

QUARTERLY REPORT

for the three months ending 31 March 2019

HIGHLIGHTS

- **Group quarterly gold production of 23,323 oz at an AISC of \$1,302/oz**
 - **Peak Mines – 9,132 oz at AISC of \$1,600/oz**
 - **Hera Mine - 14,191 oz at AISC of \$957/oz**
- **Cash balance increased marginally to \$108.6M (31 December - \$107.9M), after investment in growth capital of \$7.8M and tax payments in the quarter of \$6.5M**
- **Move to contract mining at Peak on 1 February 2019 with development rates increasing**
- **Progress on longer term growth projects at Peak – Pb/Zn Plant Upgrade**
- **Continued exploration success with a significant new zone of gold and base metal mineralisation discovered at Peak Deeps**
- **Drilling at the Federation prospect, South of Hera, returned visual Pb/Zn mineralisation in RC chips, with full assays pending**

Commenting on the March 2019 quarter, Managing Director & CEO Jim Simpson said:

"While gold grade and production at Peak during the March quarter was disappointing, the quarter saw us deliver another key plank in our operational strategy at Peak, with the transition to contract mining with Pybar. After the initial transition period, underground mining rates are improving as we focus on throughput and mining unit cost reduction.

"It was also a busy quarter for Aurelia on the growth and opportunities front. The lead/zinc plant upgrade at Peak is progressing and Peak Deeps is an exciting high-grade discovery. Additional underground drilling is planned for the quarter to expand and infill the Chronos and Peak Deeps high grade areas. At Hera, we have been busy drilling multiple targets at the Hebe and Main Southeast targets, and the Dominion-Federation area, and work on the Nymagee Pre-Feasibility Study continues."

GROUP SUMMARY

OPERATIONS

- Group production of 23,323 oz was down on the prior quarter, largely due to underperformance of gold grades from mining the upper levels of Chronos at Peak
- Chronos gold grades of 6.3 g/t for the quarter (prior quarter, 14.9 g/t)
- Full-year production guidance of 115-130 koz is maintained (95 koz YTD), with the final result for the year heavily influenced by the grade performance of Chronos ore at Peak during the June quarter
- Group AISC year-to-date is \$943/oz, with AISC for the quarter of \$1,302/oz reflecting lower gold production for the quarter, an increase in concentrate treatment charges and only one base metal concentrate shipment at Hera
- Pybar Mining Services Pty Ltd (PYBAR), commenced all underground development and production mining activities at the site from 1 February 2019. After a transitional period, the rate of mine development is improving rapidly

- The Company's 2019 Reserves and Resources estimates are underway with an update due mid-July and expected to include recent announced drilling results at Peak and Hera
- Growth Projects advanced during the quarter:
 - Peak Pb/Zn Plant Upgrade project – progressing according to plan
 - Peak Great Cobar project - Regulatory approval for the exploration decline is pending
 - Peak - discovery of a significant new zone of high gold and base metal mineralisation at Peak Deeps (refer to 18 February and 16 April 2019 announcements)
 - Hera - further high-grade base metal and gold intercepts confirmed from the North Pod
 - Federation – recent drilling south of Hera at the Federation prospect has returned visual indications of strong base metal mineralisation (RC drilling). Awaiting final assays
 - Dominion - surface drilling project was nearing completion by the end of this quarter, with final assay results pending.
- Site cash contribution of \$7.9M in the quarter, after \$17.7M of sustaining and growth capital. Sustaining capital was \$9.9M. Growth capital was \$7.8M and consisted of the Peak Pb/Zn upgrade of \$5.6M, exploration costs of \$2.0M and other capital of \$0.2M. Tax payments of \$6.5M were made in the quarter. Net cash flow for the quarter was positive \$0.7M.

CORPORATE

- Group revenue of \$67.0M was derived 70% from precious metals sales and 30% from copper, lead and zinc sales.
- Cash in bank increased by \$0.7M to \$108.6M (\$107.9M at 31 December 2018).
- The hedge book at quarter-end was 56,000 oz at \$1,754/oz (prior quarter was 77,000 oz at \$1,747/oz).

GROUP SUMMARY

The March quarter results are tabulated below:

Aurelia Metals Production Summary	Units	Sep 18 Qtr	Dec 18 Qtr	Mar 19 Qtr	FY19 YTD
Hera gold produced	oz	13,746	16,224	14,191	44,161
Hera gold sold	oz	13,434	15,477	15,161	44,071
Hera lead produced	t	1,952	2,004	1,330	5,286
Hera zinc produced	t	2,956	3,156	1,776	7,888
Hera AISC	\$/oz	817	433	957	730
Hera AIC (incl growth capital)	\$/oz	924	494	1,087	829
Peak gold produced	oz	21,753	19,610	9,132	50,495
Peak gold sold	oz	19,424	17,939	12,125	49,488
Peak copper produced	t	1,374	1,032	817	3,223
Peak lead produced	t	3,413	2,664	2,469	8,547
Peak zinc produced	t	0	921	570	1,491
Peak AISC	\$/oz	802	912	1,600	1,038
Peak AIC (incl. growth capital)	\$/oz	804	1,034	2,085	1,201
Group gold production	oz	35,499	35,834	23,323	94,656
Group gold sold	oz	32,858	33,416	27,286	93,559
Group copper production	t	1,374	1,032	817	3,223
Group lead production	t	5,365	4,668	3,799	13,833
Group zinc production	t	2,956	4,077	2,346	9,379
Group AISC	\$/oz	858	733	1,302	943
Group AIC	\$/oz	903	826	1,589	1,076

1) AISC/oz (All-in Sustaining Cost) is the total of on-site mining, processing and admin costs, inventory adjustments, royalties, sustaining capital, less by-product credits divided by gold oz sold

2) Group AISC includes corporate general and administration expenses

3) AIC/oz (All-in Cost) is AISC cost plus growth capital (expansionary capital and exploration). Income tax, working capital and interest are excluded from these metrics.

4) The Dec 18 AISC amended due to half-year adjustments relating to AASB15.

5) Numbers are provisional and subject to change.

PEAK MINES NSW (100%)

PEAK OPERATIONS SUMMARY

Gold production of 9,132 oz, at a site AISC of \$1,600/oz.

Gold grades at Chronos for the quarter were lower than planned at 6.3 g/t (prior quarter 14.9 g/t) due to unexpected grade variability at the uppermost levels of the Chronos orebody.

Base metal production during the quarter was 817 tonnes of copper in concentrate and 2,469 tonnes of lead in concentrate.

A summary of the March quarter and YTD production results is tabulated in 'Table A – Quarterly Summary' and 'Table B – FY2019 YTD Summary' at the end of this release.

MINING

A total of 91,386 tonnes of ore was mined during the quarter at an average grade of 3.08 g/t gold, 1.22% copper, 3.18% lead and 2.03% zinc.

The largest ore source for the quarter (44%) was from the relatively lower grade Jubilee zone.

Ore tonnes were restricted during the quarter by limited ore headings, a ramp up after the transition to contract mining and a focus on capital development.

Increasing rates of mine development continues to be a key objective for the mining contractor, with 1,187 m total lateral development achieved during the quarter, a 50% increase from the December 2018 quarter (791 m).

PROCESSING

Throughput of 88,357 tonnes (prior quarter 125,199 tonnes) remains below design capacity, largely as a result of restricted ore supply during the transition to contractor mining, as well as downtime during the refurbishment of the plant.

There was a planned increase in shutdown days for the March quarter due to the ancillary works on the processing plant in order to maximise the benefit of the Plant Upgrade Project (see Growth Projects, below). The work on the plant included the fabrication and coating on the deck structure above the CIL tanks, commencement of the refurbishment of a number of CIL tanks, feed conveyor works, redesign of the water system to improve flotation, and preparation for the demolition of redundant flotation columns.

Gold recovery remained strong and stable this quarter at 96.3%. Copper recoveries of 91% and lead recoveries of 82% were both up relative to the prior quarter (90% and 74%, respectively).

EXPLORATION

Underground exploration and resource extension drilling continued at Peak during the quarter, with the high-grade Peak Deeps and Chronos lodes being the key targets.

Peak Deeps:

The Company announced the discovery of a significant new zone of gold and base metal mineralisation at Peak Deeps (see ASX announcement on 18 February 2019). Subsequent to quarter's end, the Company announced completion of the 14-hole Peak Deeps infill program.

The drilling was completed from the bottom of the existing Peak decline and extended high grade mineralisation more than 100 metres below the planned stoping area. Additional underground drilling is planned for this area in the next quarter to expand and infill the known high grade zone.

Chronos:

An underground resource extension drilling program was commenced at Chronos during the quarter. The program is designed to test for up-dip continuity of the high grade Chronos lode.

GROWTH PROJECTS

Great Cobar exploration decline

The long-term future of Peak is underpinned by Great Cobar zone (gold/copper and lead/zinc lodes). The Company proposes to develop an exploration decline (1.8km in length) and associated infrastructure at a total estimated capital cost of \$20M. The exploration decline will facilitate necessary drilling to improve the confidence in the current indicated/inferred resources.

The regulatory approval process for the exploration decline is underway with a dewatering work approval one of the key requirements.

The Company has continued preparatory works as permitted under existing approvals with \$0.25M spent in the March quarter.

Pb/Zn Plant Upgrade

The Pb/Zn Plant Upgrade will enable the Peak processing plant to operate at up to 800,000 tpa on high-grade base metal feed unlocking the value of the Chronos lead/zinc resource. In the future, the upgraded plant will have the ability to treat Peak Deeps ore and the lead/zinc zones at Great Cobar.

The capital investment by the Company in this project is estimated to be approximately \$35M and is expected to be completed early in CY2020. Site preparatory works commenced during the quarter with expenditure to-date of \$8M (of which \$5.6m was incurred in the current quarter).

HERA MINE NSW (100%)

HERA OPERATIONS SUMMARY

Gold production for the quarter was 14,191 oz at a site AISC of \$957/oz. The current quarter AISC was impacted by a 50% increase in the concentrate treatment charges and only a single shipment of concentrate for the quarter.

A summary of the quarter and YTD production results is tabulated in 'Table A – Quarterly Summary' and 'Table B – FY19 YTD Summary' at the end of this release.

MINING

A total of 115,630 tonnes of ore was mined during the quarter at an average grade of 3.90 g/t gold, 1.28% lead and 1.62%.

Increased base metal production and two concentrate shipments are expected during the June 2019 quarter, as a result of mining in the high-grade base metal North Pod zone.

Lateral underground development achieved was 341 m.

Underground infill drilling of the Upper North Pod during the quarter was 5,367 m. The infill program will be completed in April 2019. Results will be used to update the mining reserves to be released mid-year. This program also identified extension of resources outside existing North Pod resource (see ASX Announcement released on 28 February 2019).

PROCESSING

Ore throughput of 120,763 tonnes was achieved, at grades of 4.06 g/t gold, 1.3% lead and 1.7% zinc. Lower ore grades impacted metal recovery performance and output.

Gold recovery was 89.9%. Lead-zinc concentrate production reduced during the quarter to 6,112 tonnes.

Gold production reduced to 14,191 ounces.

Lead-zinc concentrate production decreased in the March quarter, in line with reduced grades, with one bulk concentrate shipment completed in the quarter.

EXPLORATION

Surface drilling continued during the quarter in the Dominion-Federation prospect area (approximately 10 km south of Hera) and near mine at the Main Southeast and Hebe prospects.

Hebe and Main Southeast:

Follow-up drill testing of multiple targets at the Hebe and Main Southeast prospects (immediately south of the Hera Mine) continued during the quarter. Work is ongoing in these areas with assay results from a number of holes pending. Drilling is continuing into the June quarter.

Dominion-Federation Area:

Following the receipt of regulatory approvals in late January 2019, an expanded program of reverse circulation (RC) and diamond drilling commenced in the Dominion-Federation prospect area.

Initial drilling in the Federation area, has indicated strong base metal mineralisation, with visible lead and zinc in RC drill cuttings. This program was nearing completion at the end of the quarter and an update on the results will be released to the market once final assays are received.

North Pod:

Upper North Pod drilling (see ASX announcement released on 28 February 2019) has intercepted further high-grade base metal and gold mineralisation, confirming up-dip potential. High-grade mineralisation is now extended outside of existing North Pod Resources.

NYMAGEE (95%)

Metallurgical test work (i.e. comminution and flotation test work) on the drill core from the Nymagee Met Drilling program completed in September 2018 was ongoing during the quarter. The test work results, expected in the June 2019 quarter, will inform the process design flow sheet for the Hera plant and will be incorporated into the pre-feasibility study (PFS) for the Nymagee project (expected to be completed by mid-year).

CORPORATE FINANCIAL PERFORMANCE

The financial performance of the Group for the March 2019 quarter is summarised in the table below:

Aurelia Metals - Mar 19 Qtr Summary	Units	Hera	Peak	Group
<u>All-in Sustaining Cost Summary</u>				
Mining	\$k	6,995	12,229	19,224
Processing	\$k	7,652	6,465	14,117
Site Administration	\$k	1,253	2,286	3,539
Concentrate Transport & Refining	\$k	1,864	1,430	3,294
Net Inventory adjustments	\$k	(920)	(1,454)	(2,374)
Royalties	\$k	2,288	959	3,247
Third party smelting, refining	\$k	1,654	574	2,229
Total By-Product Credits	\$k	(8,024)	(11,186)	(19,210)
Sustaining Capital	\$k	1,753	8,100	9,853
Corporate admin and other	\$k			1,612
AISC (All-in Sustaining Cost)	\$	14,516	19,402	35,531
AISC Unit Cost	\$/oz	957	1,600	1,302
Growth Capital	\$	1,963	5,875	7,838
AIC (All-in Cost)	\$	16,479	25,277	43,369
AIC Unit Cost	\$/oz	1,087	2,085	1,589
FY19 AISC Unit Cost	\$/oz	730	1,038	943

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

Sales

The Company generated sales revenue of \$67M, split approximately 70% precious metals and 30% base metals sales. Revenue reduced \$20M on prior quarter, primarily as a result of reduced gold production at Peak and reduced base metal sales at Hera (one base metal shipment in the quarter).

Costs at Hera include an accrual for the anticipated increase in the 2019 Zinc treatment charge, which reduced base metal revenue by \$0.4M in the March 19 quarter. The anticipated increase in zinc treatment charges over the year to December 2019 is expected to add around US\$3.5M to treatment charge costs for CY2019.

Total gold dore and gold in concentrate sold for the quarter was 27,286 oz (prior quarter 33,416 oz).

Cash flow

Net site operating cash flow for the quarter was \$25.6M, of which Peak contributed \$10.6M and Hera contributed \$15M. After sustaining and growth capital of \$17.7M, the combined site contribution was \$7.9M.

After corporate capital and administration costs of \$1.6M, tax payments of \$6.5M and changes in working capital, loss on gold forwards and other (net inflow of \$0.9M), group cash for the March quarter increased by \$0.7M to \$108.6M (31 December 2018: \$107.9M).

The Group had no debt at quarter end.

Capital expenditure

Capital spend for the December quarter was \$17.7M (Hera \$3.7M and Peak \$14.0M), comprising \$9.9M of sustaining capital, predominantly mine development and minor process sustaining capital, and growth capital of \$7.8M, primarily associated with the Plant Upgrade at Peak (\$5.6M), and exploration drilling as previously discussed (\$2.0M).

Gold hedging

The gold hedge position at 31 March 2019 was 56,000 oz at an average price of \$1,754/oz (prior quarter was 77,000 oz at an average of A\$1,746/oz).

Tax

Tax instalment payments commenced during the quarter with payments of \$6.5M. Estimated tax payments for the June 2019 quarter are \$9.5M.

CORPORATE INFORMATION: Aurelia Metals Limited ABN 37 108 476 384

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Registered Office:	Level 2, 60-62 McNamara St Orange NSW	Tel: +61 (0)2 6363 5200
Share Registry:	Security Transfer Registrars Pty Ltd	Tel: +61 (0)8 9315 2333
Issued capital:	868M ord. shares, 9.2M unlisted perf. Rights	
Substantial Shareholders:	Colonial 6.1%, Van Eck 5.7%	
Non-Executive Chairman:	Cobb Johnstone	
Managing Director & CEO:	Jim Simpson	
Non-Executive Directors	Lawrie Conway, Susie Corlett, Paul Espie, Paul Harris, Mike Menzies	

IMPORTANT INFORMATION

This report includes forward looking statements. Often, but not always, forward looking statements can be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", "outlook" and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of the Company, anticipated production or activity commencement dates and expected costs or production outputs. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits, and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of key personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control. Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law, including any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

MARCH 2019 QUARTER AND FY19 YTD PRODUCTION RESULTS TABLES

TABLE A - Quarterly Summary

Aurelia Metals - Mar 19 Qtr Summary	Units	Hera	Peak	Group
Ore Mined	t	115,630	91,386	207,016
Mined Grade - Gold	g/t	3.90	3.08	3.54
Mined Grade - Silver	g/t	11.32	24.18	17.00
Mined Grade - Copper	%	0%	1.22%	0.54%
Mined Grade - Lead	%	1.28%	3.18%	2.12%
Mined Grade - Zinc		1.62%	2.03%	1.80%
Ore Processed	t	120,763	88,357	209,120
Processed Grade - Gold	g/t	4.06	3.34	3.76
Processed Grade - Silver	g/t	11.63	24.15	16.92
Processed Grade - Copper	%	0%	1.01%	0.43%
Processed Grade - Lead	%	1.32%	3.42%	2.21%
Processed Grade - Zinc	%	1.67%	1.83%	1.74%
Gold recovery		89.9%	96.3%	
Silver recovery		78.9%	73.2%	
Copper recovery		0.0%	91.4%	
Lead recovery		83.5%	81.8%	
Zinc recovery		87.9%	35.2%	
Gross Metal Production				
Gold Production	oz	14,191	9,132	23,323
Silver production	oz	35,428	50,203	85,630
Copper production	t	0	817	817
Lead production	t	1,330	2,469	3,799
Zinc production	t	1,776	570	2,346
Payable Metal Production				
Gold Production	oz	14,191	8,922	23,114
Silver production	oz	17,706	39,594	57,300
Copper production	t	0	663	663
Lead production	t	1,147	2,200	3,347
Zinc production	t	1,287	0	1,287
Concentrate Production				
Cu Concentrate produced	dmt	0	3,083	3,083
Pb Concentrate Production	dmt	0	5,788	5,788
Bulk Pb/Zn Conc Production	dmt	6,112	0	6,112
Sales				
Gold dore & gold in Conc sold	oz	15,161	12,125	27,286
Silver dore & Silver in Conc sold	oz	17,239	23,198	40,438
Payable Copper sold	t	0	404	404
Payable Lead sold	t	816	2,241	3,057
Payable Zinc sold	t	929	23	952
Prices				
Gold price achieved	A\$/oz	1,829	1,810	1,821
Silver price achieved	A\$/oz	22	28	25
Copper price achieved	A\$/t	0	10,208	10,208
Lead price achieved	A\$/t	2,942	2,823	2,854
Zinc price achieved	A\$/t	5,649	4,079	5,611

Table B - FY19 YTD Summary

Aurelia Metals - FY19 YTD Summary	Units	Hera	Peak	Group
Ore Mined	t	370,544	344,569	715,113
Mined Grade - Gold	g/t	4.14	4.47	4.30
Mined Grade - Silver	g/t	10.5	23.6	16.81
Mined Grade - Copper	%	0%	1.10%	0.53%
Mined Grade - Lead	%	1.63%	3.01%	2.29%
Mined Grade - Zinc	%	2.33%	1.68%	2.02%
Ore Processed	t	372,488	348,948	721,435
Processed Grade - Gold	g/t	4.07	4.64	4.35
Processed Grade - Silver	g/t	10.44	23.87	16.94
Processed Grade - Copper	%	0%	1.00%	0.48%
Processed Grade - Lead	%	1.67%	3.04%	2.33%
Processed Grade - Zinc	%	2.38%	1.58%	1.99%
Gold recovery		90.4%	97.1%	
Silver recovery		82.6%	80.4%	
Copper recovery		0.0%	92.3%	
Lead recovery		84.9%	80.6%	
Zinc recovery		88.7%	27.1%	
Gross Metal Production				
Gold Production	oz	44,161	50,495	94,656
Silver production	oz	116,859	215,350	332,209
Copper production	t	0	3,223	3,223
Lead production	t	5,286	8,547	13,833
Zinc production	t	7,888	1,491	9,379
Payable Metal Production				
Gold Production	oz	44,161	49,669	93,831
Silver production	oz	56,777	177,809	234,586
Copper production	t	0	2,683	2,683
Lead production	t	4,557	7,834	12,392
Zinc production	t	5,944	0	5,944
Concentrate Production				
Cu Concentrate produced	dmt	0	11,700	11,700
Pb Concentrate Production	dmt	0	20,548	20,548
Bulk Pb/Zn Concentrate Production	dmt	24,297	0	24,297
Sales				
Gold dore & gold in Conc sold	oz	44,071	49,488	93,559
Silver dore & Silver in Conc sold	oz	40,915	128,827	169,742
Payable Copper sold	t	0	2,604	2,604
Payable Lead sold	t	4,589	6,859	11,448
Payable Zinc sold	t	6,152	23	6,175
Prices				
Gold price achieved	A\$/oz	1,734	1,709	1,721
Silver price achieved	A\$/oz	21	21	21
Copper price achieved	A\$/t	0	8,520	8,520
Lead price achieved	A\$/t	2,697	2,738	2,722
Zinc price achieved	A\$/t	3,770	4,079	3,771