ASX ANNOUNCEMENT

aurelia METALS Ltd.

ASX: AMI | 31 July 2017

HERA RESOURCES AND RESERVES

HIGHLIGHTS

- **Hera Ore Reserves increased by 51% providing a 4 year mine life**
- **Net Debt reduced by $36M over the past year**
- **Potential mine life for Hera and Nymagee of 8 to 9 years**

Aurelia Metals Limited ("AMI" or the "Company") is pleased to report an update to the Mineral Resource Estimate and Ore Reserves Estimate for its 100% owned Hera gold-lead-zinc-silver project in NSW. A comprehensive review of the previous Mineral Resources and Ore Reserves has been ongoing with particular focus on mine to mill reconciliations. This review includes greater drilling densities, improved sampling and estimation techniques and a more detailed structural, lithological and geochemical understanding of the orebody. The updated Estimates include the findings of this review together with the results of a substantial exploration and infill drilling program completed in FY2017.

Hera Resource Estimate as at 30 June 2017

Class	Tonnes (Kt)	NSR (AU$)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Measured	605	260	3.0	2.8	4.0	24
Indicated	1,729	242	3.0	2.3	3.4	16
Inferred	599	231	1.9	3.2	4.6	46
Total	**2,934**	**244**	**2.8**	**2.6**	**3.8**	**24**

Note: The updated Hera Resource Estimate utilises optimised A$120/tonne NSR cut-off shapes that include internal dilution. The previous Resource Estimates did not include internal dilution. This change has been implemented to more realistically represent the tonnages and grades that may become available for potential extraction. Net Smelter Return (NSR) and is an estimate of the net recoverable value per tonne including offsite costs, payabilities, royalties and mill recoveries. Tonnage estimates have been rounded to nearest 1,000 tonnes. A full summary of the Resource Estimate is included with this release below.

The updated Mineral Resource Estimate represents an increase in tonnage over the previous estimate (allowing for mining depletion) and reductions in grades due to the inclusive reporting and improved drilling densities and evaluation techniques. The Mineral Resource Estimate has been completed in accordance with the guidelines of the JORC Code (2012 Edition) of this release. The Ore Reserve Estimate is derived from the Mineral Resource Estimate.

An updated Ore Reserve Estimate has been calculated from the Hera Resource model using Measured and Indicated categories only.

Hera Ore Reserve Estimate as at 30 June 2017

Category	Geological lenses	Tonnes (Kt)	NSR ($/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Probable	Far West	503	268	3.06	2.97	5.06	18.5
	Far West Lower	191	269	3.72	2.59	3.81	16.5
	Hays North	33	200	2.82	2.05	2.70	8.4
	Hays South	30	281	5.30	1.10	1.97	5.4
	Main North	201	233	3.40	2.17	2.96	12.8
	Main South	189	294	4.84	2.39	2.73	12.7
	North Pod	329	285	3.36	3.25	4.39	39.4
Probable		1,476	269	3.53	2.74	4.05	20.9
Total Reserves		**1,476**	**269**	**3.53**	**2.74**	**4.05**	**20.9**

Note: The Hera Reserve Estimate utilises an A$160/tonne NSR cut-off. NSR stands for Net Smelter Return and is an estimate of the net recoverable value per tonne. Tonnage estimates have been rounded to the nearest 1,000 tonnes. A full summary of the Ore Reserve Estimate is included with this release below.

This updated Ore Reserve Estimate represents a 51% increase in tonnage against the previous ore reserve including 409,000t at 4.5g/t of mining depletion since May 2016. This is the result of extensive drilling and conversion of Inferred Resources to Measured and Indicated Resources. This updated Ore Reserve Estimate represents a 31% decrease in gold grade, a 4% decrease in lead grade and a 5% increase in zinc grade. The key reasons for the reduction in gold grade have been the mining of higher gold grade material last year relative to the ore reserve gold grades, the improved metal prices and smelter terms (lead and zinc) that allows more ore to be mined >$160/t, the drop in Reserve cut-off from an NSR of $170/t to an NSR cut-off $160/t and changes in the geological model.

Commenting on the revised Estimates, Aurelia Chief Executive Officer, Jim Simpson, said:
"The geological understanding of the Hera orebody and the extensive drilling program that has been conducted over the past 12 months has been outstanding. In particular, the reconciliations from mine to mill have been very pleasing. The increase in ore reserves provides a current mine life of four years with the focus on the continuing conversion of Inferred Resources and further exploration success."

Competent Persons Statement – Hera Resource Estimate

Compilation of the drilling database, assay validation and geological interpretations for the resource update were completed by Adam McKinnon, BSc (Hons), PhD, MAusIMM, who is a full time employee of Aurelia Metals Limited. The resource estimate has been prepared by Rupert Osborn, BSc, MSc, MAIG, who is an employee of H&S Consultants Pty Ltd. Both Dr McKinnon and Mr Osborn have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr McKinnon and Mr Osborn consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Competent Persons Statement – Hera Ore Reserves Estimate

The Ore Reserves were compiled by Jim Simpson, CEO of Aurelia Metals. Mr Simpson has worked at polymetallic mines at Golden Grove, Mt Isa Mines and Peak Gold Mines. Mr Simpson is a mining engineer with a BE Min Eng obtained at the University of NSW and has worked in underground hard rock mines since 1986 with +30 years' experience. The Ore Reserve Estimate was produced on site.

Mr Simpson has sufficient experience which is relevant to the style of mineralisation, type of deposit and mining method 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 Simpson is a chartered professional and member of the AusIMM and also a registered mining engineer of Queensland, New South Wales and Western Australia.

Technical guidance and review has been provided Mr Anthony Allman MAusIMM CP(Min), RPEQ, Director of Antcia Consulting Pty Ltd.

MINERAL RESOURCE ESTIMATE

A new resource estimate has been completed for Aurelia Metals' wholly owned Hera Project, located south of Nymagee, New South Wales. The updated total Measured, Indicated and Inferred Resources based on a $120 Net Smelter Return (NSR) cut-off are summarised in Table 1, and estimated contained metal in Table 2. The stated resources include all blocks within the volumes produced by Deswick's Stope Shape Optimiser (SSO) but does not include material that has been mined or sterilised by nearby mining. The reported estimates therefore include an appropriate internal dilution component (see below for details).Data compilation and validation for the Resource Estimate has been completed by Adam McKinnon, MAusIMM, who is the Senior Mine Geologist at Hera. The Resource Estimate has been prepared by Rupert Osborn, MAIG, of H&S Consultants.

Table 1. Hera Resource Estimate, as at 30 June 2017

Class	Tonnes (Kt)	NSR (AU$)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Measured	605	260	3.0	2.8	4.0	24
Indicated	1,729	242	3.0	2.3	3.4	16
Inferred	599	231	1.9	3.2	4.6	46
Total	**2,934**	**244**	**2.8**	**2.6**	**3.8**	**24**

Table 2. Estimates of contained metal at $120 NSR cut –off**.**

Class	Au (Koz)	Pb (Kt)	Zn (Kt)	Ag (Koz)
Measured	59	17	24	458
Indicated	169	39	59	890
Inferred	37	19	27	884
Total	**265**	**76**	**111**	**2,233**

DRILLING AND ASSAYS DATA

The drill hole database provided to H&S Consultants by Aurelia Metals contained 751 diamond drill holes (245 surface and 506 underground) and 28 RC drill holes (Figure 1). All drill holes have been surveyed at collar by registered surveyors and also at regular downhole intervals using magnetic surveying tools. Where surface holes have been located in underground developments their positions have been corrected in the database. Underground collared holes are checked when intersected by underground development and to date none of these have required correction.

Most of the drill core has been sampled on nominal 1.0m intervals, cut in half with a diamond saw and assayed in certified commercial laboratories. Since April 2016, a whole core sampling regime has been employed for many of the underground infill holes for larger sample sizes and improved accuracy, particularly for gold.

All of the YTC Resources/Aurelia Metals drilling has been assayed for Au, As, Ag, Pb, Zn, Cu, Fe and S at ALS Orange, which has also produced assays for previous tenement owners. Gold assaying of surface and underground drill holes by Aurelia Metals has been completed initially by 30g fire assay with all assays >0.2g/t Au subsequently assayed by the screen fire assay (SFA) method. Previous owners have also completed screen fire assays for gold on a similar basis. Aurelia Metals has maintained a detailed QA/QC system during its sampling and assaying process. Previous owners have also maintained an extensive QA/QC system and Aurelia Metals has reviewed this data.

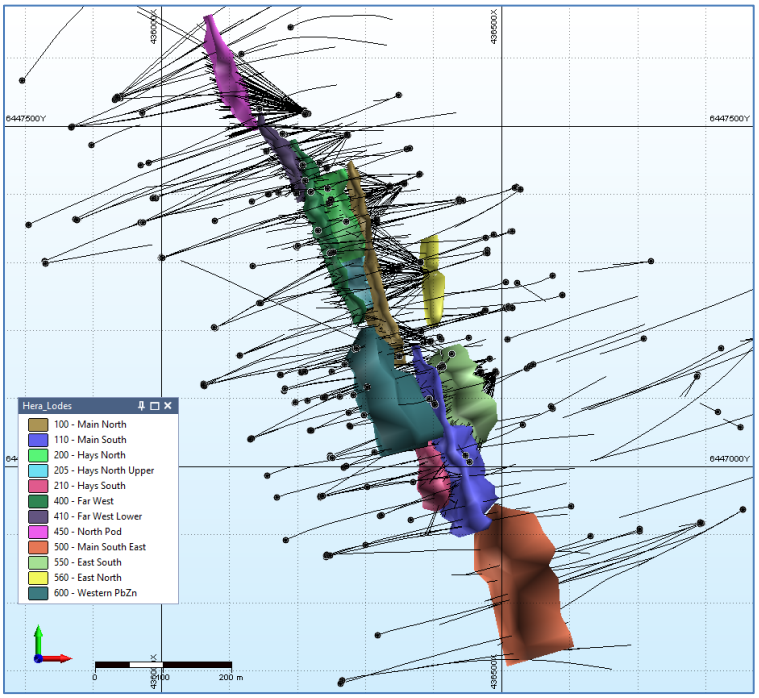


Figure 1. Plan view of the drill holes and $2 NSR mineralisation wireframes used in the 2017 resource update

The database has been modified in order to be suitable for resource estimation. These modifications included filling unassayed intervals with default low grades and assigning a density to each interval based on a calculation from the Pb, Zn, Cu, Fe and S grades. The surface diamond core comprises HQ and NQ-sized core and underground holes are LTK60 and NQ-sized.

Measured values show that the bulk density of the rock at Hera varies significantly. The density variations are largely due to sulphide mineralisation. The density of drill hole intervals that had not been subjected to density measurements were produced by calculating the normative mineralogy of each sample, and then species weighting the density calculation. This approach takes into account the density differences between galena, sphalerite, chalcopyrite and pyrrhotite.

A total of 12 wireframes representing volumes of mineralisation over $2 NSR were provided to H&SC by Aurelia.Figure 1.shows a plan view of the mineralisation wireframes provided. The $2 NSR boundary was suggested to Aurelia by H&SC following an in-house review in early 2016.

Samples were composited to 1 metre intervals within each zone with a minimum composite length of 0.5 m. In order to better reflect the contained metal within each interval, estimates were carried out on density weighted values. The Au, Ag, Pb, Zn, Cu, S and Fe grades were multiplied by the density for each assayed interval. The block model estimates of the density weighted elements are then divided by the estimated density for each block.

Variography was carried out using the software program GS3 on the one metre composited data from the eight mineralised domains that contained over 2,000 data points. These domains are Main North, Main South, Hays South, Hays North, Far West, North Pod, East South and Western PbZn. The other domains used the variogram parameters from a nearby domain. Variography for each element showed relatively high continuity in the along strike and down dip orientations and poor continuity in the orientation perpendicular to these.

The mineralisation at Hera is relatively narrow with a NNW-SSE strike. The estimates employed a block model rotated -16.41° around the Z axis to match the historic local mine grid co-ordinate system. Five metre north-south and vertical block dimensions were chosen to reflect drill hole spacing and to provide definition needed for mine planning. The shorter two metre east-west dimension was used to reflect the narrow mineralisation and down hole data spacing. Discretisation was set to 2x5x5 (E, N, RL respectively). The wireframes representing mineralisation and depletion were used to flag the block model. Sub-blocking, with the minimum dimensions of 1m x 2.5m x 2.5m (East x North x RL respectively), was permitted.

The search criteria used to estimate all parameters can be seen in Table 3 and consist of three search passes with progressively increasing search radii. The maximum distance of extrapolation of estimates from data points is 70 m. Declustering was carried out by the use of search sectors. The search ellipsoids for each domain are rotated according to best fit each lode.

Table 3. Search criteria used in the estimation process.

Axis	Pass 1	Pass 2	Pass 3
Axis 1	20 m	35 m	60 m
Axis 2	20 m	35 m	75 m
Axis 3	3 m	5 m	9 m
Composite Data Requirements			
Minimum data points (total)	16	16	8
Max points (total)	32	32	32
Sectors	4	4	4
Max points (per sector)	8	8	8
Max data per drill hole	6	6	8
Minimum number of drill holes	4	4	2

Ordinary Kriging (OK) was used to estimate the density weighted concentrations of Ag, Pb, Zn, Fe, S and As. The density weighted concentration of Sb in North Pod was estimated using OK but was not estimated in the other zones due to lack of data coverage. OK was also used to estimate density, as well as a data location accuracy factor. OK is considered to be appropriate for the estimation of these features as the coefficient of variation (CV) is relatively low and the mineralisation is reasonably well structured.

The gold grades intersected at Hera are highly variable and exhibit a strongly skewed grade distribution. Multiple Indicator Kriging (MIK) was considered a more appropriate estimation method for this type of gold grade distribution because it specifically accounts for the changing spatial continuity at different grades through a set of indicator variograms at a range of grade thresholds. Limited top-cutting was applied to density weighted values of gold, silver, lead, zinc, copper, arsenic and antimony by mineralised zone.

In underground workings, experience has shown some surface drill holes have deviated a moderate distance from the planned and surveyed drill hole traces. Underground drill holes, and surface drill holes that have been intersected in development and adjusted, are considered to be of good accuracy. In order to understand the relative contribution to estimates of samples with a high degree of confidence in their location an OK indicator estimate was also used for hole accuracy. This parameter was used to modify resource classifications described below.

A Net Smelter Return (NSR) value was applied to each block after estimation. The NSR is used to assign a dollar value to the polymetallic mineralisation. The NSR calculation takes account the recoveries associated with each of the two processing streams; namely production of Au and Ag dore and Pb-Zn concentrate (that also includes Ag credits). The NSR also takes account of the metal price, exchange rates, freight and treatment charges and royalties. Recovery and metal price parameters used in the NSR calculation are given in Tables 4 and 5.

Table 4. Processing recoveries for NSR calculation

Parameter	Recovery
Au Recovery – Gravity	60%
Au Recovery - Leach	30%
Ag Recovery - Dore	10%
Ag Recovery - Concentrate	80%
Pb Recovery - Concentrate	91%
Zn Recovery - Concentrate	90%
Pb + Zn Grade (Concentrate)	55%

Table 5. Metal prices for NSR calculation

Metal	Price (US$)
Gold (US$/oz)	1,400
Silver (US$/oz)	18.8
Zinc (US$/t)	2,500
Lead (US$/t)	2,280

Following estimation, a series of wireframed optimised stope designs were produced by Deswick's Stope Shape Optimiser (SSO). The SSO stope designs were used to constrain the reported mineral resource estimate (MRE). Mineralisation outside these stopes is unclassified as it does not meet the criterion of eventual economic extraction. The smallest mineable unit (SMU) for the SSO shapes is 5 metres long, 25 metres high, with a minimum mining width of 3 metres. The SMU is used as a starting shape and evaluated across the orebody until it finds an area with a SMU head grade above $120/t. If it is, then it adds it to the SMU and continues across the orebody. Where a slice is below a cut-off of $120/t it is flagged as waste and not included. If the waste slice is greater than 5 metres wide it is then left as a pillar. If it is less than 5 metres and has some high grade that carries above cut-off, it is then included in the stope.

The mineral resource estimate, broken down by lode, is reported in Table 6 Estimated resources reported here include all block centroids that lie within the SSO stope wireframes that have not been mined or sterilised by nearby mining. The reported estimates therefore include internal dilution. The small quantity of material that is inside the SSO shapes but outside the mineralised domain wireframes has been included in the 'Outside' domain. As the North Pod mineralisation has been observed to be quite bimodal (high Au/mod Pb-Zn and low Au/high Pb-Zn), the estimate for this lode has been split into material with greater than 2.5g/t Au (High Au) and less than 2.5g/t Au (PbZn).

Table 6. Mineral Resource Estimate for Hera broken down by lode.

Class	Lode	Tonnes (Kt)	NSR (AUD$)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Measured	Main North	69	223	2.7	2.7	2.7	16.9
	Hays North	70	169	2.0	2.0	2.6	8.8
	Hays South	27	300	5.1	1.2	1.5	6.3
	Far West	216	263	2.8	3.1	5.1	19.4
	North Pod (High Gold)	103	420	6.0	3.1	3.7	35.5
	North Pod (PbZn)	119	185	1.2	3.2	4.4	37.5
	Outside	2	4	0.0	0.1	0.1	0.5
	Measured Total	**605**	**260**	**3.0**	**2.8**	**4.0**	**23.5**
Indicated	Main North	321	224	3.0	1.9	2.9	10.8
	Main South	280	301	4.6	2.1	2.4	11.2
	Hays North	29	180	2.2	2.0	2.4	9.0
	Hays South	43	264	4.2	1.2	2.0	5.6
	Far West	412	241	2.5	2.7	4.7	16.6
	Far West Lower	380	246	3.1	2.4	3.6	16.5
	North Pod (High Gold)	78	391	6.1	2.2	2.3	27.4
	North Pod (PbZn)	147	158	0.7	2.8	4.5	36.1
	Outside	40	5	0.0	0.1	0.2	0.6
	Indicated Total	**1,729**	**242**	**3.0**	**2.3**	**3.4**	**16.0**
Inferred	Main North	55	210	2.6	1.8	3.3	10.4
	Main South	82	245	3.8	1.4	1.9	6.8
	Far West	32	231	1.6	3.2	7.0	15.8
	Far West Lower	67	247	3.7	1.4	2.4	9.1
	North Pod (High Gold)	53	396	4.4	5.6	4.2	69.9
	North Pod (PbZn)	289	214	0.5	4.2	6.2	74.5
	Outside	22	2	0.0	0.0	0.0	0.4
	Inferred Total	**599**	**231**	**1.9**	**3.2**	**4.6**	**45.9**
Total		**2,934**	**244**	**2.8**	**2.6**	**3.8**	**23.7**

Classifications are based predominately on the search pass used to estimate the block. The data location accuracy factor that quantifies the relative contribution of data points with high location accuracy confidence was used to downgrade the classification of blocks that were estimated using an excessive number of data with poor confidence in their location. Table 7 shows how the search pass is modified by the location accuracy factor to produce the modified pass.

In order to produce a single classification for each SSO shape the tonne-weighted modified pass was averaged for each shape. To ensure coherency in the resource classification, some individual isolated Inferred shapes were upgraded to Indicated and isolated Indicated shapes were downgraded to Inferred. The classification of two areas of Indicated shapes in Main South was downgraded to Inferred due to poor reconciliation of adjacent, mined stopes. All Measured resources at Main South were also downgraded to Indicated as reconciliations showed that estimates were significantly underestimating the contained metal. Figure 2 shows an oblique long section of the blocks reported in the resource estimate coloured by resource classification.

Table 7. Classification according to search pass and location confidence

Search Pass	Location Accuracy Factor	Modified Pass	Classification
1	>0.75	1	Measured
1	<0.75	2	Indicated
2	>0.5	2	Indicated
2	<0.5	3	Inferred
3	All	3	Inferred

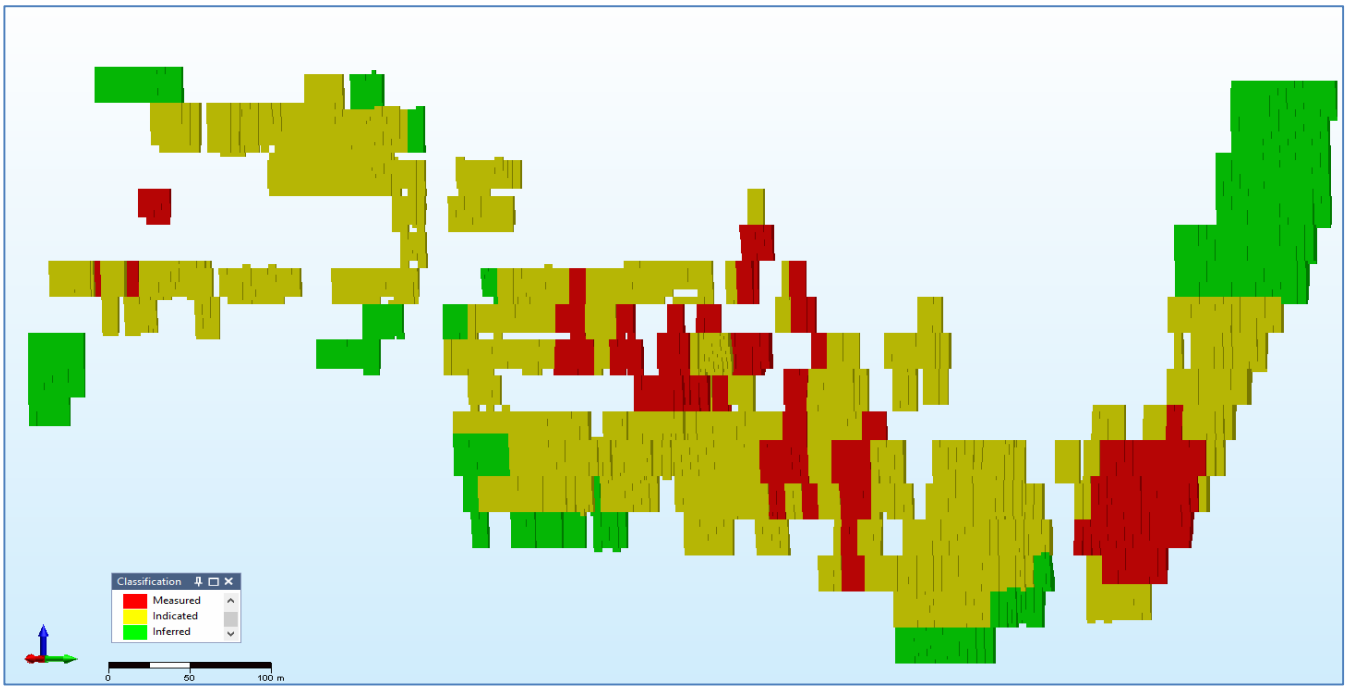


Figure 2. Long section showing the distribution of Measured (red), Indicated (yellow) and Inferred (green) Resources.

ORE RESERVES ESTIMATE

The Ore Reserve Estimate is shown by Category and by location as shown in **Table 1**.

Category	Geological lenses	Tonnes (Kt)	NSR ($/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Probable	Far West	503	268	3.06	2.97	5.06	18.5
	Far West Lower	191	269	3.72	2.59	3.81	16.5
	Hays North	33	200	2.82	2.05	2.70	8.4
	Hays South	30	281	5.30	1.10	1.97	5.4
	Main North	201	233	3.40	2.17	2.96	12.8
	Main South	189	294	4.84	2.39	2.73	12.7
	North Pod	329	285	3.36	3.25	4.39	39.4
Probable		**1,476**	**269**	**3.53**	**2.74**	**4.05**	**20.9**
Total Reserves		**1,476**	**269**	**3.53**	**2.74**	**4.05**	**20.9**

Table 1. Ore Reserve Estimate by Geological Area as at 30 June 2017

The Ore Reserve Estimate has also been assessed by each level of the mine as shown in **Table 2**.

RL	Tonnes (Kt)	NSR ($/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
255	0	0	0.00	0.00	0.00	0.0
285	87	250	4.47	1.62	1.73	9.9
310	54	371	5.67	3.81	3.87	18.7
335	25	425	6.47	3.80	4.84	23.2
360	4,	399	6.17	3.19	4.71	16.5
385	91	247	4.37	1.46	1.96	8.9
410	74	249	2.80	3.23	3.95	32.9
435	163	220	2.52	2.59	3.87	19.9
460	102	244	2.55	3.06	4.68	23.8
485	139	263	2.88	3.19	4.95	21.4
510	237	267	3.27	2.67	4.59	20.7
535	213	261	3.24	2.71	4.28	22.9
560	153	308	4.38	2.84	3.98	24.9
585	89	282	3.50	3.04	4.53	23.9
610	44	314	4.42	2.84	4.48	16.3
Grand Total	**1476**	**269**	**3.53**	**2.74**	**4.05**	**20.9**

Table 2. Ore Reserve Estimate by Level

ORE RESERVE CLASSIFICATION

The Ore Reserve Estimate is based on the Mineral Resource classification of Measured and Indicated only. Material classified as Measured and Indicated Resource is converted to a Probable Reserve. It is the competent person's view that the classification used for the Ore Reserve Estimate is appropriate. A long section of the Hera Mine Mineral Resource classifications overlaid on the Ore Reserves is shown in Figure 1.

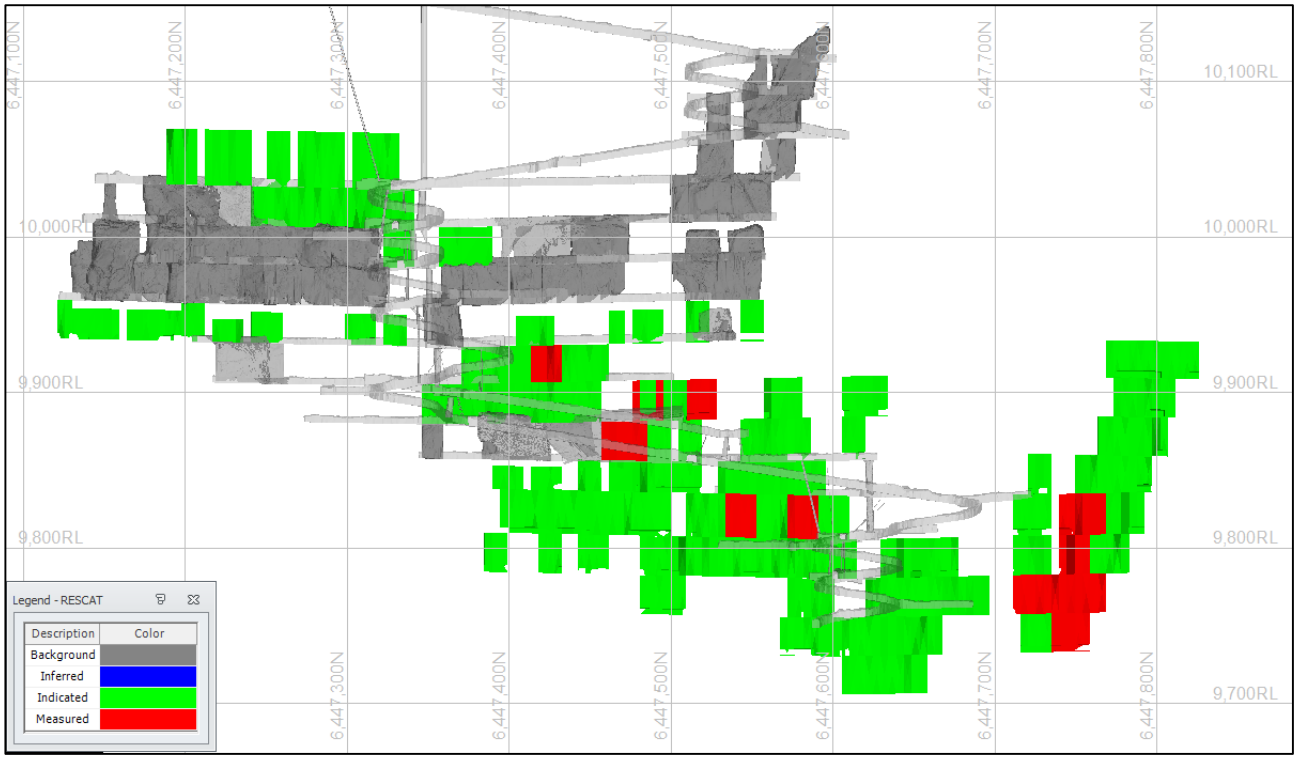


Figure 1. Hera Mine Ore Reserve June 2017 Long Section

Mining Method Review and Assumptions

The mining method provided for estimating the Ore Reserves is sublevel bench and fill stoping progressing bottom up in 100m vertical panels.

A schematic of the mining method is shown in **Figure 2.** Bench and Fill Mining Method

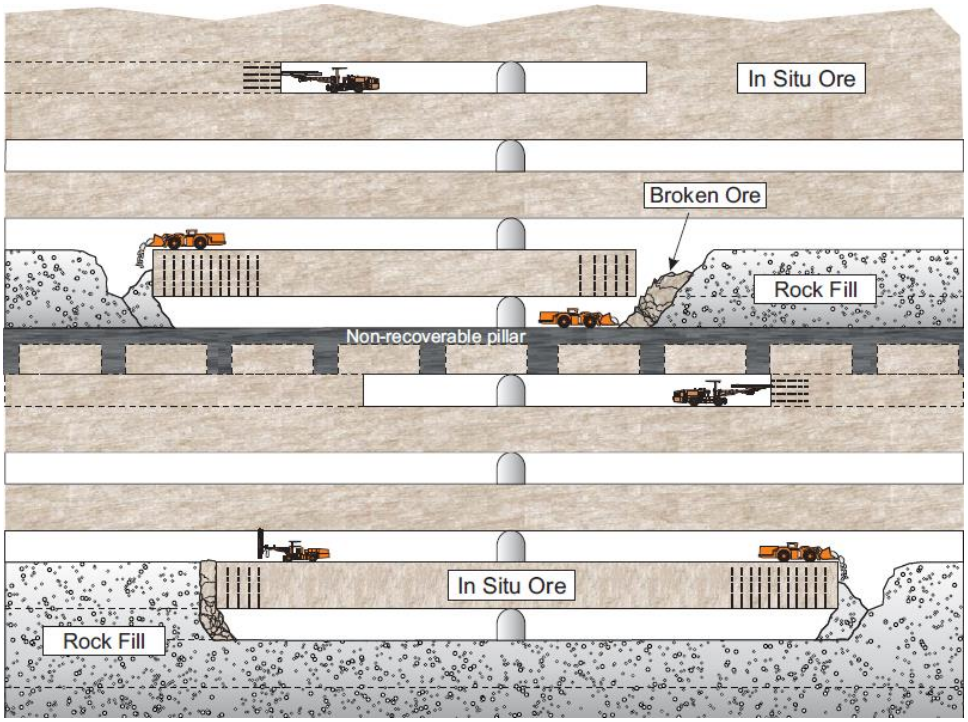


Figure 2. Bench and Fill Mining Method

Sill pillars are every 100m vertically with an open stoping method adopting a yielding pillar above and between the previously filled panel

Level access is via the hangingwall (east) decline and the decline has a standoff of 50m from the ore body. The decline face is currently 585m vertically below surface and the sublevels are spaced vertically at 25m.

Stopes are typically 30m long, 25m high and 8m wide. Stopes are demonstrating stable characteristics up to a hydraulic radius of 7.5m or approximately 30m along strike.

Previously, both top down uphole open stoping and bottom up bench and fill stoping had been adopted.

On review, bench stoping has provided:

- Greater safety
- Less dilution
- Reduced ore loss in pillars,
- Reduced risk from rock fall and damage to equipment
- Reduced oversize and
- Reduced ground support

This Ore Reserve Estimate has been based exclusively on the bench stoping method and sill pillar uphole stoping.

Minimum Mining Width

The minimum mining width (MMV) of 3m was based on the production drill rig and development size. The equipment provided in the mining contract allows development down to 4m in width. Stope drilling is possible to 3m in width.

STOPE RECONCILIATION & ORE RECOVERY

On review of the Cavity Monitoring System (CMS) data provided on all bench stoping, the dilution reconciliation over the last 12 months has shown that the 0.5m of dilution used in the ore reserve process for east and west walls has been maintained and even slightly bettered.

Over the past 12 months, the trend has been a reduction of overbreak to 12% and reduction of underbreak to 10%. On review of the CMS data, the main ore "loss" is dilution from overbreak of the stope walls. This has been reduced over the past 12 months by a change in the design of stope wall cablebolts and an increase in ring and toe spacing.

The other area for potential ore loss occurs when ore is left behind from firing onto the rill of the mullock fill. This loss has been estimated as negligible after controls put in place such as; fibrecreting the waste rill, installing waste pods into the open stope on the waste rill, marking the distance to the waste rill on the wall for loader operators and continual CMS monitoring as the fired tonnes are depleted.

A number of design changes have been put in place to remedy this underbreak. Firstly, the production drilling has been modified to 89mm tube drilling from 76mm speed rod drilling. This has seen a major improvement in drill hole accuracy. The last of the 76mm drill holes were fired in early 2017.

Secondly, development drives are now centred in the wider orebodies providing reduced burdens for production blast holes.

Thirdly, the wider ore zones have been mined at 6m wide to provide greater openings and definition of ore. These wider drives will also assist in reduced underbreak at the toe of the stopes.

Under these revised operating conditions, the expected ore loss is estimated to be approximately 5% or a recovery of ore of 95% for bench stopes. A 90% recovery factor has been applied to the sill pillar extraction due to the inherent nature of the ore recovery method. The recovery is estimated based on the tonnage of ore blocks.

RESERVE STOPE SHAPE METHODOLOGY

The stopes were created by applying the Stope Shape Optimiser (SSO) software in Deswik CAD to the 2017 Mineral Resource model (BM_1707_F2, 25 July 2017) which was completed in Micromine by H&S Consultants (H&SC) under guidance by Adam McKinnon. The block model was converted to Datamine format to enable the SSO process to run.

The parameters used to create the initial stope shapes were:

- All Mineral Resource categories included
- 25m level interval, designed to 1 in 50 graded floors
- 5m strike length
- MMW of 3m
- Minimum dip of 60 degrees
- Minimum waste pillar between parallel stopes of 5m
- $160/t NSR cut-off applied to create initial 5m shapes
- An external stope dilution of 0.5m to the east and west walls were applied to each 5m shape.
- The SSO process looks at the smallest mineable unit (SMU) of 5m long, 25m high, and a MMV of 3m.

The SMU is used as a starting shape and evaluated across the orebody until it finds an area with a SMU head grade above $160/t. It then applies a 0.5m skin and evaluates the slice to determine if it is above cut-off. If it is then it adds it to the SMU and continues across the orebody. Where a slice is below a cut-off of $160/t it is flagged as waste and not included. If the waste slice is greater than 5m wide it is then left as a pillar. If it is less than 5m and has some high grade that carries above cut-off it is then included in the stope. A graphical explanation is shown in **figure 3**.

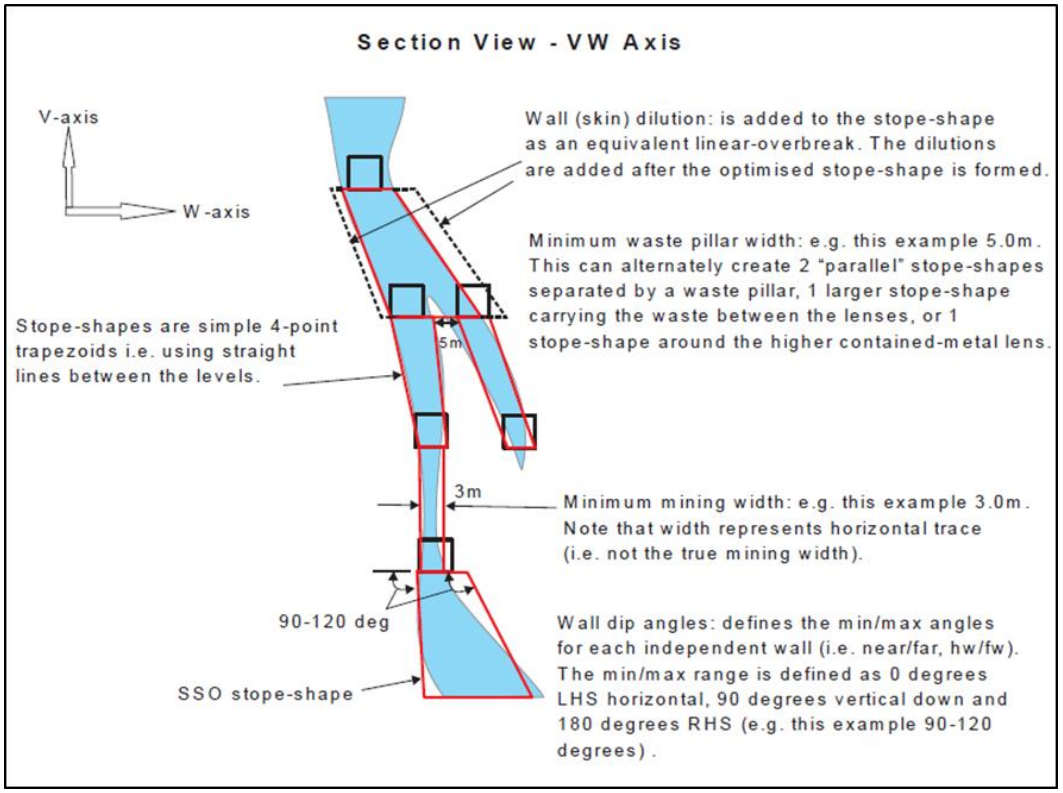


Figure 3 Stope Shape Optimiser Process

The SSO process creates practical shapes but is always evaluating a slice to ensure it is above a cut-off of $160/t. The final process adds the 0.5m dilution to both side walls and does the final evaluation to ensure the diluted stope is above cut-off. The east and west external dilution consists of 181,000t (12%) of the Ore Reserve Estimate.

The final stope shapes were created by combining the 5m SSO shapes together where there was stope continuity. Stopes were designated as bench stopes with fill or sill pillar stopes. Where the bases of stopes were created by the rockfill of the stopes below an allowance of 150mm across the entire stope floor was included as rockfill floor dilution.

All bench stopes, excluding the initial 30m stope for each mining area, would be firing the ore against the rockfill of the adjacent filled stope. An allowance of 300mm of rockfill wall dilution was included over the entire end wall of the stope.

A total of 12,000t (1%) of rockfill floor and wall dilution is included in the ore reserve.

NET SMELTER RETURN (NSR)

The Hera mine has a polymetallic ore source of gold, silver, lead and zinc, hence, a net smelter return (NSR) has been used to estimate the value of the ore net of all costs after it leaves site. This includes road freight, port storage, ship loading, sea freight, treatment charges and royalties. The revenue from the smelter is also net of payable metal and smelter penalties.

The NSR is calculated using the following formula:

NSR = [Metal grade x expected metallurgical recovery x expected payability x metal price] – [concentrate freight and treatment charges, penalties and royalties]

Metal recoveries have been taken from operating experience and near term operating targets. Metal prices have been based with reference to consensus forecasts.

The metallurgical recoveries for the Ore Reserve Estimate are predicated on the existing Hera ore processing facility with a nominal throughput rate of 430Ktpa. It incorporates gravity, flotation and a concentrate leach circuit to produce a gold and silver doré and a 55% Pb+Zn concentrate.

All metallurgical assumptions have been provided by Hera Processing personnel.

Metal	Unit	AU($)	US($)	Recoveries
Au	Oz	1,605	1,220	90%
Ag	Oz	22.40	17.00	90%
Zn	t	3,421	2,600	90%
Pb	t	2,829	2,150	91%

Table 3 *NSR Reserve Assumptions June 2017*

The AUD/USD exchange rate is set at 0.76

The road freight and port charge costs are:

- Road Freight & Logistics (Pb/Zn Con) AUD$90.00/wet metric tonnes
- Sea freight (to China) US$35.00/ wet metric tonnes

The Hera Mine has in place the necessary contracts and approvals for the transportation of concentrate to agreed Glencore clients. The contracts are renewable on standard commercial terms.

Appropriate royalties have been applied and the gold and silver dore products are shipped to a receiving mint for refining under a refining agreement.

CUT OFF VALUES

The Hera mine uses three main cut off values depending on what costs are attributable to each activity. The full breakeven cut off value includes the sustaining capital of the mine and processing, all mine operating costs including development, drill and blast, bogging, haulage, filling, processing and administration.

The stoping cut off value includes:

- Drill and blast
- Loading and Haulage (incl. backfill)
- Processing and administration.

The development cut off value includes processing and administration as it is assumed to be on surface. The costs were based on the average of the past twelve months from June 2016 to June 2017 and description of each of the cut off values for development ore described below in table 4.

Activity	Description	Cut off Value
Full Cut Off Stopes	All stopes are designed to this full cut-off ensuring that most ore pays for the full site costs on a unit basis.	$160 NSR
Development	Send to ROM as ore, equal to Stope source.	>$160 NSR
	If development is required regardless of grade, between these cut off values, it will be sent to ROM and stockpiled for treatment at the end of the mine life and/or processed only if there is no other ore left on the ROM.	$120 - $160 NSR
	If development is required regardless of grade, between these cut off values, it will be stockpiled underground for treatment at the end of the mine life.	$80 - $120 NSR
	Sent to waste	<$80 NSR

Table 4*. Cut-off Values used to Estimate the Hera Ore Reserve*

The 2017 reserve stope shapes with an NSR cut off value of $160/t are shown below in **Figure 4**.

MINERAL RESOURCE ESTIMATE

The Ore Reserve Estimate is based on the Hera Mineral Resource Estimate completed by Adam McKinnon and H&S Consultants and is shown in Table 4. The Mineral Resource block model (BM_1707_F2) was finalised on 25 July 2017.

Table 5. Hera Mine Mineral Resources as of 30 June 2017 with NSR $120/t cutoff

Classification	Tonnes (Kt)	NSR# ($/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Measured	605	260	3.02	2.85	3.97	23.5
Indicated	1,729	242	3.05	2.27	3.43	16.0
Inferred	599	231	1.9	3.23	4.58	45.9
Total	2,934	244	2.81	2.59	3.77	23.7

based on metal prices higher than the long term Ore Reserve Estimate metal prices

CONVERSION OF RESOURCES TO RESERVES

The Mineral Resource Estimate, excluding Inferred Resources as reported at 30 June 2017, is **2,334,000t** which contains the Ore Reserve Estimate of **1,476,000t**. The tonnage conversion rate of Mineral Resources to Mining Ore Reserve is 63%. It is important to note that both the Mineral Resource Estimate and the Ore Reserve Estimate were bounded by mineable shapes.

The two key components for the Mineral Resource to Ore Reserve conversion rates are:

1. The Mineral Resource Estimate uses higher metal prices than the Ore Reserve Estimate
2. The Mineral Resource Estimate uses a lower cutoff value than the Ore Reserve Estimate

The average grade call factors since January 2017, when a revised modelling technique was introduced, are shown below. The Mineral Resource block model is closely representing the five grade fields assayed at Hera mine.

- Gold over calling by 5%
- Silver under calling by 2%
- Lead over calling by 6%
- Zinc under calling by 2%
- Copper under calling by 5%

METAL PRICES FOR RESOURCE ESTIMATE

The Net Smelter Return (NSR) for Mineral Resource Estimate provides a higher value of ore in the block model compared to the Ore Reserve Estimate.

Metal Price	Unit	Reserves	Resources
Gold	A$/oz	1,605	1,892
Silver	A$/oz	22.40	25.40
Zinc	A$/tonne	3,421	3,378
Lead	A$/tonne	2,829	3,081
Exchange Rate	$US:$AUD	0.76	0.74

The Mineral Resource Estimate has been estimated with higher metal prices in line with 2012 JORC Code stating that:

A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction.

It is reasonable to state that metal prices stated under the Mineral Resource Estimate section have been achieved in the past and have reasonable prospects of being achieved in future based on the Hera Mine Life.

For comparison, the average NSR head grade of the Mineral Resource Measured and Indicated estimate is $247/t and the Ore Reserve Estimate is $269/t. If the same metal prices were used for the Ore Reserve Estimate as for the Mineral Resource Estimate, the Ore Reserve Estimate NSR would be $285/t.

Cut-off Values for Resource and Reserve Estimates

	Unit	Ore Reserves	Mineral Resources
NSR Cut-off	$/t	$160	$120

The Ore Reserve Estimate has been based on a cut-off value of $160/t which includes full costing as outlined in Section 9. The Mineral Resource Estimate has been based on a cut-off value of $120/t which includes stoping, bogging, trucking, processing and administration. Development costs and sustaining capital have been excluded. The rationale behind the incremental cut-off for the Mineral Resource Estimate is based on a number of scenarios which could make Mineral Resources profitable at this $120/t NSR cut-off. They are:

1. Development stops in the mine.
2. Stope shapes are smoothed in the design process and material that could fall off within the stope is designed as part of the extracted stope. This material is based on a NSR greater than $120/t.
3. The mill may potentially run empty which could justify supplying ore to maximise mill throughput based on variable costs only.

The metal pricing and the cost structure create potential opportunities and reasonable prospects for Mineral Resources to be converted to Ore Reserves in the future.

Every isolated stoping area which required excess development was assessed to ensure that the stopes were economic taking into consideration the additional access development. No stoping areas created in the SSO process had to be excluded.

The development cut-off value of $80/t includes processing and administration as it is assumed to be on surface. Hera operation does not have the ability to call the development material ore or waste at the development face due to the lag time to receive assays.

Comparison To 2016 Ore Reserves

A comparison has been done between the 2017 and 2016 Ore Reserves. The results are based on 299 additional diamond drill holes that has increased the Measured and Indicated Mineral Resource by 749,000t. This does not include the 400,000t mined between the June 2016 Ore Reserve statement and the July 2017 Ore Reserve statement.

There has been a shift in the metal prices used for the 2017 Ore Reserves. These are shown below:

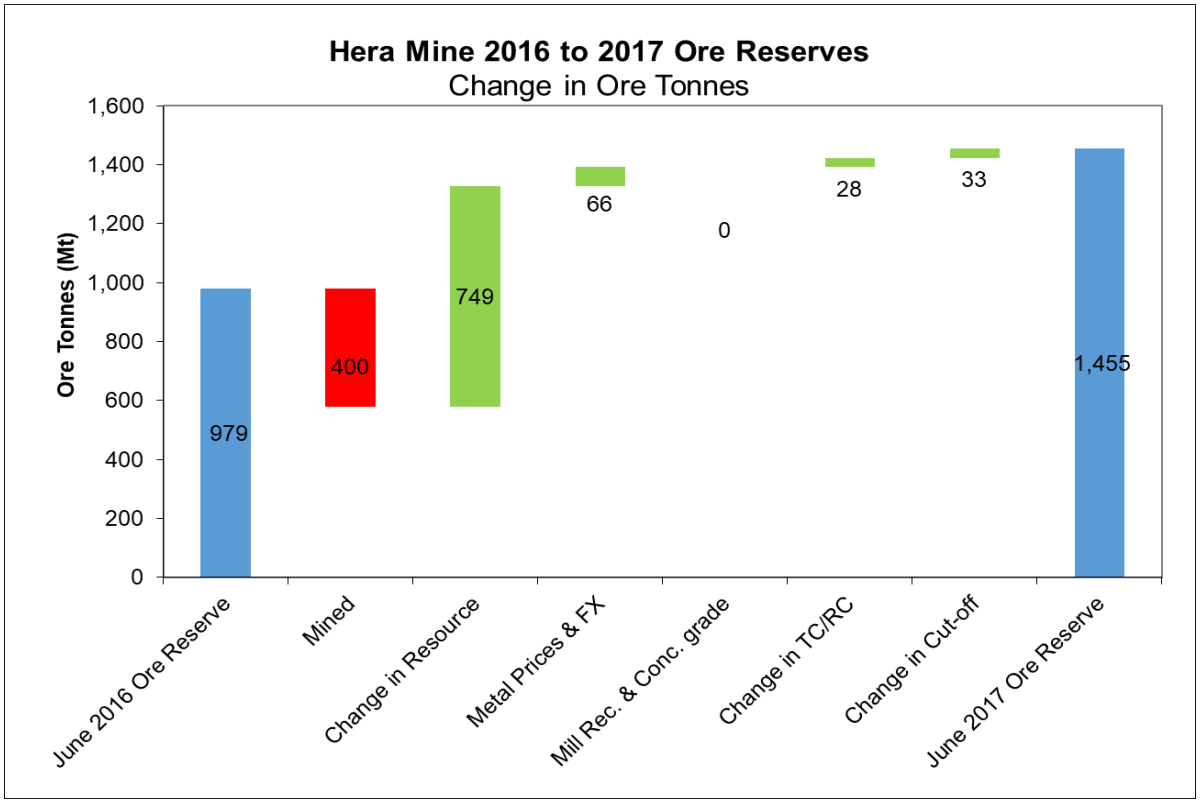
Metal Price	Unit	2016 Ore Reserves	2017 Ore Reserves	Change to 2017 Ore Reserve
Gold	A$/oz	1,554	1,605	3%
Silver	A$/oz	22.00	22.40	2%
Zinc	A$/tonne	2,905	3,421	18%
Lead	A$/tonne	2,568	2,829	10%

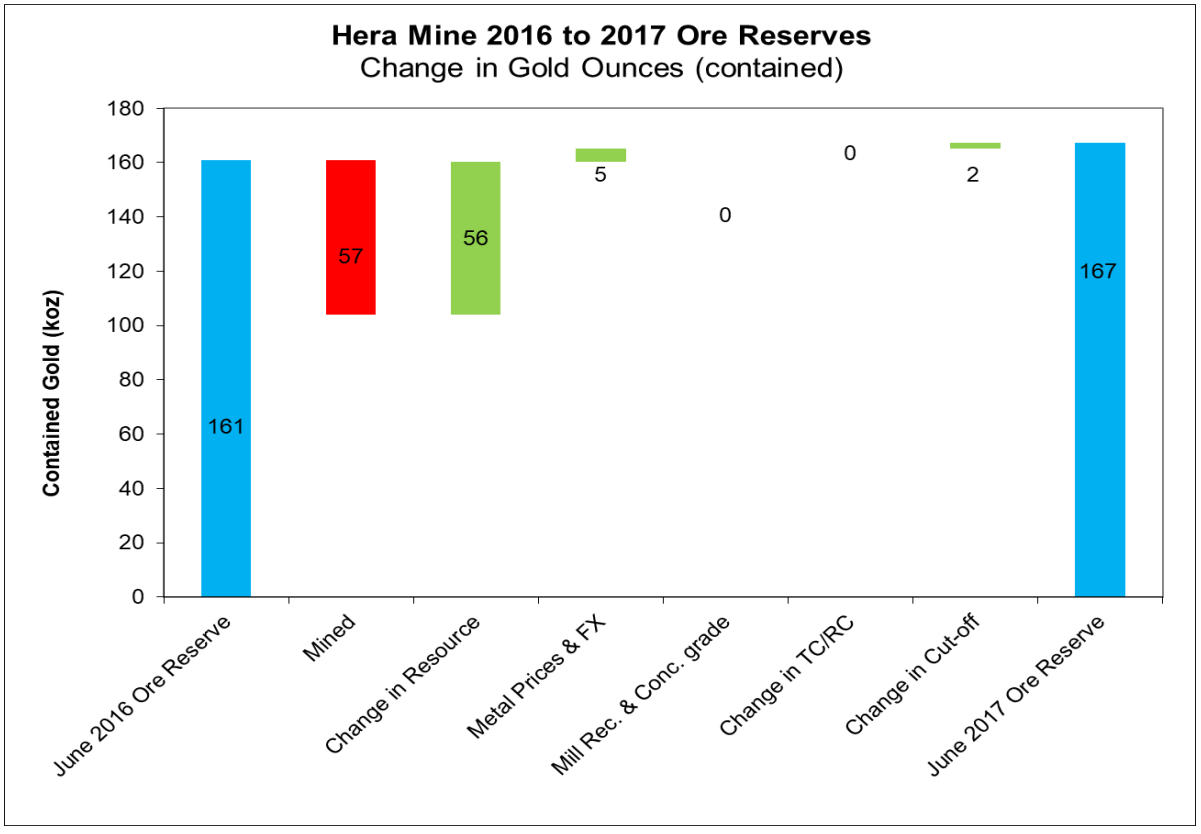
There has been no change to the mill recoveries and concentrate grades since last year so these have remained unchanged for the NSR estimations.

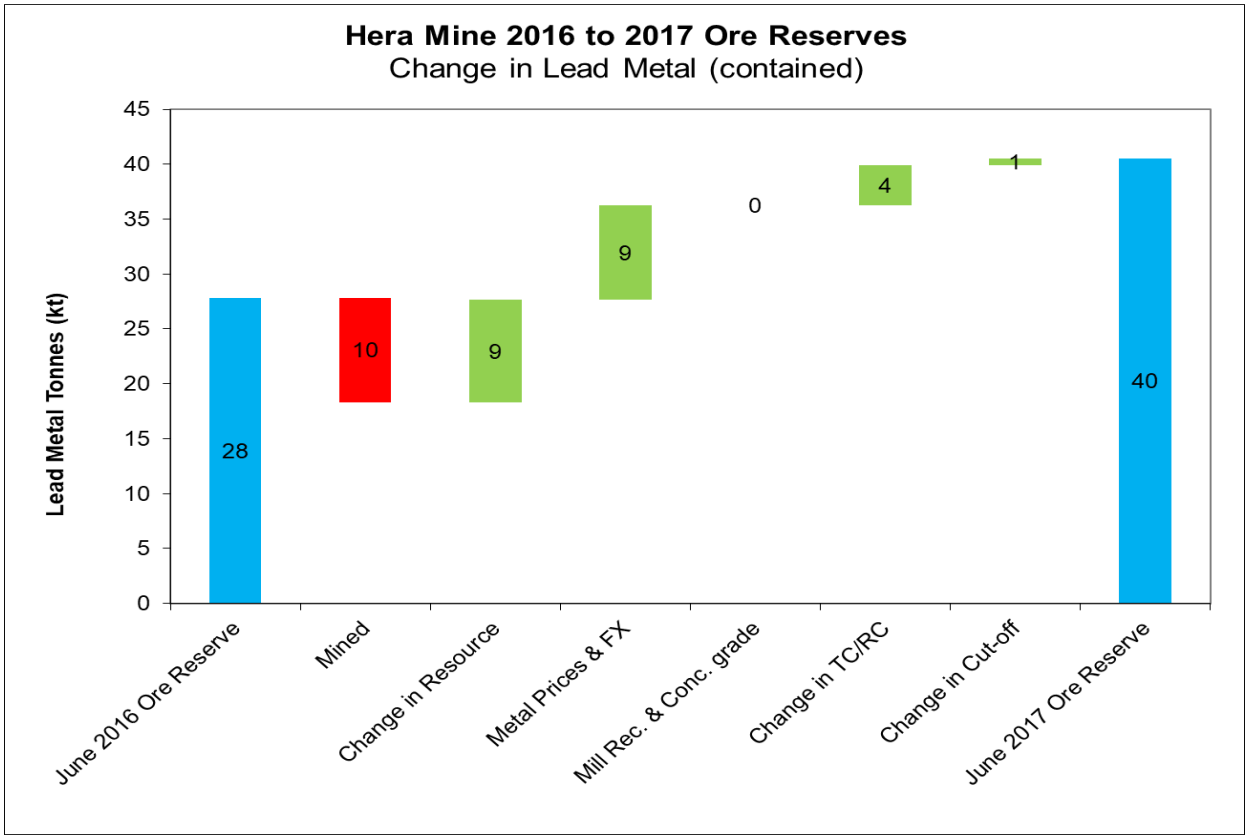
The zinc treatment charges have reduced for the 2017 Ore Reserves.

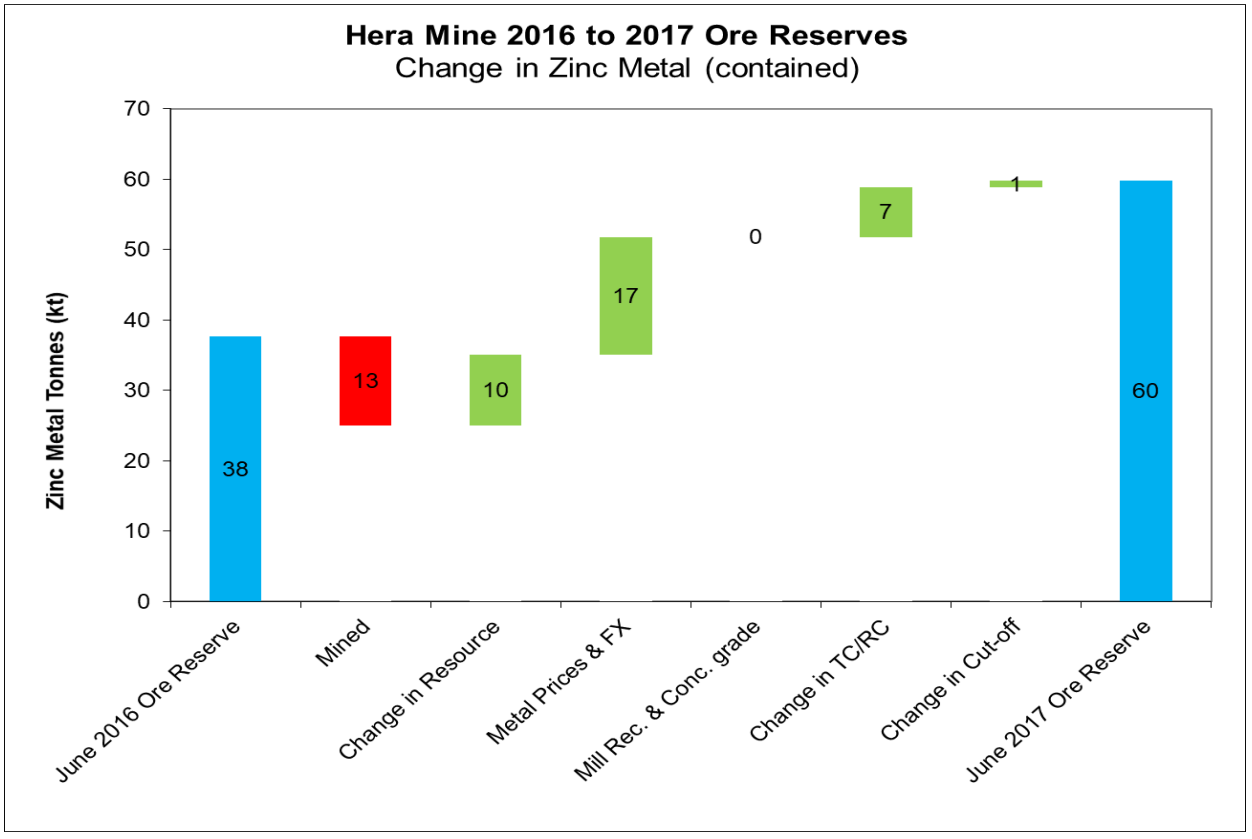
Due to the cost reduction that has been achieved on site the 2017 Ore Reserve cut-off has reduced from $170/t to $160/t NSR.

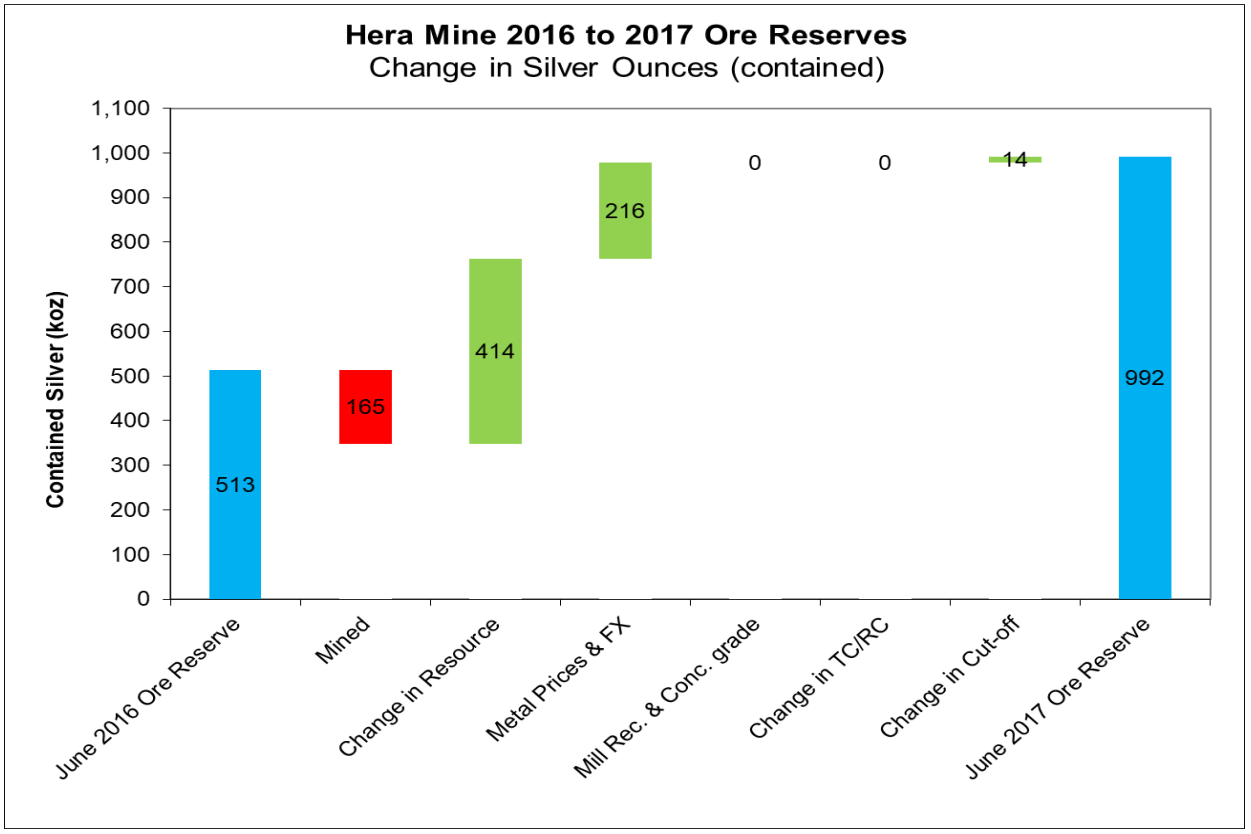
The results of the changes can be seen in the waterfall graphs below.






Hera Mine 2016 to 2017 Ore Reserves
Change in Lead Metal (contained)
Lead Metal Tonnes (kt)
45
40
35
30
25
20
15
10
5
0
28
10
9
9
0
4
1
40
June 2016 Ore Reserve
Mined
Change in Resource
Metal Prices & FX
Mill Rec. & Conc. grade
Change in TC/RC
Change in Cut-off
June 2017 Ore Reserve


Hera Mine 2016 to 2017 Ore Reserves
Change in Zinc Metal (contained)
Zinc Metal Tonnes (kt)
70
60
50
40
30
20
10
0
38
13
10
17
0
7
1
60
June 2016 Ore Reserve
Mined
Change in Resource
Metal Prices & FX
Mill Rec. & Conc. grade
Change in TC/RC
Change in Cut-off
June 2017 Ore Reserve



SENSITIVITY ANALYSIS

Based on ore being potentially economic at $120/t NSR, a sensitivity analysis was conducted at this cut-off value. The comparison of the mining inventory based on a $160/t cut-off and a $120/t cut-off is shown in Table 5.

Table 5. *Comparison of Ore Reserves at $160/t NSR and $120/t NSR*

Probable Reserve	Tonnes (Kt)	NSR ($/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
At $160/t NSR Cut-off	1,476	269	3.53	2.74	4.05	20.9
At $120/t NSR Cut-off	2,049	229	2.93	2.41	3.53	18.2
Difference	**572**	**129**	**1.46**	**1.61**	**2.24**	**11.6**

NOTES ON AUTHOR AND OTHERS

Anthony Allman, from ANTCIA Consulting Pty Ltd, has assisted Hera Mine in the preparation of the stope designs, mine designs, sensitivity analysis and scheduling of the 2016 Hera Mine Ore Reserve Estimate. Anthony has worked at polymetallic mines at Mt Isa Mines and similar mining methods at Renison Tin mine and Kanowna Belle Gold mine. Anthony also has 18 years of consulting experience, ranging from technical studies and reviews, mine planning assistance and preparation of Ore Reserve Estimate. Anthony is a mining engineer with a BE Min Eng obtained at the University of NSW and has worked in underground hard rock mines since 1990 with over 25 years' experience. Anthony is a chartered professional and member of the AusIMM (107189), and also a registered professional engineer of Queensland (10138).

The Ore Reserve Estimate was compiled by Jim Simpson, the Chief Executive Officer at Hera Gold Mine. Jim has worked at polymetallic mines at Golden Grove, Mt Isa Mines and Peak Gold Mines. Jim is a mining engineer with a BE Min Eng obtained at the University of NSW and has worked in underground hard rock mines since 1986 with 30 years' experience. The Ore Reserve Estimate was produced on site.

Mr Simpson has sufficient experience which is relevant to the style of mineralization, type of deposit and mining method 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'. Jim is a chartered professional and member of the AusIMM, and also a registered mining engineer of Queensland, New South Wales and Western Australia.

REFERENCES

JORC Code, 2014, Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. AusIMM.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3 also apply to this section.)

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	The Ore Reserve Estimate is based on the Mineral Resource block model received on the June 2017 and the same block model was used to create the "Hera Mineral Resource Estimate 30 June 2017" by Adam McKinnon. The Mineral Resource Estimate includes the Ore Reserve Estimate. All known mineralisation in the area is epigenetic "Cobar" style. Deposits are structurally controlled quartz + sulphide matrix breccias grading to massive sulphide At Hera the presence of Fe-rich sphalerite, non-magnetic pyrrhotite and cubanite indicates formation temperatures between 350°C and 400°C. Recognised at Hera are quartz + K-feldspar veins, scheelite, and minor skarn mineralogy which suggest a possible magmatic input. Deposit timing is enigmatic. The main mineralisation occurs as brittle sulphide matrix breccias with silicification grading to ductile massive sulphides that crosscut both bedding and cleavage.
Site visits	Ore Reserve Estimate was completed off site by Anthony Allman and included regular monthly visits to site by Jim Simpson.
Study status	A full Life of Mine Plan (LOM) was conducted in June 2017 to incorporate the Ore Reserve Estimate. This included development design, stope access, mining method application, scheduling and resource levelling. The mine is currently in operation. The order of accuracy is at least or better than a definitive feasibility study with actual costs, stope performance and recoveries applied to the Ore Reserve Estimate.
Cut-off parameters	The cut-off values were calculated using the current economic performance of the mine. Cut-off values incorporate all costs including sustaining capital, development, stoping haulage, processing and administration. Costs beyond the mine gate including concentrate haulage, port facilities, shipping, penalties and royalties are netted from revenues of gold and concentrates and form the Net Smelter Return estimates.
Mining factors or assumptions	No Inferred Mineral Resource was considered for this report. The mining method used for the LOM is benching over 25m sublevels. The mining method is a bottom up process. This is still the most appropriate method for control

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td></td><td>of dilution, reduction of pillars and ore loss, ground control, safety and regional stability.
Access is from the hanging wall (east) decline and the decline has a standoff of 50m from the ore body. The decline face is currently 585m vertical from surface.
Level spacing is 25m
Sill pillars will be extracted every 100m vertical extent using an open stoping and yielding pillar arrangement or sublevel caving technique.
Stopes are typically 30m long, 25m high and 8m wide.
Stopes are assumed to be stable up to 30m in strike based on current CMS survey information. This represents a side wall hydraulic radius of 7.5m.
A minimum stoping width of 3m has been used.
Stope shapes in the Ore Reserve Estimate include an expected dilution of 0.5m on both eastern and western walls. This equates to approximately 13%. Survey of current voids suggests this is reasonable.
Bench stopes and sill pillar stopes in the Ore Reserves include the expected recovery of 95% and 90% respectively. Survey of current voids suggests this is reasonable.
Stope shapes and mine development were assessed every 5m along strike.</td></tr>
<tr><td>Metallurgical factors or assumptions</td><td>The Ore Reserve Estimate is predicated on the existing Hera ore processing facility with a nominal throughput rate of 430Ktpa. It incorporates gravity, flotation and a concentrate leach to produce a gold and silver doré and a PbZn concentrate.
All metallurgical assumptions are based on current operation processing criteria.
The main deleterious elements present at Hera ore body is Silica (SiO2) >3%, iron (Fe) >10% and arsenic.
It is assumed that all deleterious elements are within tolerances and no penalties have been applied to financial calculations.</td></tr>
<tr><td>Environment</td><td>The Hera Mine is in full operation and has all environmental, statutory and social approvals and licenses to operate. The project continues to meet the reporting requirements under the terms of the project approval and as such remains in good standing with all regulatory authorities.
The Hera Deposit along with the Hebe, Zeus and Athena Prospects are located on ML1686.
The land comprising ML1686 is part of “The Peak” property with is a perpetual lease held by Aurelia Metals.</td></tr>
<tr><td>Infrastructure</td><td>All surface infrastructures are complete with no new surface infrastructure required for constructing for the current Ore Reserve.
On going sustaining capital and infrastructure underground including declines, level accesses, escapeways, vent accesses and rises, pump stations and substations will need to be developed to develop this Ore Reserve Estimate. This has been accounted for in the cost analysis and cut-off values in determination of ore.</td></tr>
<tr><td>Costs</td><td>Sustaining and operation costs have been based on the last four months of actual costs. A cost reduction on the unit costs has been applied to account for the new rates in the re-tendered mining contract.
Production of the first 250,000 ounces of gravity gold from the Hera Deposit is subject to a 4.5% royalty payable to CBH Resources Ltd. as part of the purchase of the project.
Metal Price and exchange rate assumptions are as provided by Aurelia Metals management and have been based on consensus forecasts.</td></tr>
<tr><td>Revenue factors</td><td>The following table represents revenue assumptions. Freight cost was assumed to be AUD$109/ wmt and treatment costs of US$212/dmt were used
<table>
<tr><th>Metal</th><th>Unit</th><th>USD</th><th>Recoveries</th></tr>
<tr><td>Au</td><td>oz</td><td>1220</td><td>90%</td></tr>
<tr><td>Ag</td><td>oz</td><td>17.00</td><td>90%</td></tr>
<tr><td>Zn</td><td>t</td><td>2600</td><td>90%</td></tr>
<tr><td>Pb</td><td>t</td><td>2150</td><td>91%</td></tr>
</table>
<table>
<tr><td>AUD/USD</td><td>0.76</td></tr>
</table></td></tr>
</table>

Criteria	Commentary
Market assessment	Hera project has in place all necessary contracts and approvals for the transportation of concentrate to agreed Glencore clients. The transport contracts are renewable on standard commercial terms. The concentrate offtake agreement is life of mine. Gold and silver doré products produced on site are shipped to receiving Mint for refining under a refining agreement and the refined metals are either delivered into hedge book commitments and contracts or sold directly into the spot gold market
Economic	A financial model of the Hera Project has been completed by suitably qualified and experienced accounting and financial staff employed by Aurelia Metals Limited and has been reviewed by senior management of Aurelia. The financial model demonstrates a positive NPV.
Social	Hera mine is in full operation and has all environmental and social approvals and licenses to operate. The project continues to meet the reporting requirements under the terms of the project approval and as such remains in good standing with all regulatory authorities The land comprising ML1686 is part of "The Peak" property with is a perpetual lease held by Aurelia Metals. ML1686 is a granted mining lease that expires in 2031.
Classification	The Ore Reserve Estimate is based on the Mineral Resource Estimate. Measured and Indicated Resources become Probable. It is the competent person's view that the classifications used for the Ore Reserve Estimate are appropriate.
Audits or reviews	No external audit of this Ore Reserve Estimate has been done to date
Discussion of relative accuracy/ confidence	The Ore Reserve Estimate is mostly determined by the order of accuracy associated with the Mineral Resource model, the metallurgical inputs and the cost adjustment factors used. There is some risk that the operating costs are not achieved due to reduced output of the processing plant. In the opinion of the competent person, there is some risk associated with the metallurgical inputs especially the throughputs. Continue debottlenecking will be carried out over time to align the Ore Reserve Estimate assumptions with actual metallurgical performance. There is a risk with maintaining silica below 3%, so as not to incur penalties as is assumed. There is a risk with the high arsenic and antimony values in the North Pod. Further work is ongoing to ensure the levels are acceptable in the concentrate feed.

JORC CODE 2012 TABLE 1
Section 1 Sampling Techniques and Data
– HERA PROJECT EXPLORATION
DRILLING

Criteria and Explanation	Commentary
Criteria: 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 of HQ, NQ, LTK60 core or quarter PQ core. Nominal sample intervals are 1m with a range from 0.5m to 1.5m. From April 2016, all underground delineation drilling (NQ) utilised whole of core sampling. Samples are transported to ALS Geochemistry Orange for preparation and assay. Since April 2016, a whole core sampling regime has been employed for many of the underground infill holes for larger sample sizes and improved accuracy, particularly for gold.
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 15 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-SCR22AA) using the entire sample. Since April 2016, whole core is used as a representative sample and the determination of the mineralisation in the material is as above. Coarse gold samples greater than 0.2g/t are re-assayed by screen fire assay (method Au-SCR22AA) to improve representivity of gold assays. The method used is: • For samples up to 2kg screen the entire sample • For samples between 2-4kg screen with 1 riffle split • For samples > 4kg samples screen with 2 riffle splits The sub-splits from the pulp residue are split using a riffle splitter to obtain the most representative sub-split possible. As the splitters generate a 50:50 split, the exact weight of sample used is based on the starting weight of the sample.
Criteria: 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 or NQ-sized drill core from collar. A small number of RC holes are also included in the present resource estimate.
Criteria: 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. Recovery in the limited number of RC holes was estimated visually. No detailed assessment of RC chip recovery has been

	conducted.
Measures taken to maximise sample recovery and ensure representative nature of the samples.	Surface holes use triple tube drilling to maximise recovery. Underground LTK60/NQ 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.	The relationship between sample recovery and grade has not been assessed.
Criteria: 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.	100% of all recovered core and chipsare geologically and geotechnically logged.
Criteria: 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. Since April 2016, entire cores have been sent for assay to improve representivity, especially for gold.
If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC chips have generally been been dry riffle split.
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 15 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, or 2 standard deviations, 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 are 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, and coarse rejects to a secondary laboratory (Genalysis, Intertek, 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.	Second-half sampling is occasionally undertaken. 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 in-situ material. The sample is crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample. Rejects are occasionally re-assayed to for variability.
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 a larger portion of the sample (up to several kg).
Criteria: 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 15 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: 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 been used in various sections of the Hera orebody but have not been in the reported area as this work is intended to test areas not previously explored.
Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic)	Drill hole data including meta data, orientation methods, any gear left in the drill hole, lithological, mineral, structural, geotechnical, density, survey, sampling and

protocols.	occasionally 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.	Unassayed intervals were assigned default low grade values for resource estimation purposes.
Criteria: 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.	Surface drill hole collars are initially located using hand held GPS to ±5m. Upon completion collars are located with differential GPS to ±5cm. All underground drill holes are (collar position and dip/azimuth) are picked up by the mine surveyor using a Total Station Theodolite (TST). Drill holes are downhole-surveyed from collar to the end of hole by drilling personnel using downhole survey tools which include: Eastman, Proshot, Ranger, Reflex, Pathfinder and EZ-Trac. Drill holes are surveyed by single shot camera during drilling at intervals ranging between 15-30m. Surface holes, and select underground holes, are further surveyed after drilling by mulitshot camera at approximately 6m intervals. All survey data for every hole is checked and validated by Aurelia Metals personnel before entered into database.
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.
Criteria: Data spacing and distribution	
Data spacing for reporting of Results.	Final drill spacing for stope definition drilling ranges between 10-20m spacing within the mineralised structures. Drill spacing away from the main mineralised lodes is generally wider spaced and dependent on the stage of exploration.
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 lodes reported are currently classified as Inferred, Indicated and Measured consistent with the number of drill holes intersecting the lode and with the classifications applied under the 2012 JORC code.
Whether sample compositing has been applied.	Sample compositing is not applied.
Criteria: 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	No sample bias due to drilling orientation is known.

mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	
Criteria: Sample security	
The measures taken to ensure sample security.	Chain of custody is managed by Aurelia Metals. Samples are placed in tied calico bags with sample numbers that provide no information on the location of the sample. Samples are transported from site to the assay lab by courier or directly delivered by Aurelia metals personnel
Criteria: Audits or reviews	
The results of any audits or reviews of sampling techniques and data.	An audit and review of the sampling regime at Hera was undertaken by H&S Consultants in November 2015. Recommendations from this review form part of the current sampling practices at Hera.
Criteria: Mineral tenement and land tenure status	
Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	The Hera Deposit along with the Hebe, Zeus and Athena Prospects are located on ML1686. The land comprising ML1686 is part of "The Peak" property with is a perpetual lease held by Hera Resources Pty Ltd (a wholly owned subsidiary of Aurelia Metals). Production of the first 250,000 ounces of gold from the Hera Deposit is subject to a 4.5% royalty payable to CBH Resources Ltd. as part of the purchase of the project. North Pod extends onto ML1746. ML1746, has a surface exclusion of 100m, is directly north and adjoins ML1686. ML1746 is currently granted to Hera Resources Pty Ltd. EL6162, exploration lease surrounding both ML1686 and ML1746,is granted to Hera Resources Pty Ltd.
The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	ML1686 is a granted mining lease that expires in 2034; ML1746 is a granted mining lease with a 100m surface exclusion, which expires December 2037. EL6162, an exploration lease which surrounds both mining leases expires in November 2018.
Criteria: Exploration done by other parties	
Acknowledgment and appraisal of exploration by other parties.	The area has a 50 year exploration history involving reputable companies such as Cyprus Mines, Buka, ESSO Minerals, CRAE, Pasminco, Triako Resources and CBH Resources. Previous exploration data has been ground truthed where possible. Historic drill hole collars have been relocated and surveyed. Most of the drill core has been relocated and re-examined and resampled. This is particularly the case in older drilling where Au assays were sparse or non-existent.
Criteria: Geology	
Deposit type, geological setting and style of mineralisation.	All known mineralisation in the area is epigenetic "Cobar" style. Deposits are structurally controlled quartz + sulphide matrix breccias grading to massive sulphide. In a similar fashion to the Cobar deposits, the Nymagee deposits are located 1km to 3km to the west of the Rookery Fault, a major regional structure with over 300km strike length. The deposits are about the boundary of the Devonian Lower Amphitheatre Group and the underlying Roset Sandstone. Both units show moderate to strong ductile deformation with tight upright folding coincident with greenschist facies regional metamorphism. A well-developed sub vertical cleavage is present.

	The deposits are located in high strain zones. Metal ratios are variable but there is a general tendency for separate Pb+Zn+Ag±Au±Cu and Cu+Ag±Au ore bodies. These are often in close association with the Pb+Zn lenses lying to the west of the Cu lenses. At Hera Zn is usually more abundant than Pb. Formation temperatures are moderate to high. At Hera the presence of Fe-rich sphalerite, non- magnetic pyrrhotite and cubanite indicates formation temperatures between 350°C and 400°C. Recognised at Hera are quartz + K-feldspar veins, scheelite, and minor skarn mineralogy which suggest a possible magmatic input. Deposit timing is enigmatic. The main mineralisation occurs as brittle sulphide matrix breccias with silicification grading to ductile massive sulphides that crosscut both bedding and cleavage. Recent age dating on micas and galena gives an age of ~385Ma for the Hera deposit.
Criteria: Drill hole Information	
A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: *• easting and northing of the drill hole collar* *• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *• dip and azimuth of the hole* *• down hole length and interception depth* *• Hole length.*	Not applicable as exploration results are not being reported here.
If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Not applicable.
Criteria: Data aggregation methods	
In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	Exploration results are not being reported here. See next section for details of compositing and treatment of grades applied to resource estimation.
Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable
The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalences are quoted, although a Net Smelter Return (NSR) is used and discussed in detail in Section 3.
Criteria: Relationship between mineralisation widths and intercept lengths	
These relationships are particularly important in the reporting of Exploration Results.	Orientated drill core is used to allow determination of orientation of structures and mineralisation. Orientation of the Hera and Nymagee deposits is well constrained by extensive drilling and mine exposures.

If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Not applicable to this report.
If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	Not Applicable
Criteria: Diagrams	
Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	See body of report.
Criteria: Balance reporting	
Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Individual exploration results are not being reported here.
Criteria: Other substantive exploration data	
Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	See body of report.
Criteria: Further work	
The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	Exploration drilling for extending the mineralised system at depth and along strike is planned. The exact timing and quantity is yet to be determined.
Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Not applicable at this time (see above).
Section 3. Estimation and Reporting of Mineral Resources	
Criteria: *Database integrity*	
• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	All geological data is stored electronically with limited automatic validation prior to upload into the secure DataShed database, managed in Orange office by the Senior Geologist – Data Administration. The master drill hole database is located on an SQL server, which is backed up on a daily basis. The drill hole database was provided to H&SC in an Access database. H&SC did not modify these tables and any adjustments, such as compositing, were carried out programmatically so a transcript of any changes was recorded and checked. Basic drill hole database validation completed by H&SC include:

	• Intervals were assessed and checked for duplicate entries, sample overlaps, intervals beyond end of hole depths and unusual assay values • Downhole geological logging was also checked for interval overlaps, intervals beyond end of hole depths and inconsistent data.
Criteria: Site visits	
• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	Dr McKinnon, who takes responsibility for the data underpinning the Mineral Resource Estimate works full time at the Hera Mine and has therefore visited the site on numerous occasions. Dr Mckinnon therefore has a thorough understanding of the geology and data on which the Mineral Resource Estimate is based. Rupert Osborn, who takes responsibility for the estimated grades, tonnages and classification has not visited the Hera Mine due to time and cost constraints. Arnold van der Heyden, the Managing Director of H&SC, worked closely with Rupert Osborn throughout this Mineral Resource Estimate and acted as H&SC's internal reviewer. Arnold van der Heyden visited the Hera Mine in November 2015, April 2016 and September 2016. The purposes of these visits was to review and calibrate existing resource estimates.
Criteria: Geological interpretation	
• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	A purely geological model of the Hera deposit has not been produced as there are no obvious lithological marker units to allow a lithology/stratigraphy model to be constructed. The mineralisation at Hera, indicated by elevated gold, silver, lead, zinc and sulphur grades, appears to be structurally controlled and is associated with shearing, brecciation and quartz veining. Aurelia produced a total of 12 wireframe solids that represent volumes of mineralisation over AUD$2 NSR. These zones form coherent, sub-parallel, nominally tabular bodies and are well supported by drilling. The highest metal grades tend to occur in the core of each lode with generally gradational boundaries to the country rock; sharp boundaries appear to be uncommon. There is a broad envelope of alteration associated with the mineralisation, which includes the development of sericite, chlorite, silica and pyrrhotite. The low value boundary was suggested to Aurelia by H&SC following a review of an in-house estimate at the end of 2015. H&SC believe that it is important that the threshold for mineralisation is at least one order of magnitude below the economic cut-off grade because otherwise the estimates are likely to be conditionally biased. The twelve solid wireframes representing mineralised domains were treated as hard boundaries during estimation so that blocks inside a particular domain were estimated using only data from inside that domain. Blocks and data that lie outside of all of the mineralised domain wireframes were treated as a single additional domain. Variogram models were produced for each of the domains with sufficient data and search ellipse orientations were defined for each domain individually. Small local variations in the interpretation of the continuity of individual domains are possible but are unlikely to significantly impact the global resource estimate as the

	interpretation of the domains is well supported by drill hole data and the domain boundary was set at a relatively low grade. Recent work indicates that the mineralisation may be concentrated within a skarn horizon although H&SC is not fully aware of the evidence to support this. This alternative interpretation of the geology is very unlikely to impact estimated resources as mineralised domains are based on zones of elevated assay grades and these zones are unlikely to change due to a change in the deposit genesis model. A fault, observable in underground developments, cross cuts the deposit at the southern end of Main North and is interpreted to off-set Main South by about 25 m to the west.
Criteria: Dimensions	
• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The reported resources at Hera span a length of around 800 m and consist of seven en echelon volumes that dip steeply to the west-southwest. The plan width of the resource varies from 2 m to 60 m (including internal low grade zones) with individual stopes reaching up to 25 m wide. The upper limit of the reported estimates occurs at a depth of around 230 m from surface and the lower limit of the resource extends to a depth of 630 m below the surface.
Criteria: Estimation and modelling techniques	
• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.*	The concentrations of gold, silver, lead, zinc, copper, iron, sulphur, arsenic and antimony were estimated on density weighted values in order to better reflect the contained metal within each interval. The estimated density weighted concentrations were then divided by the estimated density to produce grade estimates for each block. The concentration of antimony was only estimated for North Pod due to lack of data coverage in the other domains. The density weighted concentration of gold was estimated using Multiple Indicator Kriging (MIK). The gold grades at Hera exhibit a highly positively skewed distribution with coefficients of variation within each domain of over 5. The gold estimates at Hera therefore show extreme sensitivity to a small number of high grades. MIK is considered an appropriate estimation method for the gold grade distribution at Hera because it specifically accounts for the changing spatial continuity at different grades through a set of indicator variograms at a range of grade thresholds. It also reduces the need to use the practice of top cutting. The density weighted concentrations of silver, lead, zinc, copper, iron, sulphur, arsenic and antimony were estimated using Ordinary Kriging. Density was also estimated using Ordinary Kriging on drill hole data. Ordinary Kriging is considered appropriate because the coefficients of variation (except arsenic) were generally low to moderate and the grades are reasonably well structured spatially. The Micromine software was used for both the MIK and Ordinary Kriging estimates. The Hera deposit was estimated by Aurelia personnel in May 2016 and by Widenbar and Associates in July 2015. H&SC has access to both of these block models and

• *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	considers that the current Mineral Resource Estimate takes appropriate account of these models. Significant additional drilling and mining has occurred since these estimates were produced. Mine production data were provided to H&SC and compared to the current estimate. As such, H&SC considers that the Mineral Resource Estimate takes appropriate account of these data. This is discussed in more detail below, with reference to reconciliation data. Hera currently utilises two processing routes namely; a gold and silver dore and a lead-zinc concentrate that also includes gold and silver credits. It is assumed that recoveries will continue at the current level. The gold, silver, lead, zinc and copper estimates are considered to be of economic significance. The iron, sulphur, arsenic and antimony estimates are not considered to be of economic significance, with sulphur, arsenic and antimony being potentially deleterious. Two additional indicator parameters were estimated using Ordinary Kriging and the gold metal variogram model, namely a data location accuracy factor and a screen fire assay factor. The data location accuracy factor was estimated because Aurelia have found evidence in underground developments that some surface drill holes have deviated a significant distance from the planned and surveyed drill hole traces. Aurelia provided a list of drill holes for which the location of the drill hole traces was known with a high degree of confidence. These drill holes consisted of all underground drill holes and surface drill holes that had been located in underground development. The relative contribution to estimates of samples with a high degree of confidence in their location was estimated and used to modify the resource classification as described below. The screen fire assay factor gives an estimate of the relative contribution of data derived from screen fire assays versus the contribution of fire assays. This was provided for reference but was not used to modify resource classification Samples were composited to nominal 1.0 m intervals, whilst honouring the mineralised domain wireframes. The minimum composite length was set to 0.5 m. A three pass search strategy was used for estimation. Each pass utilised a search ellipse with four radial sectors. The maximum number of samples per sector was set to four with a maximum of 8 data per sector for each pass. Additional search parameters are given below: 1. 3x20x20m search, 16-32 samples, minimum 4 drill holes used, maximum 6 data per hole 2. 5x35x35m search, 16-32 samples, minimum 4 drill holes used, maximum 6 data per hole 3. 9x60x75m search, 8-32 samples, minimum 2 drill holes used, maximum 8 data per hole The maximum distance of extrapolation of estimates from data points is 70 m. The drill hole spacing at Hera is difficult to quantify due to the irregular distribution of collars, which is largely a result of underground collar locations being limited to

	development. In general, drill hole spacing is around 20 m along strike and down dip. Composite length is 1 m. The block model was set up on a rotated grid to honour the historic mine grid rotation. Parent block dimensions are 2x5x5 m (X, Y, vertical respectively). The five metre Y and vertical block dimensions were chosen to reflect drill hole spacing and to provide definition requested for mine planning. The shorter two metre X dimension was used to reflect the narrow mineralisation and down hole data spacing. Discretisation was set to 2x5x5 (X, Y, vertical respectively). No assumptions were made regarding the correlation of variables during estimation as each element is estimated independently. Variography was carried out using the software program GS3 on the one metre composited data from the eight mineralised domains that contained over 2,000 data points. These domains are Main North, Main South, Hays South, Hays North, Far West, North Pod, East South and Western PbZn. The other domains used the variogram parameters from a nearby domain. Each domain was estimated separately using only data from within that domain. The orientation of the search ellipse was varied to reflect the orientation of the mineralisation in each domain. Grade cutting was applied to gold, silver, lead, zinc, arsenic and antimony on a domain by domain basis in order to reduce the impact of extreme values on the resource estimates. The top-cut values were chosen by assessing the high end distribution of the grade population within each domain and selecting the value at which the distribution became erratic. The final H&SC block model was reviewed visually by H&SC and Aurelia and it was concluded that the block model fairly represents the grades observed in the drill holes. H&SC also validated the block model statistically using histograms and summary statistics. The estimates were compared to the previous resource estimate produced by Aurelia personnel in May 2016, which was reported at a NSR cut-off of $120 and constrained within planned stope wireframes. The May 2016 reported resources therefore did not include internal dilution. The May 2016 used Ordinary Kriging to estimate all parameters directly. The current resource estimate reports all material within planned stope wireframes and is therefore considered to include internal dilution. This is preferable as it is believed to better reflect the grade of material to be passed through the processing facility. This change of approach has produced a big difference between the reported resources. When the current resource estimate is reported without internal dilution and the material mined between the models has been taken into account the global estimates agree well. Significant additional drilling and mining has occurred between the May 2016 and current resource estimate. Despite various differences between the methodologies of the resource estimates the two models agree well. The current estimates were also compared to Run of Mine (ROM) production records for verification. It was found that estimates for Main North and Hays South performed

<table>
<tr><td></td><td>reasonably well on average, although some relatively large differences were found for individual stopes. Reconciliation of Main South showed that estimates had underestimated the grade of Au, Ag and Pb. Investigation into this issue indicated that the ROM grades produced were significantly higher than the mineralisation intersected by local drilling. This poor reconciliation instigated the downgrade of all Measured Resources to Indicated in Main South.</td></tr>
<tr><td>Criteria: Moisture</td><td></td></tr>
<tr><td>• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</td><td>Tonnages are estimated on a dry weight basis.</td></tr>
<tr><td>Criteria: Cut off parameters</td><td></td></tr>
<tr><td>• The basis of the adopted cut-off grade(s) or quality parameters applied.</td><td>The cut-off grade is a Net Smelter Return (NSR) value, which is used to assign a dollar value to the polymetallic mineralisation in order to simplify reporting. Aurelia provided the NSR calculation to H&SC.

A NSR cut-off of AUD$120 was selected by Aurelia. Material at this cut-off is considered by Aurelia to have reasonable prospects of extraction in the medium term. Hera is an operating mine and the NSR calculation is well developed and informed. The NSR calculation takes account the recoveries associated with each of the two processing routes; namely production of Au and Ag dore and Pb-Zn concentrate (that also includes Ag credits). The NSR also takes account of the metal price, exchange rates, freight and treatment charges and royalties. The metal recoveries and metal prices used in the NSR calculation are given below. Costs associated with royalties, processing and transport are considered to be commercially sensitive to Aurelia and are not given. The calculation formula is complex as it takes into account the two processing routes and the recoveries and costs associated with each. For this reason the formula is not provided. An AUD$ to USD$ exchange rate of 0.74 was assumed.

Recoveries:

<table>
<tr><th>Parameter</th><th>Recovery</th></tr>
<tr><td>Gold Recovery - Gravity</td><td>60%</td></tr>
<tr><td>Gold Recovery - Leach</td><td>30%</td></tr>
<tr><td>Silver Recovery - Dore</td><td>10%</td></tr>
<tr><td>Silver Recovery - Concentrate</td><td>80%</td></tr>
<tr><td>Lead Recovery - Concentrate</td><td>91%</td></tr>
<tr><td>Zinc Recovery - Concentrate</td><td>90%</td></tr>
</table>

Assumed metal prices:

<table>
<tr><th>Metal</th><th>Price (US$)</th></tr>
<tr><td>Gold (oz)</td><td>1,400</td></tr>
<tr><td>Silver (oz)</td><td>18.8</td></tr>
<tr><td>Lead (t)</td><td>2,500</td></tr>
<tr><td>Zinc (t)</td><td>2,280</td></tr>
</table>

All elements included in the NSR calculation are currently being recovered and sold. Copper is reported in the mineral resource estimate but is not currently being recovered and sold H&SC are informed that work is</td></tr>
</table>

	currently underway to test the feasibility of recovering copper.
Criteria: Mining factors or assumptions	
• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It may not always be possible to make assumptions regarding mining methods and parameters when estimating Mineral Resources. Where no assumptions have been made, this should be reported.*	Hera currently uses longwall stoping. The reported resources are limited to block centroids that lie within planned stopes that were designed using Deswick's Stope Shape Optimiser. The Smallest Mineable Unit (SMU) is 5 m long, 25 m high, with a minimum mining width of 3 m. The reported resources include all estimated blocks that lie within the planned stopes and therefore include internal dilution. Additional external mining dilution may be incurred during mining.
Criteria: Metallurgical factors or assumptions	
• *The basis for assumptions or predictions regarding metallurgical amenability. It may not always be possible to make assumptions regarding metallurgical treatment processes and parameters when reporting Mineral Resources. Where no assumptions have been made, this should be reported.*	Hera is an operating mine and the assumption about metallurgical amenability are based on actual performance of the mill over a period of time. Processing recoveries have been shown to consistently meet or exceed those quoted above.
Criteria: *Environmental factors or assumptions*	
• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	It is assumed that process residue disposal will continue to take place in existing facilities at Hera Mine, which are currently licensed for this purpose. Waste rock will continue to be utilised at Hera as stope fill. Any remaining waste will be added to surface dumps. All waste and process residue disposal will continue to be done in a responsible manner and in accordance with the mining license conditions.
Criteria: *Bulk density*	
• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size*	Dry bulk density is measured on-site using an immersion method (Archimedes principle) on selected core intervals for full 1.0 m assay samples. A total of 4,021 density measurements have been taken from drill core at the Hera deposit.

<table>
<tr><td>and representativeness of the samples.</td><td>Samples are weighed before and after oven drying overnight at 110ºC to determine dry weight and moisture content.

Measured density values show that the density of the rock at Hera varies significantly. The density variations are largely due to sulphide mineralisation which has the effect of increasing density. Aurelia calculated the density data for drill hole intervals that had not been subjected to density measurements by calculating the normative mineralogy of each sample, and then species weighting the density calculation. This approach takes into account the density differences between galena, sphalerite, chalcopyrite, pyrrhotite and gangue and compares well with the actual measurements.</td></tr>
<tr><td>Criteria: Classification</td><td></td></tr>
<tr><td>• The basis for the classification of the Mineral Resources into varying confidence categories.
• Whether appropriate account has been taken of all relevant factors (i.e., relative confidence in tonnage/grade estimations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).
• Whether the result appropriately reflects the Competent Person’s view of the deposit.</td><td>The classification is based predominately on the search pass used to estimate the block. The data location accuracy factor that quantifies the relative contribution of data points with low location accuracy confidence was used to downgrade the classification of blocks that were estimated using an excessive number of data with poor confidence in their location. The changes to the search pass are shown in the table below.

<table>
<tr><th>Search Pass</th><th>Location Accuracy Factor</th><th>Modified Pass</th><th>Classification</th></tr>
<tr><td>1</td><td>>0.75</td><td>1</td><td>Measured</td></tr>
<tr><td>1</td><td><0.75</td><td>2</td><td>Indicated</td></tr>
<tr><td>2</td><td>>0.5</td><td>2</td><td>Indicated</td></tr>
<tr><td>2</td><td><0.5</td><td>3</td><td>Inferred</td></tr>
<tr><td>3</td><td>All</td><td>3</td><td>Inferred</td></tr>
</table>

In order to produce a single classification for each stope the tonne-weighted modified pass was averaged for each stope. Stopes with an average modified pass of less than 1.5 were classified as Measured, stopes averaging between 1.5 and less than 2.5 were classified as Indicated and stopes averaging 2.5 or over were classified as Inferred. Following discussion with Aurelia personnel individual isolated Inferred stopes were upgraded to Indicated and isolated Indicated stopes were downgraded to Inferred. The classification of two areas of Indicated stopes in Main South was downgraded to Inferred due to poor reconciliation of adjacent, mined stopes.

This scheme is considered by H&SC to take appropriate account of all relevant factors, including the relative confidence in tonnage and grade estimates, confidence in the continuity of geology and metal values, and the quality, quantity and distribution of the data.

The classification appropriately reflects the Competent Persons’ (Dr Adam Mckinnon and Rupert Osborn) view of the deposit.</td></tr>
<tr><td>Criteria: Audits or reviews</td><td></td></tr>
<tr><td>• The results of any audits or reviews of Mineral Resource estimates.</td><td>This Mineral Resource estimate has been reviewed by Aurelia personnel and the resource report was peer reviewed by both Aurelia and H&SC. No material issues were identified as a result of these reviews.</td></tr>
<tr><td>Criteria: Discussion of relative accuracy/confidence</td><td></td></tr>
</table>

- *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*
- *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*
- *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*

The relative accuracy and confidence level in the Mineral Resource estimates are considered to be in line with the generally accepted accuracy and confidence of the nominated JORC Mineral Resource categories. This has been determined on a qualitative, rather than quantitative, basis, and is based on H&SC's experience with a number of similar deposits in the Cobar region. The main factor that affects the relative accuracy and confidence of the Mineral Resource estimate is sample data density due to the high variability in gold grades.

The estimates are local, in the sense that they are localised to model blocks of a size considered appropriate for local grade estimation. The tonnages relevant to technical and economic analysis are those classified as Measured and Indicated Mineral Resources.

The estimates were compared to Run of Mine (ROM) production records for verification. It was found that estimates for Main North and Hays South performed reasonably well on average, although some relatively large differences were found for individual stopes. Reconciliation of Main South showed that estimates had underestimated the grade of Au, Ag and Pb. Investigation into this issue indicated that the ROM grades produced were significantly higher than the mineralisation intersected by local drilling. This poor reconciliation instigated the downgrade of all Measured Resources to Indicated in Main South. The table below shows the estimated grades over the ROM recorded grades. Values less than 100% indicate that the estimated grades are lower than the ROM records i.e. an underestimation.

Domain	**Au**	**Ag**	**Pb**	**Zn**	**Cu**
Main North	96%	105%	99%	106%	101%
Main South	84%	88%	93%	102%	95%
Hay South	96%	87%	89%	97%	85%
Total	**89%**	**96%**	**95%**	**104%**	**99%**