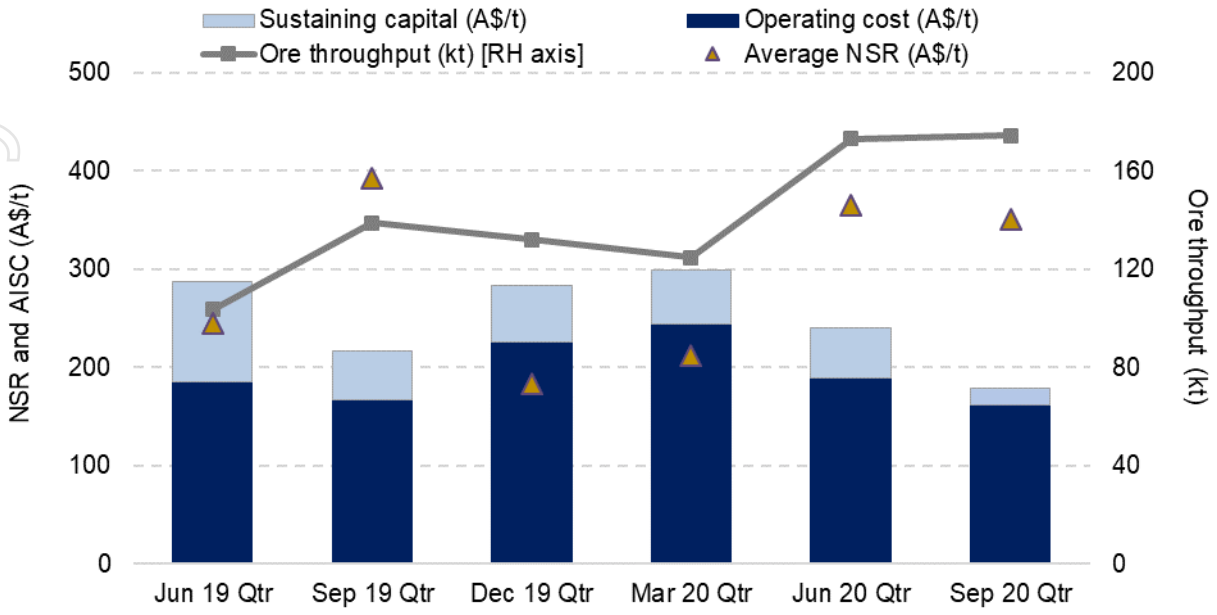
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Figure 3: Kairos long section with position of lower decline



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Figure 4: Peak throughput, revenue and underlying costs



Explanatory notes
Ore throughput is processed ore and key denominator. NSR is equal to gold ounces sold multiplied by gold price realised (ex-hedging) plus total by-product credit revenues minus royalties, concentrate transport and refining, and third-party smelting/refining. Operating cost includes mining, processing, site admin and net inventory adjustments. Sustaining capital includes sustaining capital and sustaining leases.

Peak's site operating costs and sustaining capital expenditure reduced relative to the June quarter. This reduction was predominantly attributable to the mine development cost mix (operating, sustaining capital, growth capital) changing, although on a comparable basis operating costs plus sustaining capital expenditure were still down approximately 8% on a per tonne basis.

Growth and exploration

A new underground diamond drill platform was established in the lower Kairos decline towards the end of the quarter. Resource definition drilling has now commenced from this position and will target an upgrade to the high-grade gold and base metal resource at the base of the Kairos lode. Results will also be used to inform grade estimation and mine design. The same drill platform is also set to allow potential extensions to the Kairos lode to be targeted at depth.

Surface drilling at Great Cobar commenced late in the quarter, aimed at both resource upgrade and extensional targets. Along with adding confidence to the copper and gold resources in the deposit, the program will provide fresh drill core for confirmatory metallurgical and geotechnical test work.

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Hera Mine, NSW (100%)

Production and costs

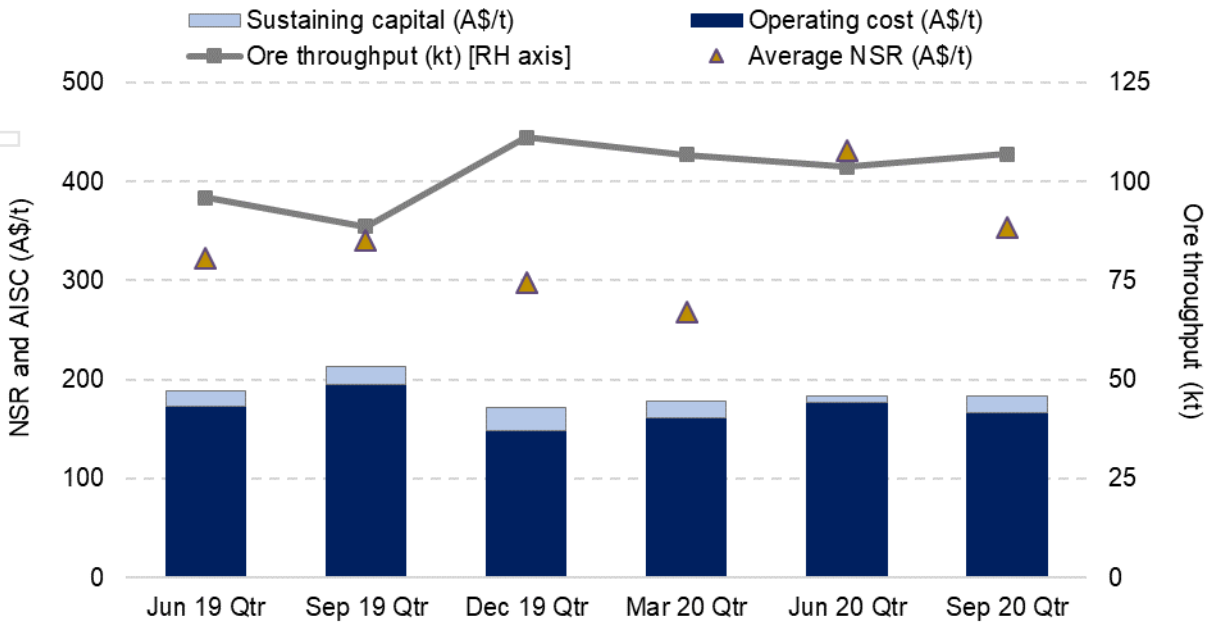
Lower average gold grade in line with mine scheduling resulted in a reduced average processed NSR and gold production relative to the June quarter. This was due to a greater proportion of ore being sourced from relatively lower grade stoping areas in the North Pod and Far West zones. Base metal grades increased over the prior quarter, delivering higher lead and zinc production.

Table 2: Key Hera operating metrics

HERA		Sep-2020	Jun-2020	% chg QoQ	Mar-2020	FY20 YTD
MINING AND PROCESSING						
Ore mined	t	**105,882**	117,579	-10%	105,470	105,882
Ore processed	t	**106,963**	103,747	3%	106,839	106,963
Gold mill grade	g/t	**3.03**	5.21	-42%	2.60	3.03
Lead mill grade	%	**2.68%**	2.31%	16%	2.56%	2.68%
Zinc mill grade	%	**3.42%**	3.05%	12%	3.96%	3.42%
METAL PRODUCTION						
Gold plant recovery	%	**90.7%**	90.6%	0%	85.9%	90.7%
Gold produced	oz	**9,450**	15,740	-40%	7,688	9,450
Lead produced	t	**2,613**	2,165	21%	2,521	2,613
Zinc produced	t	**3,315**	2,915	14%	3,967	3,315
AISC						
Gold sold	oz	**11,573**	14,733	-21%	7,808	11,573
Operating costs (incl royalties)	A$M	**27.0**	26.1	3%	23.5	27.0
Sustaining capital	A$M	**2.7**	1.5	77%	2.7	2.7
By-product credits	A$M	**(15.2)**	(14.3)	6%	(13.1)	(15.2)
All-In-Sustaining-Cost (AISC)	A$/oz	**1,250**	907	38%	1,662	1,250

Underlying per tonne site operating costs and sustaining capital expenditure were steady quarter on quarter.

Figure 5: Hera throughput, revenue and underlying costs



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Growth and exploration

Exploration activity was focused at the Federation deposit south of Hera, with multiple diamond drill rigs operating at the site. Drilling was aimed at high priority extensional and resource-infill targets following the release of the Maiden Resource Estimate in the June quarter (2.6 Mt at 7.7% Pb, 13.5% Zn, 0.8g/t Au & 9g/t Ag; see Aurelia ASX release dated 9 June 2020).

In August, Aurelia released exceptional new drill results from Federation that rank amongst the highest grade mineralisation intercepted in the region (see Aurelia ASX release dated 13 August 2020). Importantly, the results confirmed the presence of high grade gold mineralisation in the Federation system with intercepts including 21.6 metres at 31.9g/t Au & 44.8% Pb+Zn (FDD086) and 20.5 metres at 17.4g/t Au & 44.4% Pb+Zn (FDD085). The presence of high grade, steeply plunging gold zones with a relatively short strike length is comparable with other high value deposits in the region, including the Kairos and Chronos lodes at the Peak Mine and the North Pod at Hera.

The new drilling results are planned to be incorporated into an updated Mineral Resource Estimate for the Federation deposit, which is expected to be completed by early in the March 2021 quarter.

Aurelia progressed the Scoping Study on the Federation deposit during the quarter. The baseline development pathway contemplates a satellite underground mine that leverages established infrastructure at the Hera mine.

Study activities focused on the assessment of underground geotechnical conditions and stope design parameters, underground mine layout, mineralogical analysis, laboratory metallurgical testing, process flowsheet development, power supply and infrastructure locations. Initial findings indicate that:

- Underground geotechnical conditions are expected to be similar to those at the Hera Mine;
- Gold mostly occurs as coarse-grained particles amenable to recovery through a gravity circuit; and
- A primary grind size of 75 to 150 µm allows production of separate lead, zinc and copper concentrates.

Ongoing work will encompass the design for a proposed exploration decline, underground mine design, mine backfill requirements, metallurgical testing, process flowsheet selection, site layout and power generation, and distribution alternatives.

Baseline data collection and preparatory work for environmental regulatory approvals continued. Water level and water quality sampling from the monitoring bores commenced with collection of baseline data to continue over the next 6 to 12 months. Planning for the next round of targeted assessments was finalised with additional biodiversity assessments scheduled to occur in October 2020.

Cash flow and hedging

Group sales revenue for the quarter decreased to A$107.7M (June quarter: A$112.3M), split approximately 77% from sale of precious metals and 23% from copper, lead and zinc sales (June quarter: 71% precious metals).

Realised gold price for the quarter was A$2,659/oz (June quarter: A$2,573/oz). Aurelia's gold hedging program finished in the June quarter with all September quarter gold sales unhedged. Realised copper, lead and zinc prices rose by 5%, 4% and 11% respectively relative to the prior quarter, with these realised base metal prices inclusive of quotational pricing (QP) adjustments.

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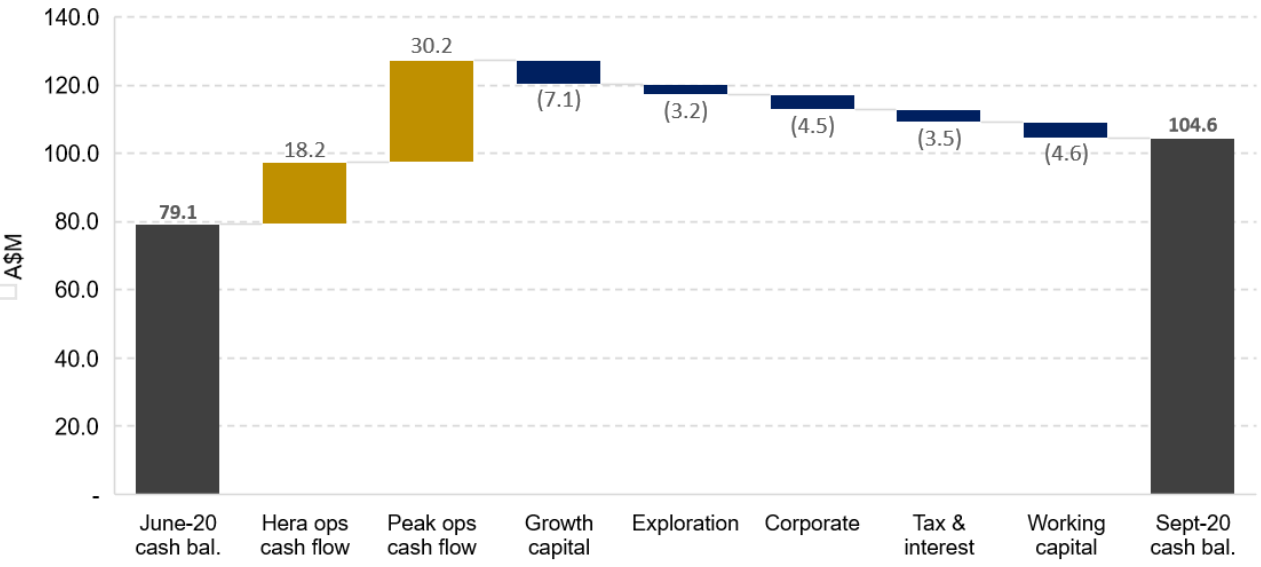
Table 3: AISC composition

OPERATING COSTS AND AISC		Peak	Hera	Group	Jun 20 Qtr	% chg QoQ
Mining	A$000	14,290	7,350	21,640	27,494	-21%
Processing	A$000	9,951	8,586	18,536	18,140	2%
Site G&A	A$000	3,150	1,015	4,165	3,712	12%
Concentrate transport and refining	A$000	2,743	1,613	4,356	4,104	6%
Net inventory adjustments	A$000	(7,240)	1,794	(5,446)	(2,237)	144%
Royalties	A$000	2,471	1,859	4,330	4,320	0%
Third party smelting / refining	A$000	1,971	4,777	6,749	10,316	-35%
By-product credits	A$000	(20,175)	(15,211)	(35,386)	(45,421)	-22%
Sustaining capital	A$000	2,917	1,860	4,777	9,560	-50%
Sustaining leases	A$000	706	823	1,529	1,547	-1%
Corporate admin / general	A$000	-	-	4,462	1,575	183%
All-In-Sustaining-Cost (AISC)	**A$000**	**10,783**	**14,466**	**29,712**	**33,111**	**-10%**
AISC	**A$/oz**	**594**	**1,250**	**1,000**	**1,104**	**-9%**
Growth capital	A$000	7,660	2,579	10,239	3,494	193%

Explanatory notes
The timing of base metal shipments can create volatility in reported AISC due to the timing of revenue recognition for base metal by-product credits and concentrate inventory movements. Numbers are provisional and subject to change. Percentage change denoted in green is beneficial movement and red is detrimental movement.

Group AISC reduced to A$1,000/oz (June quarter: A$1,104/oz), mainly due to lower mine operating and sustaining capital costs at Peak.

Figure 6: Quarterly cash flow waterfall



Explanatory notes
Peak and Hera cashflow figures are after sustaining capital expenditure. Total growth capital expenditure of A$10.3M in Figure 5 is represented by the combination of the Kairos development cost (A$7.1M) and exploration of (A$3.2M) during the September quarter.

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Corporate

Cash at quarter end was A$104.6M (A$79.1M at 30 June 2020). Aurelia had no debt (other than usual creditor balances) at quarter end. The Company has a A$80M syndicated facility and, at 30 September 2020, A$43M of this facility was being utilised to back existing environmental bonding requirements.

Mr Michael Menzies retired as a non-executive director of the Company in early October 2020. A search process has commenced for the appointment of a replacement non-executive director.

This announcement has been approved for release by the Board of Directors of Aurelia Metals.

For further information contact:

Dan Clifford
Managing Director and CEO
Aurelia Metals
+61 7 3180 5000

Media contact
Michael Vaughan
Fivemark Partners
+61 422 602 72

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About Aurelia

Aurelia Metals Limited (ASX: AMI) is an Australian mining and exploration company with a highly strategic landholding in the polymetallic Cobar Basin in New South Wales. We operate two wholly-owned gold and base metal operations – Peak Mine and Hera Mine – and two major processing plants possessing a combined capacity of approximately 1.3Mtpa.

Aurelia is a gold-dominant business. In FY20, we produced 91,672 ounces of gold at a group all-in sustaining cost (AISC) of A$1,520 per ounce. Both the Peak and Hera cost bases benefit from substantial by-product revenue credits from base metal production (including zinc, lead and copper).

IMPORTANT INFORMATION

This report includes forward looking statements. Often, but not always, forward looking statements can be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, “outlook” and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of the Company, anticipated production or activity commencement dates and expected costs or production outputs. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs of production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits, and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory environment, environmental conditions including extreme weather conditions, recruitment and retention of key personnel, industrial relations issues and litigation. Forward looking statements are based on the Company and management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control. Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law, including any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

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APPENDIX 1: DETAILED QUARTERLY PHYSICALS

Aurelia Metals - Sep 20 Qtr Summary	Units	Hera	Peak	Group
Ore Mined	t	105,882	157,184	263,066
Mined Grade - Gold	g/t	2.63	3.99	3.44
Mined Grade - Silver	g/t	32.03	20.28	25.01
Mined Grade - Copper	%	0%	0.97%	0.58%
Mined Grade - Lead	%	2.74%	2.93%	2.86%
Mined Grade - Zinc	%	3.29%	2.18%	2.63%
Ore Processed	t	106,963	174,299	281,262
Processed Grade - Gold	g/t	3.03	3.92	3.58
Processed Grade - Silver	g/t	29.55	20.01	23.63
Processed Grade - Copper	%	0%	1.15%	0.71%
Processed Grade - Lead	%	2.68%	2.25%	2.41%
Processed Grade - Zinc	%	3.42%	1.79%	2.41%
Gold recovery	%	90.7%	93.6%	
Silver recovery	%	89.3%	77.1%	
Copper recovery	%	0.0%	92.2%	
Lead recovery	%	91.0%	89.8%	
Zinc recovery	%	90.5%	70.9%	
Gross Metal Production				
Gold Production	**oz**	**9,450**	**20,544**	**29,995**
Silver production	oz	90,687	86,435	177,122
Copper production	t	-	1,729	1,729
Lead production	t	2,613	3,187	5,800
Zinc production	t	3,315	1,988	5,303
Payable Metal Production				
Gold Production	**oz**	**9,450**	**20,116**	**29,567**
Silver production	oz	58,590	69,722	128,312
Copper production	t	-	1,659	1,659
Lead production	t	2,292	3,027	5,319
Zinc production	t	2,459	1,651	4,111
Concentrate Production				
Cu Concentrate production	dmt	-	7,025	7,025
Pb Concentrate production	dmt	-	5,947	5,947
Bulk Pb/Zn Conc production	dmt	10,699	4,313	15,012
Sales				
Gold dore & gold in Conc sold	**oz**	**11,573**	**18,147**	**29,720**
Silver dore & silver in Conc sold	oz	50,730	43,452	94,182
Payable Copper sold	t	-	911	911
Payable Lead sold	t	2,186	1,902	4,088
Payable Zinc sold	t	2,439	1,317	3,756
Prices				
Gold price achieved	A$/oz	2,664	2,655	2,659
Silver price achieved	A$/oz	36	35	35
Copper price achieved	A$/t	-	9,404	9,404
Lead price achieved	A$/t	2,501	2,723	2,604
Zinc price achieved	A$/t	3,250	3,723	3,416

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