



Nymagee Scoping Study

Aurelia Metals Limited (“**AMI**” or the “**Company**”) is pleased to announce the results of the Nymagee Scoping Study (“**Study**”) were positive and justify the Company committing to the next stage of development being a Pre-Feasibility Study (PFS).

Aurelia’s Managing Director & CEO, Jim Simpson comment: “The Scoping Study has confirmed that Nymagee is a viable high grade underground opportunity which provides additional overall mine life for the Hera/Nymagee project and gives a solid operating base from which to grow. Activity at Nymagee will now focus on the Pre-feasibility Study to provide more accuracy and review alternative mining and processing options.” said Mr Simpson.

SCOPING STUDY – CAUTIONARY STATEMENT

The Scoping Study referred to in this announcement has been undertaken as a preliminary technical and economic investigation of the potential viability of the Nymagee copper, lead and zinc project.

It is based on low accuracy technical and economic assessments, ($\pm 30\%$ accuracy) and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Scoping Study will be realised.

The Scoping Study is based on the material assumptions outlined in this release. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range of outcomes indicated in the Scoping Study, funding of in the order of \$25 million will likely be required. Investors should note that whilst the Company has reasonable grounds to believe funding will be available (see Section 12) there is no certainty that the Company will be able to raise that amount of funding when needed.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Approximately 92% (by tonnes) of the existing Mineral Resource is in the Indicated category, with the remainder in the Inferred category. There is a low level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated or Measured Mineral Resources. Furthermore, there is no certainty that further exploration work will result in the conversion of Indicated and Measured Mineral Resources to Ore Reserves, or that the development targets will be realised.

SCOPING STUDY HIGHLIGHTS

- **Potential 4 yr mine life addition from Nymagee at the end of the Hera mine.**
- **Two underground mines deliver a potential combined 8 year mine life for the Hera/Nymagee projects.**
- **Nymagee Production Target of 1.38 Mt at 2.2% Cu, 1.6% Pb and 3.1% Zn**
- **Low capital project benefits from installed plant at Hera**
- **Project undiscounted cash flow has an approximate range of \$70M - \$100M**

The Study assumes the Nymagee Mine (“Nymagee”) would commence at the end of the Hera LOM, and benefit from installed infrastructure at Hera. The Study has a defined level of accuracy of +/- 30%. The Company invested \$15.8M in exploration drilling during 2010-2012, culminating in the December 2011 Nymagee Resource Estimate.

The Nymagee resource has been reassessed as part of this Study, applying mining modifying factors and a \$140/t NSR cut-off, generating a Production Target of 1.38 Mt at 2.2% Cu, 1.58% Pb, 3.15% Zn and 23 g/t Ag (NSR¹ of \$199/t).

Mine life is estimated at 3.5-4 years at a processing rate of 380-400,000 t/y. Forecast life of mine total payable metal production is 24-30 kt copper, 25-30 kt Zn, 10-20 kt Pb and 600-700 koz Ag.

Pre-production capex is estimated to range between \$20M-\$25M (mine development and surface infrastructure).

Undiscounted net project cash flow is estimated to range between \$70M-\$100M. Undiscounted cash flow is used due to the indeterminate start date of the project. Depending on the actual start date of the project the net present value of future cash flow could be materially less than the undiscounted value displayed below. Key assumptions are detailed in **Table 1**.

| PARAMETER | 2017 SCOPING STUDY - KEY ASSUMPTIONS |
|--|---|
| Copper price assumption | US\$5,800/t |
| Lead price assumption | US\$2,350/t |
| Zinc price assumption | US\$2,850/t |
| FX assumption | 0.76 |
| | |
| Proposed development | Underground mine via box cut access |
| Average Processing rate | 380-400,000 t/y |
| Life of Mine | 3.5-4 yrs |
| Production target | 1.38Mt at 2.2% Cu, 1.58% Pb, 3.15% Zn and 23 g/t Ag (NSR of \$199/t). |
| | |
| Production – payable copper | 24-30,000 t |
| Production – payable lead | 10-20,000 t |
| Production – payable zinc | 25-30,000 t |
| Production – payable silver | 600-700,000 oz |
| | |
| Mine inventory | 3.5-4 years |
| Mine inventory NSR \$/t | \$190-\$210/t |
| Mining On-site costs ² \$/t | \$120-\$140/t |
| Operating cash flow (undiscounted) | \$90-120M |
| Capital expenditure | \$20-25M |
| Project cash flow | \$70-100M undiscounted pre-tax |

Table 1 Scoping Study key assumptions and findings

¹ NSR = Net Smelter Return = net payable value of the ore after processing recovery, smelter metal deductions, smelter and refining charges, transport costs and royalties.

² On-site costs include all mining, processing, site admin and sustaining mining+processing capital

Critical areas for further work include:

- Mine dewatering plan (method, timing and cost)
- Detailed review of geological model and update
- Geotechnical review of underground mining conditions
- Metallurgical, comminution & flotation testwork.
- Processing strategy and configuration based on testwork
- Environmental monitoring plan and approval pathway
- Firm legal understanding on Joint Venture operation

SCOPING STUDY SUMMARY

1. LOCATION & OWNERSHIP

The Nymagee tenements are located adjacent to the town of Nymagee, which is located approximately 150 km, by road, northwest of Condobolin and 100 km, by road, southeast of Cobar, New South Wales, as shown **Figure 1**. Nymagee is 5 km north of the Company's Hera Gold, Lead and Zinc Mine.

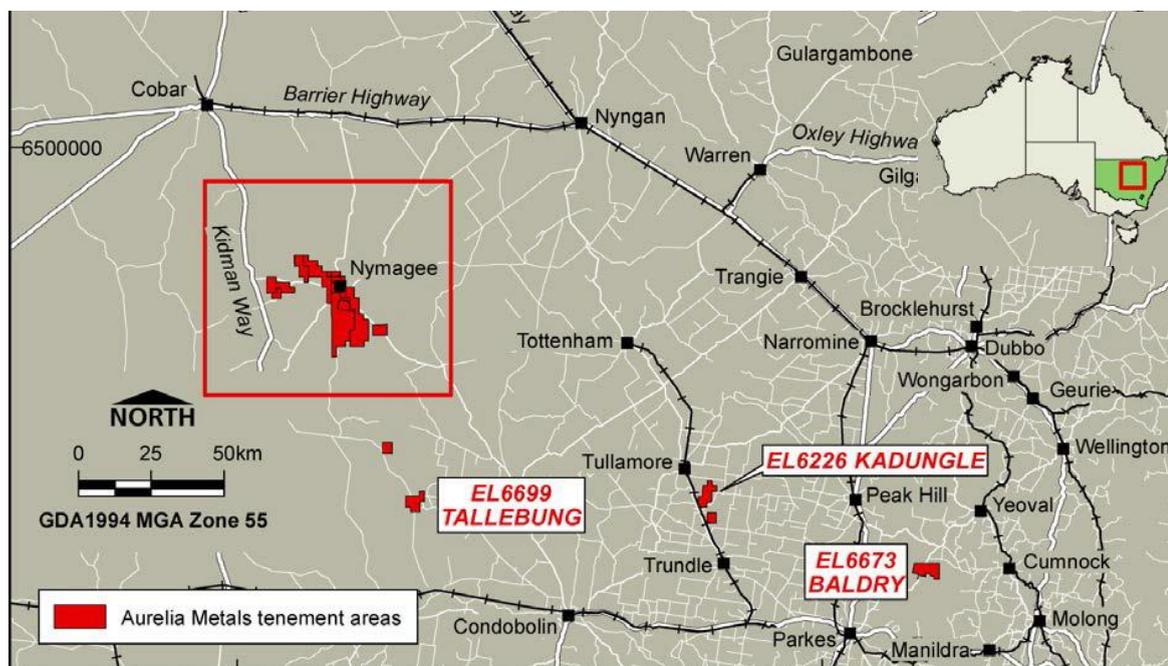


Figure 1 Location of the Hera/Nymagee Project

The project area is overlain by the Nymagee Mining Leases, which are currently registered to Nymagee Resources Pty Ltd (100% AMI), with the Company holding a 95% interest in the Exploration Licences. The remaining 5% interest in the Exploration Licences is held by Ausminindex Pty Limited. Management of all licences falls under the Nymagee Joint Venture ("NMJV"), with the Company holding a 95% interest and Ausminindex Pty Ltd with 5%.

The NMJV commenced in 2001, with Nymagee Resources as manager and operator of the JV. The Study data refers to the project as a whole (100% ownership) and not Aurelia Metal's attributable 95% interest.

2. DEVELOPMENT STRATEGY

Nymagee is modelled as a commercial operation for 3.5 to 4yrs.

Operations are assumed to commence post the completion of mining at Hera. As the end of the Hera mine life is currently unknown³, a definite start date for Nymagee cannot be provided. The Company expects to have sufficient planning information at the Hera Mine and a Pre-Feasibility and or Bankable Feasibility Study/Definitive Feasibility Study at Nymagee to adequately plan the cross-over of production from Hera to Nymagee.

Nymagee is planned to utilise the Hera processing circuit and process ore at a rate of 380-400,000 t/y. It is assumed that the Hera processing facility will have modified or upgraded the filtration and flotation capacity (to include a copper float circuit) prior to the commencement of Nymagee. The Study assumes these minor capital upgrades will be justified by the Hera project and be independent of the development of Nymagee.

It is also assumed that due to the lack of gold mineralisation at Nymagee and the complexity and cost of the Hera Gravity, Leaching, Merrill Crowe and Detox circuits, the gold circuit will not be required for processing Nymagee ore.

The base case mining method is bench mining, as at the Hera operation. Higher volume mining methods, such as sublevel caving, may be feasible but were only considered from a mining output basis only. Plant throughput upgrades would be required to treat the increased volumes and were outside the scope of the Study.

Nymagee contains a series of predominantly copper and predominantly lead/zinc rich lenses. The operating assumption is that all ore will pass through a sequential flotation circuit at the Hera plant, producing a copper concentrate followed by a bulk Pb/Zn concentrate.

Nymagee is planned to be a wholly underground operation with decline access via surface box cut. Mining is assumed to be completed by contractor as per current arrangement at Hera. It is assumed that mining infrastructure currently in use at Hera will be progressively transferred to the Nymagee Project.

3. PRIOR WORK

A substantial program of diamond and reverse circulation drilling was undertaken by the Company at the Nymagee Project during 2010 to 2012. Initially the program was designed to test for extensions to the high grade copper mineralisation previously exploited by the historic mine. Immediate exploration success saw the program evolve into an ongoing resource upgrade.

Total activity by the Company at Nymagee includes 57,915 m of drilling (88 diamond drill holes and associated wedges, 115 reverse circulation drill holes, 1 water bore) for a total project expenditure of \$15.8 million.

4. MINERAL RESOURCE

The Company reported a Mineral Resource Estimate for the Nymagee to ASX on 22 December 2011. The Mineral Resource (**Table 2**) was reported in accordance with the JORC Code (2004 Edition) and prepared by Competent person Dean Frederickson (who was a full time employee at the time of the resource statement). The resource is inclusive of drilling data to November 2011.

The Company confirms that it is not aware of any new information or data that materially affects the resource estimate and that all material assumptions and technical parameters underpinning the estimate in the announcement of 22 December 2011 continue to apply and have not materially changed.

³ The Hera operation has an approximate 4 year mine life but is subject to extension if near mine exploration is successful (see North Pod update released to ASX 6 April 2017).

| Classification | Material Type | Cut-off grade | Tonnage (Mt) | Cu (%) | Pb (%) | Zn (%) | Ag (g/t) |
|----------------|---------------|---------------|--------------|------------|------------|------------|----------|
| Measured | - | - | - | - | - | - | - |
| Indicated | Shallow Cu | 0.3% Cu | 5.15 | 1.0 | 0.1 | 0.2 | 5 |
| | Deep Cu | 0.75% Cu | 1.98 | 1.8 | 0.3 | 0.6 | 11 |
| | Pb-Zn-Ag | 5% Pb+Zn | 0.36 | 0.5 | 4.4 | 7.8 | 41 |
| Inferred | Deep Cu | 0.75% | 0.60 | 1.3 | 0.1 | 0.2 | 8 |
| Total | | | 8.10 | 1.2 | 0.3 | 0.7 | 9 |

Table 2 Mineral Resource Estimate December 2011

5. MODIFYING FACTORS TO THE RESOURCE

The deposit consists of discrete high grade Copper, Lead and Zinc lodes which dip at approximately 90 degrees. The ore is considered amenable for bench mining, as currently undertaken at the nearby Hera Operation.

In applying modifying factors to the resource, the Net Smelter Return ("NSR") of each ore block was used to determine the ore and waste boundaries when dealing with multiple metals. The NSR estimates the value of recovered and payable metal in each ore block by taking into account all "Off-site costs"⁴. Specifically, the NSR is calculated with reference to assumed metal prices and metal recoveries (see **Table 3**), smelter metal deductions, smelter treatment and refining charges, transport costs and royalties.

The NSR represents the final recovered and payable value of the multi element ore. The NSR needs to cover all "On-site" costs such as mining, processing, site administration and sustaining capital costs to be of economic value. The primary assumptions used in the NSR calculation are displayed in **Table 3**.

| Parameter | Assumption | Other assumptions |
|-----------------|----------------------------|--------------------------------|
| Cu (t) | US\$5,800/t | 90% process recovery |
| Pb (t) | US\$2,350/t | 91% process recovery |
| Zn (t) | US\$2,850/t | 91% process recovery |
| Ag (oz) | US\$17.50/oz | 80% process recovery |
| AU\$/US\$ | 0.76 | |
| | | |
| Copper Conc | Grading 25% Cu | |
| Cu payability | Min deduction 1 metal unit | Pay max 96% |
| Copper TC | Benchmark charge | |
| | | |
| Bulk Pb/Zn Conc | Grading 55% (Pb+Zn) | |
| Pb payability | Min deduction 3 metal | Pay max 95% |
| Zn payability | Min deduction 8 metal | Pay max 85% |
| Ag payability | Min deduction 3 oz | Pay max 90% |
| Bulk Pb/Zn TC | Benchmark charge | |
| | | |
| Transport costs | A\$130-140/wmt | Truck, rail, port and shipping |

Table 3 NSR Assumptions

⁴ Off-site costs include all smelter metal deductions, smelter treatment and refining charges, transport costs and royalties.

The NSR field was added to each resource block model cell so a stope evaluation could be completed. A cut-off value of \$140/t for bench stoping was used for the Study. The practical bench stope shapes were created using the Deswik Stope Shape Optimiser (SSO), using the following parameters:

- Cut-off of \$140/t NSR to create shapes
- 25m level intervals
- 10m strike (to be combined into 20m and 30m stopes)
- Minimum mining width of 3m
- Minimum 5m waste pillar before splitting stopes
- 0.5m of unplanned dilution on the footwall and hangingwall

Once the shapes were created, additional fill dilution and stope recoveries were applied to each shape where appropriate to determine the economic stopes. Small outlying shapes were deleted as they could not justify the cost of development to access each stope. The fill dilution and stope recoveries are summarized in **Table 4**.

| Stope Classification | Fill Floor Dilution | Fill Wall Dilution | Rib & sill Pillars | Stope Recovery |
|----------------------|---------------------|--------------------|--------------------|----------------|
| Crown | 0.15m | 0m | 10m | 90% |
| Uphole | 0.15m | 0m | 10m | 95% |
| Downhole | 0.15m | 0.30m | 0m | 95% |
| Downhole Sill | 0m | 0.30m | 0m | 95% |

Table 4 Mining dilution assumptions

The Nymagee mine design is similar to the Hera mine layout. Applying these modifying factors to the resource generated a Production Target as detailed in **Table 5**.

| Level | Tonnes | NSR (\$/t) | Cu(%) | Ag (g/t) | Pb(%) | Zn(%) |
|-------|--------|------------|-------|----------|-------|-------|
| Total | 1.38Mt | 199 | 2.2 | 23 | 1.6 | 3.1 |

Table 5 Nymagee Production Target

6. SEQUENCING OF RESOURCE CATEGORIES IN PRODUCTION SCHEDULE

Approximately 92% (by tonnes) of the existing Mineral Resource is in the Indicated category, with the remainder in the Inferred category. Once modifying factors are applied, a total of 95% of the Production Schedule is sourced from Indicated Resources, with the remaining 5% from Inferred Resources. The Inferred Mineral Resources do not feature as a significant proportion of the first two years of the Production Schedule. The Company is satisfied that the respective proportions of mineral resources are not the determining factors in project viability.

7. PROCESSING

Ore is assumed to be processed through the Hera plant which is assumed to contain a copper flotation circuit and sufficient filtration capacity as part of the Hera plant upgrades. Plant throughput is forecast at 380-400,000 t/y. Ore hardness data suggests the ore is suitable with the Hera comminution circuit.

Testwork on Nymagee ore was predominantly conducted by Metcon Laboratories (division of Ammtec) during 2010 to 2012. The Study assumes a Cu conc grade of 25% with 90% Cu recovery and 80% Ag recovery (as supported by the testwork). The Bulk Pb/Zn grade assumed to be 55% with 90% Pb/Zn recovery, 80% Ag recovery (in line with Hera experience).

Further metallurgical and flotation testwork is required to optimize recovery and rejection of impurity elements (particular arsenic).

Ore grades processed in the early life of the project consist of predominantly high grade Pb+Zn and low Cu, with a transition to High Cu and low Pb+Zn over the life of mine.

Payable metal production averages approximately 6,000-8,000 t/y copper, 3,000-5,000 t/y lead, 6,000-8,000 t/y zinc over the commercial phase of the operation.

8. CAPITAL

The total capital requirement prior to the commencement of commercial production is estimated to range between \$20M-\$25M. The capital requirement is divided between capital required to commence mining (dewatering, access roads, box cut development) and capital required to access the ore zones to commence commercial production (decline development and vertical development).

9. ON-SITE COSTS

On-site costs are all costs during the commercial production phase and include all mining, processing, site administration and sustaining capital costs. Total on-site costs are estimated at approximately \$120-\$140/t.

- Mining

Mining costs have been generated using the scheduled mine physicals and the known mining contractor rates experienced at Hera.

- Processing

Processing costs have been estimated using the current cost experience of the Hera processing circuit. Certain costs have been removed, relative to current Hera operations, due to non-requirement, such as the leaching circuit (removal of cyanide, hydrogen peroxide and liquid oxygen reagents), the Merrill Crowe circuit and the gold room costs.

- Site Admin

Site administration costs are directly estimated from current experience at the Hera operation.

- Sustaining capital

Sustaining capital includes all ongoing mine development and processing sustaining capital. Mine sustaining costs have been estimated using the scheduled mine physicals together with the known mining rates and the sustaining process capital has been estimated from current Hera experience.

10. REVENUE ASSUMPTIONS

As part of the financing package offered by Glencore to Nymagee Resources Pty Ltd in 2012, the Company has in place a life of mine copper offtake agreement with Glencore. The copper treatment charge and refining charge will be based on annual benchmark terms.

11. SENSITIVITY ANALYSIS

A sensitivity analysis for the project has been completed. The sensitivity of Project NPV to changes in selected key variables has been assessed and is displayed in **Table 6**. The analysis flexes certain revenue and cost variables by set percentages and assesses the impact on Project NPV.

| Nymagee Sensitivity Analysis: | | | | | | | | | | | | |
|-------------------------------|-----------------|-------|-----------------|-------|-----------------|-------|-------------|---------------|--------------------|-----------------|----------------------|--------------------|
| | Cu price US\$/t | | Pb price US\$/t | | Zn Price US\$/t | | Cu Recovery | Cu Conc Grade | Pb and Zn Recovery | Bulk Conc grade | Start-up Capital \$M | On-site costs \$/t |
| Base | 5800 | 5800 | 2350 | 2350 | 2850 | 2850 | 90% | 25% | 90% | 55% | 20 | 120 |
| Change | 10% | (10%) | 10% | (10%) | 10% | (10%) | (10%) | (10%) | (10%) | (10%) | 10% | 10% |
| Flexed | 6380 | 5220 | 2585 | 2115 | 3135 | 2565 | 81% | 23% | 81% | 50% | 22 | 132 |
| NPV Change | 46% | (32%) | 3% | (11%) | 8% | (16%) | (27%) | (8%) | (22%) | (19%) | (8%) | (30%) |

Table 6 Sensitivity Analysis

- Copper Grade

Grade sensitivity has not been modelled due to the complex interactions with the mine model. For purposes of sensitivity analysis, one can assume that the grade sensitivity will be similar to the commodity price sensitivity.

- Copper Price, Copper Recovery and On-site Costs

Copper price, copper recovery and on-site costs are assessed as the most sensitive variables for the project. Copper sensitivity is logical considering copper contributes almost two-thirds of the project NSR.

The on-site costs are also particularly sensitive to project value.

12. FUNDING

The sources of funding for the Nymagee Project are assumed to be either through internally generated cash flow or partial drawdown of existing finance facility "Facility D", which is part of the current Glencore Facility Agreements with the Company.

Facility D is a \$50M senior secured finance facility available to the Company from Glencore upon the delivery of an approved Bankable Feasibility Study or otherwise with the lenders consent.

Further Information

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Further Important Information for this Announcement

This Study has been prepared and reported in accordance with the requirements of the JORC Code (2004) and relevant ASX Listing Rules.

The Study has been prepared to an accuracy level of $\pm 30\%$. The primary purpose of the Study is to establish whether or not to proceed to the next stage of feasibility studies. The Study results should not be considered a profit forecast or production forecast. As defined by the JORC Code, a "Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistic assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be justified."

The Modifying Factors included in the JORC Code have been assessed as part of the Study, including mining, processing, infrastructure, economic, marketing, legal, environmental and social factors. The Company has received advice from appropriate internal and external experts when assessing each Modifying Factor.

Following an assessment of the results of the Study, the Company has formed the view that the next stage of feasibility studies is justified for Nymagee. Pre-feasibility Studies will provide the Company with far more comprehensive assessment of a range of options for the technical and economic viability of Nymagee.

The Company has concluded it has a reasonable basis for providing any of the forward looking statements included in this announcement and believes that it has a reasonable basis to expect that the Company will be able to fund its stated objective of completing feasibility studies for Nymagee. All material assumptions on which the forecast financial information is based are set out in this announcement.

This release contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this news release are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein.

Competent Person Statements

The information in this announcement that relates to Mineral Resources was extracted from the Company's ASX announcement dated 22 December 2011 entitled 'Maiden Nymagee Resource' which is available to view on the company's website at www.aureliametals.com.au/announcements/2011.aspx. The information in this announcement that relates to Mineral Resources is based on, and fairly represents information compiled or reviewed by Mr Dean Fredericksen, who at the time was the Chief Operating Officer of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Dean Fredericksen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'

Aurelia Metals confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements and; b) all material assumptions and technical parameters underpinning the Resource included in the original ASX announcement continue to apply and have not materially changed; c) the form and context in which the relevant Competent Persons' findings are presented in this announcement has not been materially modified from the original ASX announcement.