

ASX ANNOUNCEMENT

ASX: AMI

2 March 2023



FEDERATION PROJECT RECEIVES DEVELOPMENT CONSENT

Aurelia Metals Limited (ASX: AMI) ('Aurelia' or 'the Company') is delighted to announce it has received Development Consent from the New South Wales (NSW) Department of Planning and Environment to develop the high-grade, polymetallic Federation Mine, 10 kilometres south of its Hera operation in central-west NSW.

The Federation Mine development will extract high-grade zinc and lead, as well as copper, gold and silver ore over an initial life of eight years with a production capacity of 600 thousand tonnes per annum (ktpa).

Aurelia has already meaningfully progressed project development under a pre-existing approval to construct an exploration decline. The Company has completed the majority of essential surface and civil works at the Federation site, and excavated the decline to 80m above the uppermost ore production level.

Once underground work recommences, Aurelia will drill from underground aiming to extend the life of Federation, which remains open in multiple directions with high potential to expand the known extent of the deposit.

The site itself will have a small disturbance footprint given most activities will occur underground. Aurelia will process the ore mined at Federation through its existing processing plants at the Company's nearby Peak and Hera operations. Concentrate product will be trucked and railed to port using the Company's established transport routes. The use of existing infrastructure delivers a capital efficient project with low development risk.

Aurelia expects to announce a funding solution to finance the development of the Federation Mine by the end of the March quarter and, soon after, mobilise the resources required to continue excavation of the decline to access the high-grade Federation orebody. Based on this timeline and the ability to leverage existing infrastructure, the first high-grade Federation ore is expected to be processed within 12 months of work recommencing.

With a Net Present Value (NPV) of \$415M and an Internal Rate of Return (IRR) of 71% based on spot prices used in the Feasibility Study⁴, Federation is a compelling base metals project.

Commenting on the approval, Interim Chief Executive Officer, Andrew Graham said:

"With a zinc equivalent grade of 16.7%⁵, Federation is one of the highest grade base metals development projects in Australia. We are expecting this high value material together with the use of our substantial existing infrastructure in the region to deliver early cashflow and rapid payback for our shareholders."

"We are incredibly proud this development will provide 140 skilled jobs over the life of the mine and continue our contribution to the regional economy, as well as supplying metals that are essential for the manufacture of renewable technologies."

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"Aurelia would like to thank the NSW Government and regulatory agencies for working with us to approve the Federation project in such a short timeframe. I would also like to thank our local stakeholders for the constructive conversations we had during the application process. We look forward to continuing to work with you throughout the development of our mine and into operations. Finally, my sincere appreciation goes to the Aurelia team who worked tirelessly to design our Federation Project in a way that minimises its disturbance footprint and extends the lives of our existing operations."

About the Federation Project

Discovered in April 2019, the Federation deposit is located approximately 15 kilometres south of the township of Nymagee and 10 kilometres south of the Company's Hera Mine, in central western NSW.

The Federation Mine Feasibility Study was released in October 2022 (refer to ASX announcement: *Federation Mine Feasibility Study* and the investor presentation: *Federation Feasibility Study and Company Update* dated 10 October 2022). The Feasibility Study confirmed:

- Federation is a compelling investment with the following metrics released with the Feasibility Study and based on spot prices at 5 August 2022:
 - ✓ a NPV of A\$415M
 - ✓ an IRR of 71%
 - ✓ 1.6 years pay back, and
 - ✓ average annual EBITDA of ~A\$126Mpa
- the Federation deposit is a base metals development project with precious metal credits contributing additional value
- zinc, lead, copper, gold and silver mineralisation will be extracted by underground long-hole stoping methods with paste backfill
- Federation will leverage existing processing plants and infrastructure at the Peak and Hera operations facilitating a capital efficient and lower risk development project
- the orebody remains open in multiple directions with high potential to expand the known extent of the deposit with underground and surface drilling
- initial mine life of approximately eight years, with a maximum mining rate of 600ktpa and significant opportunity for multi-year life extensions.

Materially de-risked development project

Substantial progress has been achieved positioning the Federation Project as a low risk, near term mine development that provides a platform for delivering long-term shareholder value.

During H1 FY23, Aurelia continued to progress the Federation project, including:

- advancing the mine design to target earlier stoping ore and optimise the underground layout, incorporating new geological information received after the Feasibility Study data cut-off
- enhancing the Feasibility Study towards earlier ore delivery and optimised capital scope

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- designing road intersection upgrades in preparation for the prioritisation of ore feed to the Peak process plant to maximise metal payability from the early concentrates produced
- installation of surface facilities including the muster room, change house, temporary workshop, batch plant, explosives magazine and power and communications facilities
- development of the exploration decline after finalisation of the surface box cut excavation; the decline advanced to a position that is 80 vertical metres from the top production level before activities were suspended pending finalisation of a suitable financing package
- recovery of equipment and infrastructure from the Hera Mine in preparation for its reuse at Federation.

Figure 1: Aerial shot of the mine box cut and decline



Figure 2: 90m of centreline advance



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A growing Resource with substantial upside potential

The most recent infill drilling intercepted exceptional base metal and gold mineralisation (refer to ASX Announcement: *Spectacular Intercepts at Federation* dated 15 August 2022). This drilling post-dated the conversion of 1.6Mt of Inferred to Indicated Mineral Resource (refer to ASX Announcement *Group Mineral Resource and Ore Reserve Statement* dated 10 October 2022) demonstrating improved estimation confidence. The 30 June 2022 Mineral Resource Estimate of 5.0Mt at 9.2% zinc, 5.4% lead, 0.9g/t gold, 0.3% copper, and 6g/t silver was reported in October 2022.

The Maiden Ore Reserve Estimate of 2.2Mt at 8.9% zinc, 5.3.% lead, 1.4g/t gold, 0.3% copper and 6g/t of silver was also reported in October 2022 (refer to ASX Announcement: *Group Mineral Resource and Ore Reserve Statement* dated 10 October 2022).

The Federation deposit remains open at depth and along strike, which will be the focus of future exploration drilling. Once the Federation decline is sufficiently advanced, Aurelia will conduct further infill and extensional drilling from underground platforms targeting depth extensions of known mineralisation. Further surface exploration drilling is planned to target strike extensions.

Consultation to rename the Federation Mine

Aurelia recognises the deep connection First Nations people have with the land. The Ngemba, Ngiyampaa, Wangaaypuwan and Wayilwan People, and Wiradjuri People are the Traditional Owners of the land where the Federation Project is located. Following an Aboriginal Focus Group meeting, Registered Aboriginal Parties who represent the Traditional Owners and other Indigenous stakeholders were engaged to discuss the potential to change the name 'Federation' to a more culturally sensitive identifier.

A consultation process will occur over the next six months on suggested options to re-name Federation.

Explanatory Notes – Federation Feasibility Metrics

1. Refer to ASX release 10 October, 'Federation Mine Feasibility Study' for further details. This study was prepared by the Company which has concluded that it has a reasonable basis for providing the forward-looking statements and the forecast financial information included in that ASX release. Valuation date as 10 October 2022. The Feasibility Study uses a discount rate of 7% (Real). Spot NPV has been calculated using metal prices on 5 August 2022 (see footnote 4 for a detailed breakdown of the metal prices used).
2. Indicated mine life and any potential future life extensions are subject to receipt of approvals.
3. Financial metrics are pre-tax, ungeared; spot scenario assumes spot metals pricing and spot FX.
4. Spot prices on 5 August 2022 with Zinc = A\$5,039/t, Copper= A\$11,023/t, Lead = A\$2,834/t, Gold = A\$2,571/oz and Silver = A\$29/oz. NPV figure is shown on a pre-tax and ungeared basis.
5. The zinc equivalent (ZnEq) grades have been calculated using Ore Reserve price assumption estimates with Zinc = US\$2,500/t, Copper = US\$6,800/t, Lead = US\$1,975/t, Gold = US\$1,450/oz and Silver = US\$19/oz.

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

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About Aurelia

Aurelia Metals Limited (ASX: AMI) is an Australian mining and exploration company with a highly strategic landholding and three operating mines in New South Wales (NSW). The Peak and Hera mines are in the Cobar Basin in western NSW, and the Dargues mine is in south-eastern NSW.

In FY22, Aurelia produced 98,461 ounces of gold at a Group All-in Sustaining Costs (AISC) of A\$1,707 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).

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