

QUARTERLY REPORT

for the period ending 30 September 2017

QUARTER HIGHLIGHTS

- **Gold production of 11,111 oz at a Cash Cost of A\$181/oz and an AISC of A\$570/oz (US\$456/oz)**
- **Quarterly revenue of \$29.7M and Site EBITDA of \$15.3M**
- **Quarterly cash flow before debt servicing and bond increase of \$8.4M**
- **Cash in bank decreased to \$32M after a \$10M debt repayment and \$1.2M increase in security bond deposits**
- **Net Debt reduced by 10% to \$67.5M (Cash of \$32M, Glencore Debt \$99.5M)**

HERA OPERATIONS

- Mining of higher grades in the quarter and two shipments of base metal concentrate with high base metal prices delivered a record low Cash Cost of A\$181/oz and All-in Sustaining Cost (AISC) of \$570/oz (US\$456/oz).
- Record Pb and Zn concentrate production of 10,832 tonnes was achieved during the quarter.
- Ore processed was 94,225 tonnes, despite high base metal grades (6.9% Pb+Zn).
- Gold recovery of 89.8%.
- Upgrade of the Tailings Storage Facility was completed with sufficient capacity for the known life of Hera and Nymagee.

PROJECTS

- Since the positive results from the Nymagee Copper-Lead-Zinc Scoping Study were released to ASX on 2 May 2017, activities continue to be focused on environmental baseline monitoring work, required for the approval process, and a plan for detailed metallurgical testwork.

CORPORATE

- Site EBITDA (site revenue less site operating costs) was \$15.3M. Quarterly revenue (excluding interest) was \$29.7M, with \$17.4M from gold and silver sales and \$12.3M from base metal sales (two shipments in the quarter).
- Cash in bank decreased by \$2.8M to \$32M (\$34.8M at 30 Jun 17), after a voluntary early debt repayment of \$10M, and an increase in security bond deposits (financial assets) of \$1.2M. Cash inflow before these items was \$8.4M.
- Net Debt reduced by 10% to \$67.5 million (\$75 million at 30 Jun 17).
- Financial Results for the year ending 30 June 2017 were released during the quarter. Key results included revenue increasing by 18% on the prior year to \$108.6M, net profit increasing by 77% to \$19.3M and net debt reducing by 30% to \$74.8M.

HERA MINE NSW (100%)

HERA OPERATIONS SUMMARY

Operations continued to perform strongly with gold production exceeding June quarter production by 6%. Process throughput continued to improve and increased on the prior quarter, remaining at above design rates. Previous initiatives to de-constrain the filter press enabled record concentrate production for the quarter of 10,832 tonnes.

Mining costs increased in the quarter in preparation for future increases in process throughput.

The current production plan is to commence development mining of the North Pod in the December 2017 Quarter. With continued strong base metal grades, two base metal concentrate shipments are planned for the December quarter.

A summary of the quarterly production data is tabulated below:

Aurelia Metals Sep-17 Qtr Summary	Units	Dec 16 Qtr FY17	Mar 17 Qtr FY17	Jun 17 Qtr FY17	Sep 17 Qtr FY18	YTD FY18
Ore Mined	t	96,988	85,643	102,275	96,275	96,275
Mined Grade - Gold	g/t	4.69	4.80	3.80	4.08	4.08
Mined Grade - Silver	g/t	12.0	14.3	12.4	15.1	15.05
Mined Grade - Lead		2.00%	2.87%	2.33%	3.18%	3.18%
Mined Grade - Zinc		2.36%	3.94%	3.12%	3.59%	3.59%
Ore Processed	t	97,778	91,345	93,649	94,225	94,225
Processed Grade - Gold	g/t	4.82	4.83	3.79	4.09	4.09
Processed Grade - Silver	g/t	11.77	14.36	11.74	14.87	14.87
Processed Grade - Lead		1.96%	2.91%	2.23%	3.19%	3.19%
Processed Grade - Zinc		2.38%	3.88%	2.90%	3.74%	3.74%
Gold recovery		88.7%	87.7%	92.0%	89.8%	89.8%
Silver recovery		88.7%	89.3%	88.8%	89.8%	89.8%
Lead recovery		90.8%	93.1%	90.6%	90.0%	90.0%
Zinc recovery		91.1%	88.9%	88.0%	87.6%	87.6%
Gold Production	oz	13,427	12,488	10,510	11,111	11,111
Silver Dore Production	oz	9,561	11,995	7,968	12,259	12,259
Concentrate produced	dmt	7,171	9,370	7,747	10,832	10,832
Concentrate grade (Pb+Zn)		54%	60%	55%	53%	53%
Gold sold	oz	13,079	11,917	11,380	10,613	10,613
Concentrate sold	dmt	10,380	10,590	5,235	10,389	10,389
Payable Lead sold	t	2,220	2,291	1,185	2,305	2,305
Payable Zinc sold	t	2,257	2,534	1,238	2,096	2,096
Payable Silver sold	oz	2,992	2,138	0	0	0

MINING

A total of 96,275 tonnes of ore was mined during the quarter at an average grade of 4.08 g/t gold, 3.18% lead and 3.59% zinc. An additional underground haul truck was added to the fleet during the quarter which resulted in an improvement in mining rates through September.

Lateral underground development achieved during the quarter was 815 metres (541 metres in the prior quarter). Capital development remained focused on decline development to the North Pod.

PROCESSING

A total of 94,225 tonnes of ore was processed during the quarter grading gold at 4.09 g/t, lead 3.19% and zinc 3.74%.

Total process throughput increased from the previous quarter despite the treatment of high base metal grades primarily due to previous initiatives to de-constrain the filter press. A monthly record throughput rate of 50.5 tonnes per hour was achieved in August. An upgrade of the screening capacity is scheduled to be commissioned in October and is expected to enhance plant performance during times of low base metal grades.

Gold recovery reduced slightly to 89.8%. Initiatives are in place to further reduce gold losses to tailings and concentrate.

The upgrade of the Tailings Storage Facility (\$0.60M capital) was completed during the quarter and is now in use. Construction of the facility was completed under budget. The facility is planned to have sufficient future capacity for the known life of Hera and Nymagee.

The lead and zinc circuit continues to perform strongly, with 10,832 tonnes of concentrate produced.

Two shipments and sales of concentrate were achieved during the quarter, with 10,389 tonnes of concentrate sold in the Quarter.

EXPLORATION DRILLING

Exploration drilling continued throughout the quarter, with the main objective being to increase the confidence in the Resources and Reserves and extend the depth of the Hera orebodies. Drilling totaled 6,473 metres (5,442 metres infill and 1,031 metres exploration) compared to 11,159 metres in the previous quarter.

The drilling has targeted the lower Main North, Far West, Far West Deeps and North Pod Deeps. Drilling is currently testing the North Pod at depth, some 100 m below the current resource.

RESOURCES AND RESERVES

An updated Resources and Reserves estimate was released to ASX on 31 July 2017.

The updated Ore Reserve estimate represented a 51% increase in tonnage (allowing for mine depletion), providing a 4 year mine life. The potential mine life for Hera and Nymagee is estimated at 8 to 9 years. The Resource and Reserve Estimate totals were:

- Total Mineral Resource Estimate of 2.934 Mt at 2.8g/t gold, 2.6% Pb, 3.8% Zn
- Total Ore Reserve Estimate of 1.476 Mt at 3.53g/t gold, 2.74% Pb, 4.05% Zn

CORPORATE

FINANCIAL PERFORMANCE

Financial performance of the Hera operation is summarised in the table below. The reduced AISC of \$570/oz was achieved through high levels of by-product credits associated with two concentrate shipments and high base metal prices. The quarter also registered a favourable movement in inventory (reduction in costs) due to an increase in high grade ore stocks.

Aurelia Metals Sep-17 Qtr Summary		Dec 16 Qtr	Mar 17 Qtr	Jun 17 Qtr	Sep 17 Qtr	YTD
	Units	FY17	FY17	FY17	FY18	FY18
Mining	\$/oz	449	418	521	559	559
Processing	\$/oz	505	530	546	579	579
Site Administration	\$/oz	77	81	97	105	105
Concentrate Transport & Refining	\$/oz	119	128	90	163	163
Net Inventory adjustments	\$/oz	102	115	(38)	(159)	(159)
Royalties	\$/oz	117	124	91	114	114
Third party smelting, refining	\$/oz	323	366	7	264	264
Total By-Product Credits	\$/oz	(1,085)	(1,383)	(576)	(1,442)	(1,442)
Cash Cost*	\$/oz	607	377	736	181	181
Corporate admin and other	\$/oz	72	59	83	91	91
Sustaining mining & process capital	\$/oz	142	231	403	298	298
AISC (All-in Sustaining Cost)*	\$/oz	821	666	1,222	570	570

* Cash Costs and AISC are calculated on gold sold with by-products credited on a sales basis. Base metal sales are approximately 40% of total sales and are accounted for as a by-product credit. The timing of Pb-Zn shipments (approx. every 6 weeks) will create volatility in the Company's reported ASIC due to timing of base metal by-product credits and concentrate inventory movements.

All financials are preliminary and subject to change. Final revenue will be adjusted due to quotational period pricing, product inventory and smelter payable adjustments, where applicable. Cost data is preliminary and subject to final review and adjustment.

The Company generated sales of \$29.7 million, split approximately 60% gold and 40% base metal sales.

Gold sales were \$17.2 million from the sale of 10,613 oz at an average spot price of A\$1,621/oz. Volume and average gold price were both down on the prior quarter by 9% and 3% respectively. Silver dore sales generated \$0.2 million.

Net concentrate sales were \$12.3 million reflecting the two shipments and sale of 10,389 dmt of concentrate in the period (parcel numbers 16 and 17).

Hera quarterly EBITDA was \$15.3 million, compared with \$10.5 million in the prior quarter.

Cash at bank decreased during the quarter by \$2.8 million to \$32 million as at 30 September 2017. The decrease in cash is after a voluntary early debt repayment of \$10 million and increase in security bonds of \$1.2 million.

The \$2.8M in negative cash flow was generated by Site EBITDA of \$15.3 million, less corporate admin of \$1 million, \$3.2 million of mine and process capital, \$0.1 exploration costs, increase in security bond deposits of \$1.2M, a \$10 million debt repayment and a net outflow of \$2.6 million from changes in working capital (increased inventory and other).

CAPITAL EXPENDITURE

Total quarterly sustaining capital of \$3.2M was lower than the previous quarter as several major projects were completed.

Mining capital was \$2.4M, consisting of \$2.3M of decline development (435 m) and \$0.1M of underground infrastructure (pump station and electrical sub-station).

Processing capital was \$0.8M, consisting largely of \$0.3M for the Tailings Storage Facility and \$0.2M for process optimisation (flotation pump upgrades).

DEBT

On 3 August 2017 an early debt repayment mechanism was agreed with Glencore and the first \$10M early debt repayment completed. All early repayments are applied to Facilities C&E, and the convertible amounts of Facilities B&F are reduced by the repayment amounts.

As a result of the early debt repayment, net debt reduced in the quarter by 10% to \$67.5M (Cash of \$32M, Glencore Debt \$99.5M), compared to prior quarter balance of \$75 million (cash of \$35 million and debt of \$110 million). At 30 September 2017 the debt to Glencore of \$99.5M consists of senior debt of \$37.5M and convertible debt of \$62M.

No CFADS sweep obligation was generated in the quarter.

GOLD FORWARD SALES

During the quarter, the Company closed 5,000 oz of gold forwards for a gain of \$0.4 million. No further hedging was taken and the position at quarter end was 20,000 oz of gold forwards at an average delivery price of A\$1707/oz.

FINANCIAL RESULTS

The Company's financial results for the 12 months to 30 June 2017 were released to ASX on Thursday 31 August 2017. Key highlights of these results are as follows:

- Revenue of \$108.6M, up 18% due to increased base metal sales
- Net Profit of \$19.3M, up 77% on prior corresponding period
- Strong cash generation with EBITDA increasing by 18% to \$48.5M
- Balance sheet strengthened with 30% reduction in net debt to \$74.8M

For further details please refer to ASX release dated 31 August 2017 titled "AMI-Appdx 4E and 2017 Financial Statements".

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Issued capital:	430.9M ord. shares, 10M unlisted options, 6.57M unlisted perf. Rights	
Substantial Shareholders:	PacRoad 145M (33.7%), Glencore 28.8M (6.7%), Yunnan Tin TDK 30.6M (7.1%)	
Non-Executive Chairman:	Cobb Johnstone	
Managing Director & CEO:	Jim Simpson	
Non-Executive Directors	Lawrie Conway, Paul Espie, Mike Menzies, Rune Symann	