

QUARTERLY REPORT

for the period ending 30 June 2018

QUARTER HIGHLIGHTS

- **Peak Mines acquisition completed during the quarter**
- **Group quarterly gold production of 54,746 oz at an AISC of \$567/oz**
 - **Peak Mines contributed 37,552 oz at AISC \$517/oz**
 - **Hera contributed 17,195 oz at AISC of \$631/oz**
- **Group quarterly mine cash flow contribution was \$71M, with Peak Mines contributing some \$51M and Hera \$20M**
- **Cash of \$67M at 30 June 2018, with all debt repaid in the quarter**

OPERATIONS

- Group quarterly gold production of 54,746 oz delivered at an All-in Sustaining Cost (AISC) of \$567/oz. Record gold production was delivered due to high gold grades at Peak and a combination of strong gold grades and record ore throughput at Hera.
- Group FY18 production was 97,374 at an ASIC of \$509/oz (12 mths Hera, 3 mths Peak), compared to prior year FY17 production of 45,679 oz at an AISC of \$968/oz.
- FY18 Hera production was a record at 59,822 oz at AISC of \$430/oz.
- Production at Peak was driven by the exceptionally high grade but low tonnage Chronos zone (average mined grade of 31 g/t in the quarter). Gold grades at both Hera and Peak over-delivered relative to expected grades, due in part due to the high nugget effect associated with mineralization mined in the quarter.
- Hera is on track to commence production from the North Pod in the next quarter.

CORPORATE

- Peak Mines acquisition completed on 10 April 2018.
- Group revenue of \$137.1M was derived approximately 80% from gold and silver sales and 20% from copper, lead and zinc sales. Prior quarter sales revenue was \$45.3M.
- The recent reduction in base metal prices may result in negative price adjustments on June quarter base metal sales, with the impact likely to be registered in the September quarter.
- Group quarterly EBITDA was \$86.7M, compared with \$28.5M in the prior quarter.
- Group mine cash flow contribution was \$70.8M, with Peak of \$51.2M and Hera of \$19.6M.
- Remaining Glencore Debt (\$30.4M) repaid in the quarter, with the Investec debt (\$45M) drawn and repaid in the quarter, to give a nil closing debt balance.
- Cash in bank decreased by \$14.7M to \$66.9M (\$81.6M at 31 March 18), after final acquisition payment to purchase Peak and after debt repayments.
- Gold hedge position at quarter end was 76,000oz at \$1,727/oz (31 March balance was 85,000oz at \$1,700/oz).
- Rune Symann resigned as a Director on 30 April 2018 and Clifford Tuck was appointed a Director on 24 May 2018.
- On 8 June 2018, Pacific Road Capital sold its 36.7% shareholding in the Company to a range of existing and new institutional investors.

GROUP SUMMARY

The June quarter performance was strong with the first contribution from Peak Mines and a record production result from Hera. Hera's AISC was impacted by a reduction in concentrate and gold inventory and lower base metal credits. Peak Mines production is consolidated from 10 April, with only minimal gold production in the first nine days of April due to a plant shut.

Aurelia Metals Production Summary	Units	Dec 17 Qtr	Mar 18 Qtr	Jun 18 Qtr	FY18
Hera gold produced	oz	14,527	16,991	17,195	59,822
Hera gold sold	oz	14,069	17,467	18,283	60,433
Hera lead produced	t	2,601	2,503	1,803	9,609
Hera zinc produced	t	3,589	3,550	2,800	13,031
Hera AISC	\$/oz	356	250	631	430
Peak gold produced	oz	0	0	37,552	37,552
Peak gold sold	oz	0	0	43,023	43,023
Peak copper produced	t	0	0	1,968	1,968
Peak lead produced	t	0	0	1,551	1,551
Peak AISC	\$/oz	0	0	517	517
Group gold production	oz	14,527	16,991	54,746	97,374
Group gold sold	oz	14,069	17,467	61,306	103,456
Group copper production	t	0	0	1,968	1,968
Group lead production	t	2,601	2,503	3,353	11,160
Group zinc production	t	3,589	3,550	2,800	13,031
Group AISC ⁽¹⁾	\$/oz	452	316	567	509

⁽¹⁾ Group AISC includes Corporate G&A costs

Note: Peak Mines production is consolidated from 10 April 2018

PEAK MINES NSW (100%)

ACQUISITION FINALISED

The acquisition of Peak Mines was finalised during the quarter. The total payment to NewGold was \$93.4M, consisting of a base acquisition price of \$76.7M and an agreed Net Cash and Working Capital Amount of \$16.7M.

Due to the operation of the financial "locked box" mechanism (operating from 1 January to 10 April), with all cash and working capital remaining in Peak Mines Pty Ltd until the acquisition date, the Company acquired the business with a Net Cash and Working Capital Amount of \$34.6M. This leads to an effective purchase price of approximately \$59M.

It should be noted that for accounting purposes the acquisition price is \$93.4M with the cash and working capital represented in the balance sheet of Peak Mines at the date of acquisition.

PEAK OPERATIONS SUMMARY

Under the Company's ownership the rationalisation of the workforce and activities at Peak commenced. Despite the significant changes being implemented in the quarter, operations performed strongly achieving record gold production. Performance was driven by the small but high grade Chronos zone, which contributed 70% of the ounces for only 22% of the tonnes processed in the quarter.

Throughput was 135,345 tonnes (541 kt annualized) which is significantly below the process plant design throughput rates. This was largely a function of restricted ore supply and filtration capacity constraints whilst processing high base metal feed from Chronos.

Strong levels of base metal concentrate production occurred during the quarter with 6,271 tonnes of copper concentrate and 3,875 tonnes of lead concentrate produced.

A summary of the quarter and YTD production results is tabulated in 'Table A – Quarterly Summary' and 'Table B – YTD Summary', below.

MINING

Mining rates were restricted in the quarter by limited mine development. The underspend in mine capital at Peak is a notable feature that requires correcting under the Company's ownership.

The Company is engaging with external mining contractors to assist with manning and to increase overall mine development rates. Development achieved in the quarter was 978 m (132 m operating development and 846 m capital development).

Development was focused on accelerating access in the Chronos zone and pushing the decline down to the lower levels of the Perseverance zone. Ore mined during the period was sourced from Chronos, Perseverance and Jubilee.

The high grade nature of the Chronos zone was experienced in the quarter, with the mining of 32,378 tonnes at 31.4 g/t gold, 70.5 g/t silver and 5.9% lead. Chronos is expected to positively influence gold production over the next 6 months, however, production is difficult to predict due to a very high nugget effect and high grade variability.

The Company is developing life of mine plans and schedules with a strong focus on unit cost reduction.

PROCESSING

Mill throughput was restricted during the quarter due to a combination of high base metal grades from Chronos, which generated concentrate volumes greater than the plant's filtration capacity, and a lack of ore supply due to mine scheduling issues.

The circuit continues to operate very efficiently with gold ore (97.7% gold recovery) but less so with base metal feeds (76% lead recovery). Improving the base metal performance of the plant is a major focus, to increase metal recovery and filtration capacity and also to provide the ability to produce separate lead and zinc concentrates.

EXPLORATION DRILLING

Exploration work focused on testing the up-dip extensions of the Chronos zone. Drilling of the zone is limited by available drill platform, with only incremental step-outs possible. Drill results are expected in the September quarter.

A program of infill drilling the Chronos lead-zinc rich mineralization which surrounds the high grade gold core has been approved. The six-month program to drill 11,000 m, costing some \$1.4M, has commenced.

HERA MINE NSW (100%)

HERA OPERATIONS SUMMARY

Operations performed strongly achieving another record quarterly gold production result, with 17,195 oz at a site AISC of \$631/oz. Production for the FY18 year was 59,822 oz at AISC of \$430/oz, compared to the prior year of 45,679 oz at AISC of \$968/oz

A summary of the quarter and YTD production results is tabulated in 'Table A – Quarterly Summary' and 'Table B – YTD Summary', below.

MINING

Mining rates continue to increase to match the increased ore processing rates, with accelerated development completed earlier in the year providing adequate ore sources during the period.

A total of 111,411 tonnes of ore was mined during the quarter at an average grade of 5.41 g/t gold, 2.0% lead and 3.0% zinc, with very positive reconciliations on gold grades.

Lateral underground development achieved during the quarter was 782 metres (1,069 metres in the prior quarter). With capital development sufficiently advanced, activity was reduced as planned and in line with appropriate levels of mining inventories.

Stoping of the North Pod is expected to commence in the September 2018 quarter, with two production levels completed in preparation for stoping.

PROCESSING

A record rate of ore throughput was achieved, with 109,303 tonnes of ore processed in the quarter grading 5.5 g/t gold, 1.9% lead and 2.9% zinc.

The primary focus in processing is to minimise gold losses from the plant to improve gold recovery from the 89% achieved in the quarter.

Lead-zinc concentrate production reduced in the quarter to 8,319 tonnes due to the processing of high gold and lower base metal grade feed.

EXPLORATION DRILLING

The remaining phase of the underground exploration program was completed during the quarter (511 metres). The main focus of exploration will be a surface based program, due to commence late in the September 2018 quarter. A budget of \$3.9M has been allocated to drill approximately 11,000 metres to test targets at depth (testing a deeper repetition of the Hera system) and to the south and south-east of the Hera mineralized trend (Hebe, Zeus, Athena targets).

Underground production infill drilling of the Upper North Pod is planned to commence in the December 2018 quarter.

NYMAGEE (95%)

On 2 May 2017, Aurelia Metals released a Scoping Study on the potential for mining the Nymagee Cu-Pb-Zn Resource, located some 5km north of the Hera Mine.

The Company is planning on advancing the Scoping Study to a Pre-Feasibility Study (PFS) level. One of the key inputs into the PFS is additional testwork to assess the metallurgical characteristics of the Nymagee ores and to develop an appropriate processing flow sheet for the Hera plant. The program of drilling (8 holes with planned wedges) and metallurgical testwork is budgeted at \$1.25M.

The metallurgical drill program at Nymagee (2,900 metres) commenced in the quarter.

TABLE A - Quarterly Summary

Aurelia Metals - Jun 18 Qtr Summary	Units	Hera	Peak	Group
Ore Mined	t	111,411	131,701	243,112
Mined Grade - Gold	g/t	5.41	9.61	7.69
Mined Grade - Silver	g/t	9.25	25.59	18.10
Mined Grade - Copper	%	0%	1.45%	0.78%
Mined Grade - Lead	%	1.97%	1.50%	1.72%
Mined Grade - Zinc		2.97%	0.63%	1.70%
Ore Processed	t	109,303	135,345	244,647
Processed Grade - Gold	g/t	5.50	8.83	7.34
Processed Grade - Silver	g/t	8.98	25.67	18.21
Processed Grade - Copper	%	0%	1.56%	0.86%
Processed Grade - Lead	%	1.91%	1.50%	1.68%
Processed Grade - Zinc	%	2.92%	0.63%	1.65%
Gold recovery		89.0%	97.7%	
Silver recovery		86.9%	75.9%	
Copper recovery		0.0%	93.1%	
Lead recovery		86.8%	76.2%	
Zinc recovery		87.5%	29.6%	
Gross Metal Production				
Gold Production	oz	17,195	37,552	54,746
Silver production	oz	27,223	84,815	112,038
Copper production	t	0	1,968	1,968
Lead production	t	1,803	1,551	3,353
Zinc production	t	2,800	251	3,051
Payable Metal Production				
Gold Production	oz	17,195	37,331	54,525
Silver production	oz	8,353	76,001	84,354
Copper production	t	0	1,725	1,725
Lead production	t	1,553	1,378	2,931
Zinc production	t	2,134	0	2,134
Concentrate Production				
Cu Concentrate produced	dmt	0	6,271	6,271
Pb Concentrate Production	dmt	0	3,875	3,875
Bulk Pb/Zn Conc Production	dmt	8,319	0	8,319
Sales				
Gold dore & gold in Conc sold	oz	18,283	43,023	61,306
Silver dore & Silver in Conc sold	oz	8,594	71,411	80,005
Payable Copper sold	t	0	1,462	1,462
Payable Lead sold	t	1,982	1,662	3,644
Payable Zinc sold	t	2,624	0	2,624
Prices				
Gold price achieved	A\$/oz	1,726	1,717	1,720
Silver price achieved	A\$/oz	22	22	22
Copper price achieved	A\$/t	0	9,308	9,308
Lead price achieved	A\$/t	3,007	3,126	3,061
Zinc price achieved	A\$/t	3,586	-	3,586

Note: Peak Mines production is consolidated from 10 April 2018

Table B - FY18 Summary

Aurelia Metals - FY18 Summary	Units	Hera	Peak	Group
Ore Mined	t	406,234	131,701	537,935
Mined Grade - Gold	g/t	5.07	9.61	6.18
Mined Grade - Silver	g/t	13.3	25.6	16.33
Mined Grade - Copper	%	0%	1.45%	0.35%
Mined Grade - Lead	%	2.62%	1.50%	2.35%
Mined Grade - Zinc		3.53%	0.63%	2.82%
Ore Processed	t	407,131	135,345	542,476
Processed Grade - Gold	g/t	5.10	8.83	6.03
Processed Grade - Silver	g/t	13.40	25.67	16.47
Processed Grade - Copper	%	0%	1.56%	0.39%
Processed Grade - Lead	%	2.63%	1.50%	2.35%
Processed Grade - Zinc	%	3.55%	0.63%	2.82%
Gold recovery		89.4%	97.7%	
Silver recovery		88.2%	75.9%	
Copper recovery		0.0%	93.1%	
Lead recovery		89.5%	76.2%	
Zinc recovery		89.8%	29.6%	
Gross Metal Production				
Gold Production	oz	59,822	37,552	97,374
Silver production	oz	154,645	84,815	239,460
Copper production	t	0	1,968	1,968
Lead production	t	9,609	1,551	11,160
Zinc production	t	13,031	251	13,282
Payable Metal Production				
Gold Production	oz	59,822	37,331	97,153
Silver production	oz	53,714	76,001	129,715
Copper production	t	0	1,725	1,725
Lead production	t	8,387	1,378	9,765
Zinc production	t	9,770	0	9,770
Concentrate Production				
Cu Concentrate produced	dmt	0	6,271	6,271
Pb Concentrate Production	dmt	0	3,875	3,875
Bulk Pb/Zn Concentrate Production	dmt	40,756	0	40,756
Sales				
Gold dore & gold in Conc sold	oz	60,433	43,023	103,456
Silver dore & Silver in Conc sold	oz	51,646	71,411	123,057
Payable Copper sold	t	0	1,462	1,462
Payable Lead sold	t	8,694	1,662	10,356
Payable Zinc sold	t	9,757	0	9,757
Prices				
Gold price achieved	A\$/oz	1,684	1,717	1,698
Silver price achieved	A\$/oz	22	22	22
Copper price achieved	A\$/t	0	9,308	9,308
Lead price achieved	A\$/t	3,134	3,126	3,133
Zinc price achieved	A\$/t	4,052	-	4,052

Note: Peak Mines production is consolidated from 10 April 2018

CORPORATE

FINANCIAL PERFORMANCE

The Group AISC of \$567/oz was achieved through strong gold production at both sites, largely driven by high gold grades. As noted previously, Peak site administration costs were impacted by certain restructuring costs in the quarter. Group Financial performance is summarised in the table below.

Aurelia Metals - Jun 18 Qtr Summary	Units	Hera	Peak	Group
All-in Sustaining Cost Summary¹				
Mining	\$k	6,186	11,590	17,775
Processing	\$k	7,043	6,477	13,520
Site Administration	\$k	1,146	3,150	4,296
Concentrate Transport & Refining	\$k	1,927	1,441	3,367
Net Inventory adjustments	\$k	2,768	2,372	5,139
Royalties	\$k	2,236	2,996	5,232
Third party smelting, refining	\$k	2,906	1,424	4,330
Total By-Product Credits	\$k	(15,559)	(20,394)	(35,953)
Sustaining Capital	\$k	2,878	13,178	16,055
Corporate admin and other	\$k			988
AISC (All-in Sustaining Cost)	\$	11,531	22,233	34,752
AISC Unit Cost	\$/oz	631	517	567
Growth Capital	\$	443	414	857
AIC (All-in Cost)	\$	11,974	22,647	35,609
AIC Unit Cost	\$/oz	655	526	581
FY18 AISC Unit Cost	\$/oz	430	517	509

⁽¹⁾ Cost data and financials are preliminary and subject to final review and adjustment

Note: Peak Mines production is consolidated from 10 April 2018

* AISC is calculated on gold sold with by-products credited on a sales basis. The timing of base metal shipments will create volatility in the Company's reported ASIC due to timing of base metal by-product credits and concentrate inventory movements.

The Company generated record sales revenue of \$137.1M, split approximately 80% gold/silver and 20% base metal sales.

Gold sales were \$105.4M from the sale of 61,306 oz (gold dore plus payable gold in concentrate) at an average achieved price of \$1,720/oz. Silver sales generated \$1.8M. Base metal sales were \$29.8M, with approximately 40% relating to copper sales, 30% lead and 30% zinc sales.

The recent reduction in base metal prices may result in negative price adjustments on base metal sales recorded in the June quarter (with the final price received typically being the average base metal price up to three months after the month of shipment). AMI quotes its AISC on a gold sold basis, with base metals accounted for as a credit against costs on a sold basis. Hence, September quarter base metal credits may be lower due to lower prices, but also due to negative price adjustments on sales shipped in the June quarter. The fall in the A\$ has offset some of the US\$ metal price weakness and it is noted that base metal sales represent only 30% of total revenue.

Site quarterly EBITDA (before any year end adjustments) was \$87.7M, compared with \$28.5M in the prior quarter. After capital expenditure of \$16.9M, the site cash flow contribution was \$70.8M. The site cash flow contribution for Peak was \$51.2M and for Hera was \$19.6M.

Cash reduced by \$14.7M during the quarter to give a closing cash balance of \$66.9M. Cash flow can be approximately reconciled as follows:

1. Opening bank 31 March 2018	\$81.6M
2. Mine cash flow contribution – June qtr	\$70.8M
3. Other corporate & working capital changes – June qtr	\$10.9M
4. Material corporate cash flows (detailed below)	(\$96.4M)
5. Closing bank 30 June 2018	\$66.9M

Material corporate cash flows in the quarter included:

1. Glencore debt repayment	(\$30.4M)
2. Withholding tax associated with Glencore debt repayment	(\$1.9M)
3. Peak Mines acquisition final payment	(\$89.5M)
4. Acquisition of Peak cash balance at 10 April 2018	\$34.4M
5. Drawdown and repayment of \$45M Investec debt	\$0.0M
6. Payment of Peak Mines Tax (2017 liability)	(\$6.4M)
7. Payment of Peak Mines Tax (liability incurred post 1 Jan 18)	(\$2.6M)
Total	(\$96.4M)

It is noted that of the total \$93.4M payment for the acquisition of Peak, \$89.5M was paid in the quarter, with \$3.9M pre-paid late last year as a deposit. The only remaining material payment associated with the Peak acquisition is stamp duty of \$5.7M.

CAPITAL EXPENDITURE

Total quarterly capital spend was \$16.9M (Hera \$3.3M and Peak \$13.6M). Of this amount \$16.1M was invested in sustaining capital, predominantly mine decline development and minor process sustaining capital. Growth capital of \$0.9M relates to work on process circuit enhancements and exploration.

GOLD HEDGING

Gold forward sales at quarter end totaled 76,000 oz at \$1727/oz (prior quarter 85,000 at \$1700/oz), with delivery dates spread over the next 12 months.

DEBT

During the quarter the Company fully repaid the \$30.4M of outstanding debt owed to Glencore.

On 10 April 2018, the Company drew \$45M Investec Facility B debt to fund the acquisition of Peak Mines. Due to strong operational performance and excess cash flow, the Company decided to fully repay the \$45M Investec Facility B debt just prior to 30 June 2018. Investec's \$30M guarantee facility remains in place.

With the repayment of the Investec loan, associated borrowing costs and facility fees of approximately \$3M will be expensed in the FY18 financial year.

BOARD

With the repayment of outstanding Glencore debt, Rune Symann (a nominated appointee of Glencore International AG) resigned as a Director from the Board on 30 April 2018. Clifford Tuck was nominated to the Board by the Company's then largest shareholder (Pacific Road) and he was duly appointed a Director on 24 May 2018.

EQUITY

On 8 June 2018, Pacific Road Capital sold its entire 36.7% shareholding in the Company to a range of existing and new institutional investors.

CORPORATE INFORMATION: Aurelia Metals Limited ABN 37 108 476 384

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Share Registry:	Security Transfer Registrars Pty Ltd	Tel: +61 (0)8 9315 2333
Issued capital:	855.9M ord. shares, 10M unlisted options, 6.57M unlisted perf. Rights	
Substantial Shareholders:	Tribeca 7.9%, AusSuper 6.4%, EleyGriffiths 5.8%, Glencore 5.5%, Colonial 5.1%	
Non-Executive Chairman:	Cobb Johnstone	
Managing Director & CEO:	Jim Simpson	
Non-Executive Directors	Lawrie Conway, Paul Espie, Mike Menzies, Clifford Tuck	