

STRATEGIC GOLD ACQUISITION AND EQUITY RAISING

HIGHLIGHTS

- Agreement to acquire 100% of the Dargues Gold Mine and regional exploration tenements located in NSW from Diversified Minerals
- Dargues expected to produce an average of 45 - 55koz gold p.a. at an average All-In-Sustaining-Cost (**AISC**) of A\$1,150 - 1,350/oz over the next five years
- Acquisition consistent with strategy: reweights the portfolio further towards gold, adds a third strategic asset to Aurelia's NSW portfolio, and significantly improves Aurelia's AISC profile
- Significant upside potential offered by mine design and process circuit improvements identified by Aurelia, and attractive extensional drill targets and life extension opportunities
- Purchase consideration of up to A\$205 million comprising:
 - A\$176 million in cash;
 - A\$24 million in Aurelia shares; and
 - A contingent payment of up to A\$5 million
- Cash consideration to be funded via a fully underwritten A\$130 million capital raising (placement plus entitlement offer), new debt facility and Aurelia's existing cash balance
- Transaction expected to be accretive on a Net Asset Value (**NAV**) per share basis
- Completion expected to occur by late 2020 or early 2021, subject to and immediately following NSW Ministerial consent and satisfaction of other customary conditions for a transaction of this nature

ACQUISITION OF DARGUES GOLD MINE

Aurelia Metals Limited (ASX: AMI) (**Aurelia** or the **Company**) is pleased to announce that it has agreed to acquire 100% of the Dargues Gold Mine (**Dargues**)¹ and regional exploration tenements by way of an acquisition of all of the shares in Dargues Gold Mine Pty Ltd from Diversified Minerals Pty Ltd (**Diversified Minerals**) (the **Transaction** or **Acquisition**).

Dargues is located in south-eastern NSW and delivered its first shipment of gold concentrate in June 2020. The operation consists of an underground mine and newly constructed processing plant which is expected to ramp up to nameplate capacity of approximately 355ktpa by mid-2021. Dargues produces a clean gold concentrate with forecast life-of-mine (**LOM**) average gold production of 45 - 55koz p.a. at an average All-In-Sustaining-Cost (**AISC**) of A\$1,150 - 1,350/oz over five years².

¹ Information about Dargues is presented on a 100% managed basis before deduction of the life-of-mine royalty held by Triple Flag Precious Metals. For accounting purposes the current owner of Dargues treats that royalty as a partial (6.9%) disposal of an interest in Dargues. The Triple Flag royalty obligation has been incorporated by Aurelia into all forecast estimates presented for AISC and AIC for Dargues

² See footnote 1. The forecast Dargues LOM schedule (with an effective start date of 1 July 2020) is based on the Production Target included in the Dargues Ore Reserves estimate report (see Appendix A of Aurelia's Investor Presentation released on 13 November 2020), adjusted for a further approx. 10% tonnage/grade dilution based on due diligence conducted by Aurelia and its independent technical advisors. The Production Target includes 17% Inferred Mineral Resources (by contained ounces). There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself will be realised. The LOM information including LOM average statistics has been prepared based on information that has been sourced from publicly available information about Dargues and in reliance on financial, operational and other information which has been sourced from Diversified Minerals or its representatives or associates. While steps have been taken to review that information, Aurelia has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it. No representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy.

The Acquisition is consistent with Aurelia's strategic objectives and is accretive on a Net Asset Value (**NAV**) per share basis. Post-acquisition, Aurelia's focus will be to continue the production ramp-up, implement its identified mine design and process circuit improvements and extend mine life and annual production rate (subject to permitting approvals). An extensional and infill resource drilling program will be prioritised, with Stage 1 completion targeted by mid-2021.

Aurelia will acquire Dargues on a debt-free³ and hedge-free basis, with transaction completion expected to occur by late 2020 or early 2021, subject to and immediately following NSW Ministerial consent and satisfaction of other customary conditions for a transaction of this nature.

Aurelia has agreed to pay total consideration to Diversified Minerals of up to A\$205 million for the Acquisition (**Acquisition Price**), consisting of:

- A\$176 million in cash;
- A\$24 million in Aurelia ordinary shares at A\$0.43/share, the same issue price for the Equity Raising (defined below) (**Scrip Payment**). The Scrip Payment will be subject to escrow until at least the release of Aurelia's FY21 Appendix 4E and Financial Reports. Following the Equity Raising (defined below) and the Scrip Payment, Diversified Minerals will own c. 4.5% of Aurelia⁴; and
- Contingent payment up to a maximum of A\$5 million in Aurelia ordinary shares based on the addition of incremental JORC compliant Mineral Resources discovered at Dargues up to 30 June 2022⁵.

While the Acquisition is likely to represent a significant change to the scale of Aurelia's activities⁶, the ASX has confirmed that Aurelia is not required to obtain shareholder approval for the Acquisition.

STRATEGIC RATIONALE

The Acquisition is consistent with Aurelia's strategic goal of becoming a mid-cap gold focused producer and provides significant benefits for the Company including:

1. **Providing a logical, attractive asset** that complements the Hera and Peak mines in NSW, allowing for the diversification of Aurelia's asset base and an enhancement of production scale.
2. **Firmly establishing Aurelia as a mid-cap gold producer**, increasing forecast pro forma FY21 gold production guidance plus Dargues' LOM annual average forecast production to 125 - 145koz⁷, bringing group gold production in line with Aurelia's mid-cap ASX gold peers and offers significant re-rating potential.
3. **Creating operational leverage** from Aurelia's strategic NSW asset base, enabling flexibility for synergies of staff, resources and business systems across the three operating assets. Additionally, the Acquisition positions Aurelia to derive further efficiencies across mining services contracts and exploration.
4. **Improving Aurelia's asset portfolio and reweighting further towards gold** by the addition of a low-cost asset (A\$1,150 - 1,350/oz forecast Dargues LOM average AISC) with existing five year operating life. Portfolio reweights from c. 60% gold revenue to c. 71% based on Aurelia's FY21 guidance plus Dargues' LOM annual average forecast production.⁸

The LOM information includes average estimated calculations for various metrics over the five year LOM. The actual performance in any particular year may differ from the average estimates.

³ Excludes IFRS 16 Leases

⁴ Approximate Diversified Minerals shareholding excludes any Shares that may be issued as part of the A\$5 million contingent payment

⁵ For more information about the contingent payment, see Aurelia's Investor Presentation released on 13 November 2020, specifically the summary of the Share Sale Agreement in Appendix D

⁶ This announcement is notice under Listing Rule 11.1 of the ASX Listing Rules

⁷ Refer to Aurelia's ASX announcement "2020 Full Year Financial Results" dated 26 August 2020 for more information about Aurelia's FY2021 guidance including the basis of its preparation and cautionary statements. See also footnote 2 on page 1 of this announcement in relation to information about Dargues

⁸ See footnote 7

5. **Significant upside potential under Aurelia's ownership**, with specific mine design and process circuit improvements and resource extension targets already identified by Aurelia. In addition, there is potential to realise substantial mine life increases via a capital-lite drilling program and potential expansion of current operating permit approvals.

Commenting on the Acquisition, Managing Director and Chief Executive Officer, Dan Clifford said:

"The acquisition of Dargues is a landmark transaction for Aurelia. We have articulated a strategy for growing shareholder value and we believe this move is entirely aligned with that strategy. The acquisition diversifies our production base while also increasing Aurelia's overall production weighting further towards gold. Dargues' NSW domicile also offers clear synergies to our business which we plan to capitalise on rapidly. Critically, we believe the existing Dargues resource offers substantial potential upside with further extensional target drilling. Aurelia's demonstrated ability in exploration, driven by its strong geological IP, is expected to be a key value driver in this regard. Accelerated drilling is a priority post acquisition completion. Finally, we plan to apply our strong ESG values and framework to Dargues in pursuit of safe, sustainable operations under our stewardship. In short, we believe this transaction ticks all the boxes for Aurelia shareholders and offers excellent short and long-term value growth potential."

OVERVIEW OF THE DARGUES GOLD MINE

Dargues is located in NSW, approximately 60km south-east of Canberra, and produced its first gold concentrate in June 2020.

Ore is mined at Dargues via conventional bottom-up longhole stoping and trucked from the underground mine to a recently constructed process plant. The process plant comprises a three-stage crushing circuit, ball mill and two-stage flotation circuit producing a clean gold-rich pyrite concentrate. Power for the operation is sourced from the Essential Energy network via the existing Braidwood feeder. Total development investment in underground, processing and surface infrastructure at Dargues by Diversified Minerals is c. A\$90 million.

The process plant reached 30,000 tonnes per month capacity in September 2020, while the production of underground ore is expected to ramp up to full capacity by mid-2021. Aurelia expects to provide further production guidance for Dargues during the March 2021 quarter, following completion of the Acquisition. Aurelia's forecast life of mine schedule (FY2021 – FY2025) for Dargues is summarised below:⁹

Life of mine	Years	5
Total ore milled	Mt ore	1.5 – 1.6
Annual ore milled (average)	ktpa ore	300 – 320
Grade milled (average)	g/t Au	4.9 – 5.5
Annual gold production (average)	koz Au	45 – 55
Gold recovery (average)	%	96 – 98%
Gold payability	%	c. 96%
AISC (average, including payability & all royalties)	A\$/oz	1,150 – 1,350
AIC (average, including payability & all royalties)	A\$/oz	1,250 – 1,450

The current owner of Dargues, Diversified Minerals, has estimated JORC-compliant Mineral Resources of 348koz Au @ 6.8 g/t Au (March 2017) and Ore Reserves of 202koz Au @ 5.7 g/t (June 2020) for the

⁹ See footnote 2 on page 1 of this announcement

asset¹⁰. There has been only minimal drilling of the Dargues deposit since 2017. Aurelia expects to release updated Mineral Resource and Ore Reserve estimates for Dargues in July 2021, as part of its annual Group Mineral Resource and Ore Reserve Statement¹¹.

Aurelia has identified significant exploration upside potential at Dargues, with existing resources constrained at depth by the quantity and density of drilling. There is also clear potential for extensions along strike and at depth to the Dargues deposit. As a result, Aurelia has prioritised an accelerated extensional and infill drilling program (estimated cost of A\$3.8m) at Dargues, with Stage 1 completion targeted for mid-2021.

Under current permitting limits for the operation, Dargues has an annual throughput limit of 355ktpa and total LOM limit of 1.6Mt (to 30 June 2025). Post Acquisition, and subject to exploration success, Aurelia expects to apply to amend the existing regulatory approvals, recognising the Company's experience with the NSW permitting regime and the future upside potential through life extension and/or annual throughput rate expansion.

MINING SERVICES ALLIANCE AGREEMENT

Diversified Minerals, the current owner of the Dargues Gold Mine, is owned by shareholders and associates of PYBAR Mining Services (**PYBAR**).

On completion of the Acquisition, Dargues will transition from a "whole of mine services" contract to an alliance-style underground mining services agreement (**Alliance Agreement**) with PYBAR.

Under the Alliance Agreement, PYBAR will continue to perform underground mining services. Aurelia will own the underground mining fleet and will assume control for all other activities at Dargues, including processing and general mine management. The Alliance Agreement establishes a performance-based structure, with PYBAR's remuneration linked to safety, sustainability, quality, production and cost targets – aiming to encourage an "owner's mindset". This approach is set to embed all of Aurelia's safety values and framework, as implemented under the *Aurelia Metals – Safe Metals* program at Aurelia's existing operations. The Alliance Agreement will be overseen by a leadership team comprised of senior off-site representatives from both PYBAR and Aurelia.

TRANSACTION FUNDING

To fund the Acquisition, Aurelia intends to raise approximately A\$130 million (**Equity Raising**) consisting of a ~A\$41m institutional placement (the **Placement**) and a ~A\$89 million 1 for 4.2 accelerated pro-rata non-renounceable entitlement offer (the **Entitlement Offer**) (collectively the **Equity Raising** or the **Offer**).

Aurelia has also entered into a credit approved commitment letter with Investec and BNP Paribas to provide a secured Term Loan Facility of A\$65 million (3 year maturity at an interest rate of BBSW + 4.0%) which will be drawn to A\$45 million to fund the Acquisition Price.

In addition, Aurelia's existing syndicated working capital facility and environmental bonding facility will be replaced with a new, undrawn A\$20 million working capital facility and a A\$50 million environmental bonding facility, drawn to A\$46 million, both provided by Investec and BNP Paribas.

¹⁰ See Aurelia's Investor Presentation released on 13 November 2020, specifically Appendix A for Dargues Gold Mine Mineral Resource and Ore Reserve Statements

¹¹ Application of Aurelia's estimation methodology to Dargues may result in changes to Mineral Resource and/or Ore Reserve totals. Application of Aurelia's estimation methodology to Dargues may also result in a downgrade in the classification of the Mineral Resource and/or Ore Reserve compared to existing estimates.

Aurelia's existing cash balance of A\$105 million as at 30 September 2020 will be used in part to fund the remainder of the Acquisition Price and transaction costs.

Following the Acquisition, Aurelia will continue to have a strong balance sheet with expected remaining cash on hand of approximately A\$76 million and total drawn debt of A\$45 million¹², representing a net cash position of approximately A\$31 million and ample liquidity of A\$96 million.

EQUITY RAISING

The ~A\$130 million fully underwritten Equity Raising is comprised of a ~A\$41 million Placement and a A\$89 million Entitlement Offer. Approximately 359 million new fully paid ordinary shares in Aurelia (**New Shares**) will be issued under the Equity Raising and Scrip Payment, equivalent to approximately 41% of Aurelia's total shares outstanding upon completion of the Equity Raising and Scrip Payment¹³. New Shares issued under the Equity Raising and Scrip Payment will rank equally in all respects with Aurelia's existing ordinary shares.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new Aurelia share for every 4.2 existing Aurelia shares (**Entitlement**) held as at 7:00pm (Sydney time) on Tuesday, 17 November 2020.

All new Aurelia shares offered under the Equity Raising will be issued at a fixed price of A\$0.43 per new Aurelia share (**Offer Price**), which represents a:

- 11.5% discount to TERP¹⁴ of A\$0.49; and
- 14.9% discount to the last traded price of A\$0.505 on Thursday, 12 November 2020.

PLACEMENT

Up to approximately 95 million new Aurelia shares are expected to be issued to new and existing institutional shareholders under the Placement at the Offer Price. The Placement will be conducted concurrently with the Institutional Entitlement Offer (as described below).

In issuing the Placement, Aurelia has relied on an ASX waiver to Listing Rule 7.1 which permits it to include in its calculation of placement capacity for Listing Rule 7.1 the number of New Shares that may be issued under the underwritten Entitlement Offer.

New Aurelia shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

INSTITUTIONAL ENTITLEMENT OFFER

Eligible institutional shareholders will be invited to participate in the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**), which is being conducted today, Friday, 13 November 2020.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Institutional

¹² Excludes Aurelia's environmental bonding facilities and IFRS 16 leases acquired

¹³ Excludes any Shares that may be issued as part of the A\$5 million contingent payment

¹⁴ Theoretical ex rights price (TERP) includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Shares should trade immediately after the ex date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of Aurelia's Shares as traded on ASX on Thursday, 12 November 2020, being the last trading day prior to the announcement of the Offer

Entitlements cannot be traded on the ASX or transferred.

Entitlements under the Institutional Entitlement Offer that are not taken up and Entitlements of ineligible institutional shareholders and ineligible retail shareholders under the Entitlement Offer will be offered for sale in a bookbuild.

Aurelia's shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

RETAIL ENTITLEMENT OFFER

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the retail component of the Entitlement Offer (**Retail Entitlement Offer**) at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Friday, 20 November 2020 and close at 5.00pm on Thursday, 3 December 2020.

Eligible retail shareholders who take up their Entitlement in full can also apply for additional shares in excess of their Entitlement up to a maximum of 33% of their Entitlement under a 'top up' facility.

Eligible Retail Shareholders participating in the top-up facility will be allocated in accordance with the allocation policy outlined in the Retail Offer Booklet. The Aurelia Board retains absolute discretion regarding allocations under the top-up facility.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which Aurelia expects to lodge with the ASX and dispatch to eligible retail shareholders on Friday, 20 November 2020. The retail offer booklet will also enclose personalised entitlement and acceptance forms.

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

KEY DATES

Event	Date
Announcement of Offer, Institutional Entitlement Offer and Placement opens	Friday, 13 November 2020
Institutional Entitlement Offer and Placement closes	Friday, 13 November 2020
Announcement of results of Institutional Entitlement Offer and Placement	Monday, 16 November 2020
Trading halt is lifted and trading resumes on an "ex-entitlement" basis	
Record date for the Entitlement Offer (7:00pm Sydney time)	Tuesday, 17 November 2020
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet despatched	Friday, 20 November 2020

Settlement of new shares issued under the Institutional Entitlement Offer and the Placement	Tuesday, 24 November 2020
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer and the Placement	Wednesday, 25 November 2020
Retail Entitlement Offer closes (5:00pm Sydney time)	Thursday, 3 December 2020
Announcement of results of Retail Entitlement Offer	Tuesday, 8 December 2020
Settlement of Retail Entitlement Offer	Wednesday, 9 December 2020
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 10 December 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Friday, 11 December 2020
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Monday, 14 December 2020

ADVISORS

Treadstone Resource Partners acted as financial advisor and Allens acted as legal advisor to Aurelia in relation to the Acquisition and Equity Raising.

FURTHER INFORMATION

Further details of the Acquisition and the Equity Raising are set out in the Investor Presentation also released to the ASX today. The Investor Presentation contains important information including disclaimers, key risks and foreign selling restrictions with respect to the Equity Raising and Acquisition.

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

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ABOUT AURELIA

Aurelia Metals Limited (ASX: AMI) is an Australian mining and exploration company with a highly strategic landholding in the polymetallic Cobar Basin in New South Wales. We operate two wholly-owned gold and base metal operations – Peak Mine and Hera Mine – and two major processing plants possessing a combined capacity of approximately 1.3Mtpa.

Aurelia is a gold-dominant business. In FY20, we produced 91,672 ounces of gold at a group all-in sustaining cost (AISC) of A\$1,520 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).

IMPORTANT NOTICE AND DISCLAIMER

This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs. This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any jurisdiction in which such an offer would be illegal. The offer and sale of the securities referred to in this announcement have not been, and will not be, registered under the United States Securities Act of 1933 (the U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities to be offered and sold in the Placement and the Institutional Entitlement Offer may not be offered or sold, directly or indirectly, to persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The New Shares to be offered and sold in the Retail Entitlement Offer may not be offered or sold, directly or indirectly, to any person in the United States or any person acting for the account or benefit of a person in the United States.

This announcement contains certain statements that constitute "forward-looking statements". These statements can be identified by the use of terminology such as "will", "anticipate", "believe", "expect", "project", "continue", "assume", "forecast", "estimate", "likely", "intend", "outlook", "should", "could", "may", "target", "plan" or comparable terminology. Indications of, and guidance on, future production (including FY21 gold production guidance and estimated cost outlook for Aurelia and estimated LOM average production capacity for Dargues), earnings, financial position, dividends and distributions and performance are also forward-looking statements, as are statements regarding Aurelia's intent, belief or current expectations with respect to the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereafter, statements about the Acquisition, statements about the performance of the Aurelia group post-acquisition, statements about the plans, objectives and strategies of the management of the group (including statements regarding Aurelia's optimisation plan for Dargues operations), statements about the industry and markets in which Aurelia operates, statements about the future performance of Aurelia's business and its financial condition, and forecasted economic indicators.

Such forward-looking statements are provided as a general guide only, should not be relied on as an indication or guarantee of future performance, and involve known and unknown risks (including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19 and the risks set out in Appendix B of Aurelia's Investor Presentation released on 13 November 2020), uncertainties and other factors, many of which are beyond the control of Aurelia, its officers, employees, agents and advisors, that may cause Aurelia's actual results and performance to be materially different from any future results or performance expressed or implied in such statements. Forward-looking statements may also assume the success of Aurelia's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Aurelia's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statements may have been prepared or otherwise.

There can be no assurance that actual outcomes will not differ materially from the forward-looking statements in this announcement. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecasted and their differences may be material. Refer to Appendix B of Aurelia's Investor Presentation released on 13 November 2020 a non-exhaustive summary of certain key risk factors.

Neither Aurelia or any other person gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will occur.

To the maximum extent permitted by law, Aurelia and its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility and undertake no obligation for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Aurelia disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Aurelia's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by Australian law.