

HERA LIFE OF MINE UPDATE

Aurelia Metals (ASX: AMI) (**Aurelia** or the **Company**) has completed a re-optimisation of the life of mine plan for its Hera operation near Nymagee. The Hera underground mine is now expected to permanently cease commercial production towards the end of March 2023. Hera's surface facilities will then transition to Care and Maintenance before being utilised for the Federation Project.

The revised mine plan will sequence the highest value ore within the remaining available ore sources to maximise cash generation from the remaining mineral inventory at Hera.

Cessation of mining will be earlier than previously planned, but following two quarters of negative cashflow from the asset, it is necessary to implement the change to return the Hera Mine to a forecast cashflow positive position for the remainder of its life. It has been assessed that only short term cashflow amelioration is possible at Hera, hence the decision to accelerate closure of mining operations. The Company will continuously monitor mining performance and operational stability through the remaining period, with clear triggers for any further actions with respect to the mine plan.

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

"As outlined in our recent market updates, we are focussed on every operating asset in the portfolio generating positive cashflow as an absolute minimum. At Hera this has not been the case in recent quarters. I am confident our revised mine plan will return Hera to positively contributing to the cashflow of the Company over its remaining operating life."

"We don't make this change lightly. We understand this is challenging news for our employees, contractors and the local community, but a decision that has to be made in the interests of Aurelia's shareholders."

"We are consulting with our workforce at Hera to explore options to redeploy as many of them as possible to our Peak operations, where vacancies exist because of our transition to owner-mining and the generally tight mining labour market. We are also looking to redeploy people further afield to our Dargues Mine. Despite these redeployment activities, there will be some redundancies at the cessation of Hera's operations."

Federation Project Optimisation

The Hera infrastructure remains a strategic suite of assets in the Aurelia portfolio. The Company intends to leverage the substantial installed infrastructure, including process plant, mine workers camp, tailings storage facility, workshops and core processing facility, for the capital efficient development of the Federation Project. Longer term, this infrastructure can also support development of other deposits in the highly prospective exploration ground surrounding Hera.

As part of the Organisational Renewal Program, the Company continues to progress its work to further optimise the already compelling Federation Project. As mining activities at Hera and Federation will now not occur concurrently, there is opportunity to reduce the capital required to develop Federation by utilising existing assets from the Hera Mine, subject to thorough condition assessments.

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The Company expects to be able to announce further optimised investment metrics for the Federation Project, relative to the Federation Feasibility Study outcomes (see ASX announcement on 10 October 2022, *Federation Mine Feasibility Study*) before the end of the March 2023 quarter.

The Company continues to pursue multiple options in relation to the funding of the Federation development, and we expect to also complete that process by the end of the March 2023 quarter.

Operating Outlook

Revised FY2023 guidance is outlined in the table below.

Revised guidance reflects:

- the planned cessation of mining at Hera in March 2023, accounting for the change in gold guidance, and a large proportion of the change in forecast zinc and lead output for the year
- underperformance of lead and zinc output at Hera for the year to date
- removal of the Federation high margin bulk sample that was planned to be processed at Peak, due to the suspension of Federation development works, with the plant instead processing lower margin ore from the Peak mine
- treatment of S400 ore at Peak as Pb/Zn rather than Cu ore, targeting better metallurgical performance to payable products, impacting the production split of Pb/Zn and Cu
- above plan costs at Peak, especially in mining, that are not forecast to be recovered in full in the course of the year.

FY2023 GUIDANCE¹

| GROUP OUTPUT | Metric | FY22a | FY23 Guidance | FY23 Revised Guidance |
|------------------------------------|-------------|-------|---------------|-----------------------|
| | | - | +/- 5% | +/- 5% |
| Copper | kt | 3.7 | 2.5 | 2.3 |
| Gold | koz | 98 | 87 | 83 |
| Zinc | kt | 30 | 29 | 21 |
| Lead | kt | 24 | 22 | 20 |
| AISC (includes sustaining capital) | A\$/oz gold | 1,707 | 1,900 | 2,300 |

¹ FY23 outlook is indicative only and subject to change in response to prevailing and or expected operating and market conditions. Group AISC is the total of onsite mining, processing and administrative costs, inventory adjustments, royalties, sustaining capital, corporate general and administration expense, transport, less by-product credits, divided by gold ounces sold. By-product credits include silver, lead, zinc and copper sales forecast over the outlook period. Estimated FY23 AISC of A\$2,300/oz is based on reference base and silver metal prices of: lead A\$3,070/t, zinc A\$4,741/t, copper A\$12,014/t and silver A\$30/oz. Final AISC results will depend on the actual sales volumes, actual operating costs and actual prices of base metals received over the outlook period.

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

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About Aurelia

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

Our vision is to be a mining business recognised for creating exceptional value through our people and a portfolio of base metals and gold assets. At Aurelia, we value Integrity, Certainty, Courage and Performance for the safety and wellbeing of our people, and for the benefit of our shareholders and the communities in which we operate.

In FY22, Aurelia produced 98,461 ounces of gold at a Group All-in Sustaining Cost (AISC) of A\$1,707 per ounce. Both the Peak and Hera cost bases benefit from substantial by-product revenue credits from base metal production (including zinc, lead and copper).

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