ASX ANNOUNCEMENT

aurelia METALS Ltd.

ASX: AMI | 5th August 2014

HERA PROJECT UPDATE

- Process Plant Commissioning well underway
- Further high-grade results from underground exploration holes
- Continued strong underground performance

Aurelia Metals Limited ("**AMI**" or the "**Company**") is pleased to provide an update on development and commissioning activities at its Hera gold-lead-zinc Project.

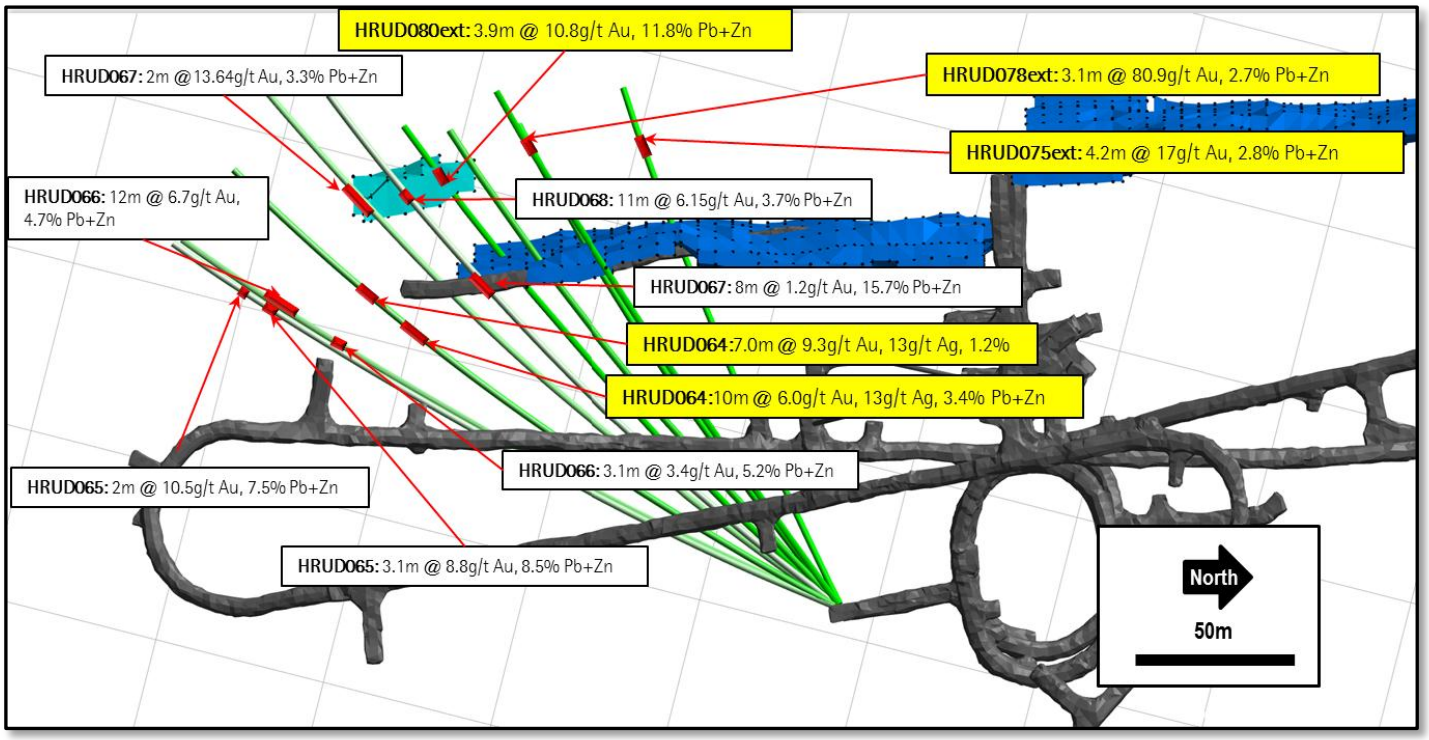
HIGH GRADE RESULTS FROM UNDERGROUND EXPLORATION HOLES

Underground drill holes, drilled at the southern end of the Hera deposit, have returned a further set of high-grade results from outside the Hera Reserve on the eastern and western side of the Hera Main Lens.

Results include:

- 10m @ 6.0g/t Au, 13g/t Ag, 1.8% Pb and 1.6% Zn (HRUD064)
- 7.0m @ 9.3g/t Au, 13g/t Ag, 1.2% Pb (HRUD064)
- 3.1m @ 80.9g/t Au, 24g/t Ag, 1.1% Pb and 1.6% Zn (HRUD078ext)
- 4.2m @ 17g/t Au, 6g/t Ag, 0.9% Pb and 1.9% Zn (HRUD075ext)
- 3.9m @ 10.8g/t Au, 12g/t Ag, 3% Pb and 7.8% Zn (HRUD080 ext)

The position of these drillholes, together with previous underground drill hole results from outside the Hera Reserve, are shown in plan below. The results are likely to result in high-grade additions to the existing Reserves.



Plan of Hera South showing existing Reserves (in blue), mine development (in grey) and recent drill results outside the Hera Reserve. New Results highlighted in yellow.

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PROCESS PLANT COMMISSIONING WELL UNDERWAY

The Hera Process Plant is being constructed under an EPC Contract with Gekko Systems of Ballarat, Victoria. The EPC Contract is a lump sum, turnkey contract for the construction of the process plant, operating to agreed performance warranties.

Process Plant commissioning is now well underway, with key progress including:

- Primary and secondary crushing circuit is effectively commissioned and operating well above design capacity.
- The plant has been operated on a number of continuous runs of up to 6 hours processing waste rock through most of the completed plant, including the following areas:
    - Primary and secondary crushing circuit
    - Crushed rock reclaim, secondary screens and tertiary crushing circuit
    - Mill and gravity circuit
    - Float feed thickeners and rougher floatation circuit
    - Tails feed thickeners and disposed to tailings
- Wet commissioning of the regrind circuit, leach circuit and filter press are continuing with the commissioning of Merrill Crowe Circuit due to commence in the next few days
- First ore is now expected to be introduced to the circuit within the coming week

Mechanical installation is still continuing on some areas of the process plant including;

- Gold room fit-out, and
- Reagents store

Crushing circuit under commissioning

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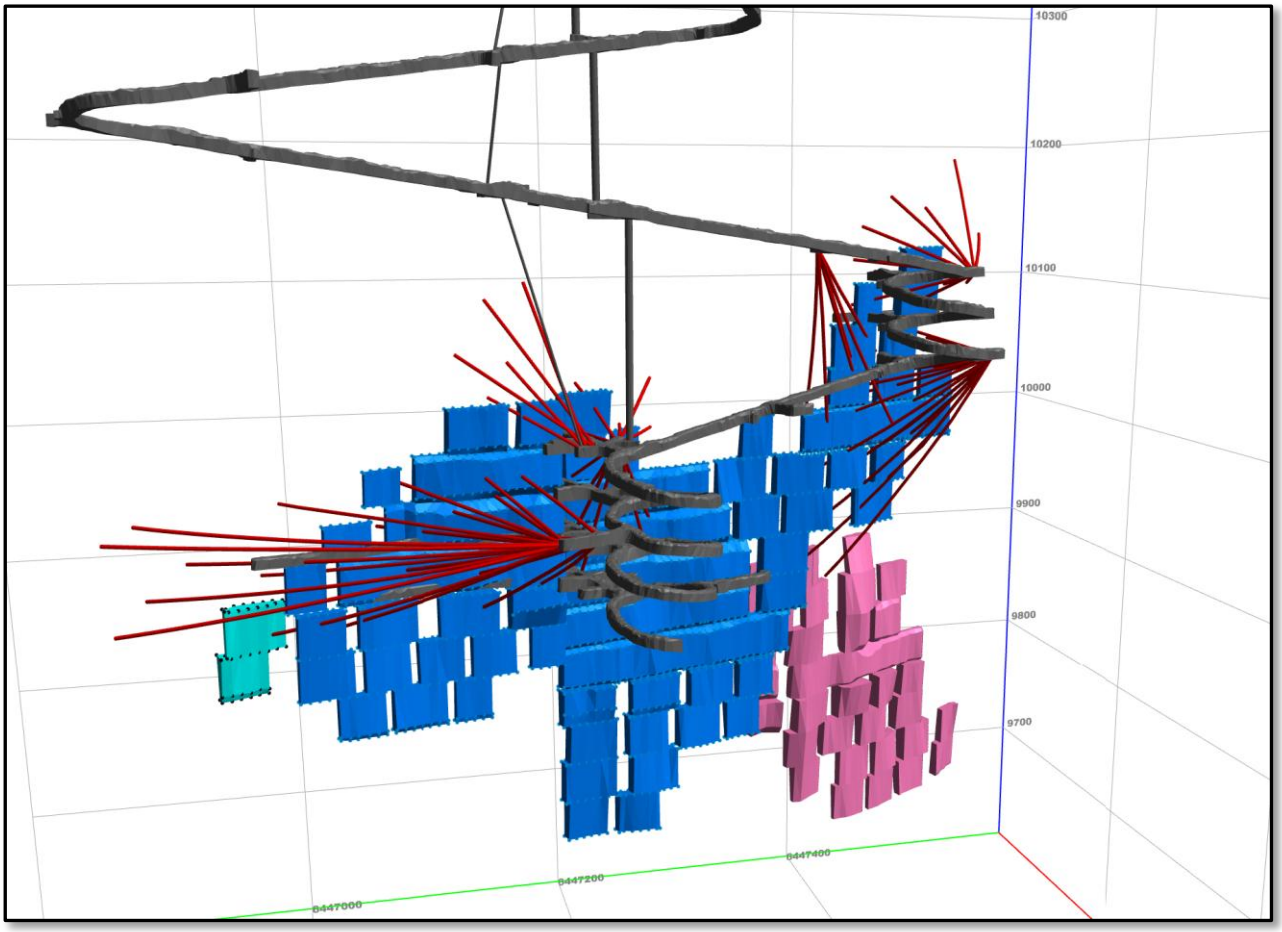
STRONG UNDERGROUND PERFORMANCE CONTINUES

Underground development continues to progress strongly, with underground advance of 277m in June and 353m in July against budget of 270m per month.

The continued over-performance on the rate of underground development and the revised scheduling means the mine has now established considerable operational flexibility demonstrated by:

- ~42,000 tonnes of ore already at the Run-of-Mine (ROM) stockpile at surface ready for mill commissioning;
- 2 completed ore levels with the first stope drilled ready for blasting; and
- Ore development on the 335 and 360 levels on the Hera Mains Lens South continue to produce high grade ore to the stockpile.



3D schematic showing completed Hera Mine development to date (grey), underground drilling completed (red) and the position of the existing Hera Reserves being: Main Lens (blue), Hays Lens (light blue) and far West Lens (Pink)

Aurelia's Managing Director, Rimas Kairaitis, commented:

"*The commissioning process represents the final steps to first production, and we are pleased with progress to date and excited by the imminent processing of first ore. The underground drilling results continue to demonstrate likely high value additions to the Hera Reserve in the short term*"

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Table 1: Collar summary for Hera underground drill holes in this release

Hole	GDA_E	GDA_N	RL	DIP	AZI_MGA	Depth m	Comments
HRUD064	436492	6447138	0.01	0.43	193.9	216	Underground exploration hole
HRUD075ext	436491	6447140	-0.37	-16.2	229.53	166.9	Underground exploration hole
HRUD078ext	436491	6447139	-0.62	-24.94	216.14	180.6	Underground exploration hole
HRUD080ext	436491	6447139	-0.74	-22.6	206.29	198.1	Underground exploration hole

Table 2: Intersection summary for Hera underground drill holes in this release

Hole ID	From (m)	To (m)	Intercept (m)	Est. true width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Comments
HRUD064	131	141	10	9.2	5.95	13	0.4	1.77	1.59	
HRUD064	145	152	7	6	9.29	13	0.3	1.16	-	
HRUD075ext	141	145.2	4.2	4	17	6	-	0.9	1.87	VG @ 143.7-145m
HRUD078ext	155.9	159	3.1	3	80.87	24	-	1.13	1.64	VG158-159m
HRUD080	174	177.9	3.9	3.7	10.8	12	-	3.02	7.76	Visible Au 175-176m

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimas Kairaitis is a full time employee of Aurelia Metals and 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

ABOUT THE HERA-NYMAGEE PROJECT

The Hera-Nymagee Project represents Aurelia's flagship Project and consists of the Hera gold-base metal deposit (Aurelia 100%) and the Nymagee copper deposit (Aurelia 95%), and is located approximately 100km south-east of Cobar, in central NSW. The deposits are hosted in the Cobar Basin, which also host the major mineral deposits at CSA (Cu-Ag), The Peak (Cu-Au) and Endeavor (Cu-Pb-Zn-Ag).

Aurelia Metals completed the Definitive Feasibility Study ('DFS") on the Hera Gold Project in June 2011, which confirmed the technical and financial viability of the development of the Hera deposit as a shallow underground mine and processing plant producing gold and silver doré bars and a bulk lead-zinc concentrate for sale. Aurelia subsequently received Project Approval from the NSW State Government in August 2012 and shareholder approval for a major funding transaction with Glencore in March 2013.

Aurelia is now in full scale development of the Hera project with first production due in the September quarter 2014.

The Company is also currently evaluating the Nymagee copper deposit, located 4.5km to the north, with a view to demonstrating an integrated development of the Hera and Nymagee deposits.

Aurelia maintains a commitment to the ongoing exploration of the Hera-Nymagee Project and considers both deposits have the potential to evolve into very large "Cobar style' mineral systems.

Hera Processing Plant

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JORC CODE 2012 TABLE 1

Section 1 Sampling Techniques and Data – HERA PROJECT – UNDERGROUND EXPLORATION DRILLING

Criteria	Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Sampling is by sawn half core HQ ,NQ, LTK60 core or quarter PQ core. Nominal sample intervals are 1m with a range from 0.5m to 1.5m. Samples are transported to ALS Chemex Orange for preparation and assay
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Assay standards or blanks are inserted at least every 40 samples. Silica flush samples are employed after each occurrence of visible gold. During resource drill out programmes duplicate splits of the coarse reject fraction of the crushed core are assayed every 20 samples.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Diamond drilling was used to obtain core samples of nominally 1m, but with a range between 0.5-1.5m. Core samples are cut in half, dried, crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample. 30g fire assay with AAS finish, (Method Au – AA25) with a detection level of 0.01ppm. For Base Metals a 0.5g charge is dissolved using Aqua Regia Digestion (Method ICP41-AES) with detection levels of: Ag-0.2ppm, As-2ppm, Cu-1ppm, Fe-0.01%, Pb-2ppm, S-0.01%, Zn-2ppm. Overlimit analysis is by OG46-Aqua Regia Digestion with ICP-AES finish. Where specified, coarse gold samples greater than 0.5g/t were reassayed by screen fire assay (Method Au-SCR22) using the entire sample.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Drilling is by diamond coring. Surface holes generally commence as PQ core until fresh rock is reached. The PQ rods are left as casing thence HQ or NQ coring is employed. Underground holes are LTK60 sized drill core from collar.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Measured core recovery against intervals drilled is recorded as part of geotechnical logging. Recoveries are greater than 95% once in fresh rock.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Surface holes use triple tube drilling employed to maximise recovery. Underground LTK60 core is double tube drilling.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Not Applicable since recoveries exceeds 95%.

Criteria	Explanation	Commentary
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Systematic geological and geotechnical logging is undertaken. Data collected includes: • Nature and extent of lithologies. • Relationship between lithologies. • Amount and mode of occurrence of ore minerals. • Location, extent and nature of structures such as bedding, cleavage, veins, faults etc. Structural data (alpha & beta) are recorded for orientated core. • Geotechnical data such as recovery, RQD, fracture frequency, qualitative IRS, microfractures, veinlets and number of defect sets. For some geotechnical holes the orientation, nature of defects and defect fill are recorded. • Bulk density by Archimedes principle at regular intervals. • Magnetic susceptibility recorded at 1m intervals for some holes as an orientation and alteration characterisation tool.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Both qualitative and quantitative data is collected. All core is digitally photographed.
	The total length and percentage of the relevant intersections logged.	All core is geologically and geotechnically logged.

Criteria	Explanation	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core is sawn with half core submitted for assay. Sampling is consistently on one side of the orientation line so that the same part of the core is sent for assay. PQ core is ¼ sampled.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Not applicable as all samples are drill core
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples are dried crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample to allow subsampling for the various assay techniques.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The use of Certified Standard Reference Materials and blanks are inserted at least every 40 samples to assess the accuracy and reproducibility. Silica flush samples are employed after each occurrence of visible gold. The results of the standards are to be within ±10% variance from known certified result. If greater than 10% variance the standard and up to 10 samples each side are re-assayed. ALS conduct internal check samples every 20 samples for Au and every 20 for base metals. These are checked by AURELIA employees. Assay grades are compared with mineralogy logging estimates. If differences detected a re-assay can be carried out by either: ¼ core of the original sample interval, re-assay using bulk reject, or the assay pulp. Submission of pulps to a secondary laboratory (Genalysis, Perth) to assess any assay bias.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	No field duplicates are taken for core samples. Core samples are cut in ½ for down hole intervals of 1m, however, intervals can range from 0.5-1.5m. This is considered representative of the insitu material. The sample is crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate. If visible gold is observed in surface drilling, gold assays are undertaken by both a 30g fire assay and a screen fire assay using the entire available sample (up to several kg).
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Standard assay procedures performed by a reputable assay lab, (ALS Group), were undertaken. Gold assays are initially by 30g fire assay with AAS finish, (method Au-AA25). Ag, As, Cu, Fe, Pb, S, Zn are digested in aqua regia then analysed by ICPAES (method ME-ICP41). Comparison with 4 acid digestion indicate that the technique is considered total for Ag, As, Cu, Pb, S, Zn. Fe may not be totally digested by aqua regia but near total digestion occurs.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Not Applicable as no geophysical tools were used in the determination of assay results. All assay results were generated by an independent third party laboratory as described above
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Certified reference material or blanks are inserted at least every 40 samples. Standards are purchased from Certified Reference Material manufacture companies: Ore Research and Exploration, Gannet Holdings Pty Ltd and Geostats Pty Ltd. Standards were purchased in foil lined packets of between 60g and 100g. Different reference materials are used to cover high grade, medium grade and low grade ranges of elements: Au, Ag, Pb, Zn Cu, Fe S and As. The standard names on the foil packages were erased before going into the pre numbered sample bag and the standards are submitted to the lab blind.

Criteria	Explanation	Commentary
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The raw assay data forming significant intercepts are examined by at least two company personnel.
	The use of twinned holes.	Twinned holes have not been used since this work is intended to test areas not previously explored.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Drill Hole Data including: meta data, orientation methods, any gear left in the drill hole, lithological, mineral, structural, geotechnical, density, survey, sampling, magnetic susceptibility is collected and entered directly into an excel spread sheet using drop down codes. When complete the spreadsheet is emailed to the geological database administrator, the data is validated and uploaded into an SQL database. Assay data is provided by ALS via .csv spreadsheets. The data is validated using the results received from the known certified reference material. Using an SQL based query the assay data is merged into the database. Hard copies of the assay certificates are stored with drill hole data such as drillers plods, invoices and hole planning documents.
	Discuss any adjustment to assay data.	Assay data is not adjusted.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole collars are initially located using hand held GPS to ±5m. Upon completion collars are located with differential GPS to ±5cm.
	Specification of the grid system used.	All coordinates are based on Map Grid Australia zone 55H
	Quality and adequacy of topographic control.	Topographic control is considered adequate. There is no substantial variation in topography in the area with a maximum relief of 50m present. Local control within the Hera and Nymagee Mine areas is based on accurate mine surveys.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill results are stope delineation holes with piece points between 15m and 20m spacing within the mineralised structure.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The mineralised areas are yet to demonstrate sufficient grade continuity to support the definition of a Mineral Resource and the classifications applied under the 2012 JORC code.
	Whether sample compositing has been applied.	Sample compositing is not applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Drilling is orientated to cross the interpreted, steeply dipping mineralisation trend at moderate to high angles. Holes are drilled from both the footwall and hangingwall of the mineralisation. The use of orientated core allows estimates of the true width and orientation of the mineralisation to be made.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No sample bias due to drilling orientation is known.

Criteria	Explanation	Commentary
Sample security	*The measures taken to ensure sample security.*	Chain of custody is managed by AURELIA. Samples are placed in tied calico bags with sample numbers that provide no information on the location of the sample. Samples are delivered by AURELIA personnel to the assay lab or transported by courier.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been conducted at this stage.