

FINANCIAL RESULTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Aurelia Metals Limited (ASX: AMI) (**Aurelia** or the **Company**) has today reported its financial results for the half year ended 31 December 2022 (**HY23**).

We acknowledge the marked deterioration of the financial results for the half year in comparison to the previous half year. The Company has developed and continues to implement an Organisational Renewal Program in direct response to underperformance and a challenging business and operational environment. By the end of the half-year period, the benefits of this program were beginning to be realised as the targeted workstreams progressed across each of Aurelia's business units.

The Organisational Renewal Program includes, but is not limited to, the following initiatives which are discussed in further detail throughout the report:

- Leadership renewal in the December quarter with the appointment of a new Chief Financial Officer and Interim Chief Executive Officer.
- The Hera life of mine plan has been optimised for the current mining conditions.
- The transition to owner mining at the Peak Mine progressed, providing greater control over the planning and execution of mining activities and direct access to productivity improvements and cost efficiencies. Additionally, work is underway at Peak to insource maintenance labour to reduce more costly labour hire roles.
- The Working Smarter Program was established to identify and deliver value uplift opportunities to counter cost escalation and inflationary pressures.

Summary

- Group Total Recordable Injury Frequency Rate (TRIFR) of 10.77 for the 12 months to 31 December 2022 (HY22: 8.75).
- Group Recordable Environmental Incident Frequency Rate (REIFR) reduced to 2.99 for the 12 months to 31 December 2022 (HY22: 3.5) and no significant recordable environmental incidents during HY23.
- Gold production of 44.1 thousand ounces (koz) at a Group All-In-Sustaining-Cost (AISC) of A\$2,639/oz (HY22: 54koz at A\$1,393/oz).
- Statutory net loss after tax of A\$29.5M (HY22: NPAT of A\$7.5M) and the Underlying net loss after tax for the half-year was A\$20.3M (HY22: NPAT of A\$12.1M).
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of A\$12.3M (HY22: A\$79.5M) and underlying EBITDA of A\$16M (HY22: A\$84M).
- Net mine cash flow of A\$(0.9)M (H2 FY22: A\$91.8M).
- Cash at bank A\$23.7M (30 June 2022: A\$76.7M) after investment in growth capital totalling A\$23.6 million during the half-year ended, and excluding A\$41M of restricted cash to cover performance bonds.
- Term loan debt reduced by A\$8.1M to A\$12.6M at 31 December 2022.

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- Significant progress to advance the Federation Project, including:
 - release of a Feasibility Study confirming a compelling technical and economic case for mine development based on a 5Mt Resource at 16.7% zinc equivalent grade (see ASX announcement: *Federation Feasibility Study and Company Update* on 10 October 2022)
 - completion of significant civil and surface works and 90 metres of decline development, with the decline face now only 80 vertical metres above the first stoping level
 - development consent expected in March 2023 quarter, earlier than previously planned
 - funding process continues with multiple parties well progressed and on track for finalisation by the end of the March 2023 quarter.

Operational Delivery

The half-year's operational performance was impacted by a number of operational issues, as well as challenging business conditions, including inflationary pressures and the tight market for skilled labour. In response, the Company made changes at each site to lift performance including, but not limited to:

Peak operations scaled to maximise value

The Peak plant was scaled back through roster changes to operate at approximately 550ktpa, matching its processing rate to the supply of high value ore. Aurelia retains the option of resuming continuous processing operations and treating ore from other sources to fully utilise processing capacity. Transition to owner-mining at Peak is nearing completion and resulted in a decrease in contract mining and other related costs in the December 2022 quarter.

Hera Life of Mine plan optimised to pursue highest economic return for remaining life

The revised mine plan targets the highest value ore within the available stoping blocks to maximise cash generation and balance operational risk. Underground mining activities are expected to cease in March 2023.

Dargues annual processing limit increased from 355ktpa to 415ktpa

To enhance operating efficiency a modification of the development consent was approved by the Department of Planning and Environment to allow Dargues to process 415kt per calendar year, a 60ktpa increase on the previous limit.

HY23 Financial Outcomes

Overall sales revenue decreased to A\$192.7M in HY23 (HY22: A\$235.1M) due to lower average gold grades processed at all operations, and lower by-product credits from copper, lead, zinc and silver. Ore processed was 4% lower in the half at 629kt (HY22: 657 kt). Revenue from gold sales was A\$18.9M lower due to lower average gold grades processed at all sites. By-product credits from copper, lead and zinc, and to a lesser extent silver, fell by A\$23.4M in comparison to HY22 due to lower grades processed.

Underlying EBITDA decreased to A\$16.1 M (HY22: A\$84.1M). The Underlying NLAT for the half-year was A\$(20.3)M (HY22: NPAT of A\$12.1M). Basic earnings per share reduced to a loss of (2.38) cents per share (HY22: profit of 0.61 cents per share).

The Board has not declared an interim dividend while the Company focuses on funding and executing the attractive growth pipeline in the portfolio.

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Growth

Hera-Federation Complex

The Federation Mine Feasibility Study was released on 10 October 2022. The Study confirms Federation as a high grade, low capital investment project that generates significant shareholder value. Further refinement is taking place to optimise the use of capital and existing infrastructure.

Aurelia's operating footprint in the Cobar Basin provides the platform to leverage established infrastructure and knowledge to optimise capital investment and project economics.

During the year, the Company advanced the development of the Federation project with capital spend of A\$12.8M (HY22: A\$5.8M) for the completion of surface and civil works and commencement of the exploration decline now only 80 vertical metres from the top production level. An additional A\$6.9M (HY22: A\$13.6M) was invested in property and plant equipment to enable the transition to owner-mining at the Peak Mine.

The Company expects NSW government development consent for full scale mining in the March quarter 2023.

Dargues Mine

During the half-year, Aurelia completed underground infill and extensional diamond drilling in and around the current mining areas. The findings will be used to delineate the economic mining limits of the deposit.

Great Cobar

The Company reported a material increase to the Mineral Resource for Great Cobar during the half-year. Tonnage increased 37% to 8Mt containing more than 178kt of copper and 179koz of gold metal.

During the half-year, exploration and evaluation reduced to A\$6.5M (HY22: A\$32.6M). As part of this spend, Aurelia undertook four Induced Polarisation (IP) surveys at the Lyell, Piney, Vaucluse and Lancelot prospects with very encouraging results (refer to ASX Announcement: *Survey Results* dated 18 January 2023).

Balance Sheet

The cash balance at 31 December 2022 was A\$23.7M (30 June 2022: A\$76.7M), which excludes a further A\$41M of restricted cash held as collateral against performance bonds. Post 31 December 2022 the Company received an Income Tax Refund of A\$9.8M relating to the FY22 income tax return.

Bank debt continued to rapidly reduce during the half-year, with A\$8.1M repaid from the term loan. The balance of the term loan at 31 December 2022 was A\$12.6M. A further A\$10.2M was added to restricted cash to collateralise performance bonds with the non-cash backed balance of performance bonds now down to A\$15.9M. A Working Capital Facility of A\$10M remains undrawn and is available until 31 March 2023.

The process to refinance the bank facilities is ongoing with multiple parties well progressed in their due diligence. The Company remains on track to finalise a funding solution for the Federation Mine Development by the end of the March 2023 quarter.

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FY23 Outlook

On 19 December 2022 Aurelia updated production and cost guidance. Improvements in operating performance continue as planned and we remain on track to deliver guidance.

FY23 production and cost guidance is:

- Gold production of 83 koz
- Copper production of 2.3 kt
- Zinc production of 21 kt
- Lead production of 20 kt
- All-in sustaining cost of A\$2,300/oz.

Explanatory notes

¹ Mineral Resource is still valid with no change to material assumptions

² The zinc equivalent (ZnEq) grades have been calculated using Ore Reserve price assumption estimates with Zinc = US\$2,500/t, Copper = US\$6,800/t, Lead = US\$1,975/t, Gold = US\$1,450/oz and Silver = US\$19/oz

Group AISC is the total of on-site mining, processing and administrative costs, inventory adjustments, royalties, sustaining capital, corporate general and administration expense, less by-product credits, divided by gold sold. By-product credits include silver, lead, zinc and copper sales forecast over the outlook period.

Final AISC results will depend on the actual sales volumes, actual operating costs and actual prices of base metals received over the outlook period.

It should be noted that this outlook is indicative only and subject to change in response to prevailing and/or expected operating and market conditions.

Full details of the H1 FY23 financial results are available in the Appendix 4D release to the ASX today and also on Aurelia's website www.aureliametals.com.au

This announcement has been approved for release to 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 in the Cobar Basin in western NSW, and the Dargues mine is 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 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 Costs (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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