RESULTS IMPROVEMENT AT EVERY LEVEL

Aurelia Metals Limited (ASX: AMI) (**Aurelia** or the **Company**) has today reported its financial results for the half year ended 31 December 2020 (**H1 FY21**).

HIGHLIGHTS

- Group Total Recordable Injury Frequency Rate (**TRIFR**) reduced by 26% during H1 FY21
- Gold production of 45,868 oz at group AISC of A$1,035/oz (H1 FY20: 44,581 oz at A$1,358/oz)
- Statutory net profit after tax; increased by 27% to A$19.8 million (H1 FY20: A$15.6 million)
- Strong underlying net profit after tax; increased by 164% to A$41.1 million (H1 FY20: A$15.6 million)
- Net mine cash flow increased by 425% to A$62.3 million (H1 FY20: A$11.2 million)
- Cash at balance date of A$105.8 million. Net Cash of $52.6 million[1] (30 June 2020: A$79.1 million)
- Acquisition of Dargues Gold Mine completed in December further increases Aurelia's weighting to gold
- Recently upgraded FY21 production guidance of 100 – 113 koz at group AISC of A$1,425 – 1,575/oz

Commenting on half year performance, Aurelia Managing Director and CEO, Dan Clifford, said:

"The strong half year financial results and improved operating performance reflect Aurelia's focus on operating discipline driving margin. We also continue to seek opportunities to add value via the drill bit, with the ongoing exploration success at the Federation deposit evidenced by the updated resource release earlier this week. This has shaped up as a "game changing" half for Aurelia Metals.

"The updated resource confirms Federation as one of the most significant discoveries in the Cobar Basin of recent decades. The scale of the deposit continues to grow and the tenor of the mineralisation is exceptional. The Federation Scoping Study remains on track for completion during the current quarter.

"Integration of the Dargues acquisition has been smooth and we look forward to driving the ramp-up of that operation over the current half. This asset is expected to significantly improve Aurelia's group life-of-mine cost profile and further reweights portfolio revenues towards gold. We are also pleased to have now commenced intensive drilling of high-priority, high-potential resource extension targets at Dargues."

[1] Debt drawdown of A$45.0 million for Dargues acquisition and A$8.2 million of acquired leases

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Safety outcomes

The Company's "Safe Metals" strategy was an initiative launched during FY20 which has provided a means for renewed emphasis and focus on improved health and safety outcomes. Since the launch of this initiative, which has also been supported by other targeted actions, the safety outcomes for the Group have seen a material improvement.

The Group's Total Recordable Injury Frequency Rate (**TRIFR**) improved significantly during H1 FY21, reducing by 26% from 21.9 at 30 June 2020 to 16.1 at 31 December 2020.

While there were no material interruption impacts to Aurelia's operations from COVID-19, some aspects of operational productivity were impacted during H1 FY21 with fluctuating state border restrictions leading to impacts on personnel rosters and logistics for interstate workers. Aurelia's approach to COVID-19 remains consistent – to implement and maintain measures targeted at minimising the risk of potential transmission, including specific measures associated with underground mining, processing, accommodation, personnel logistics and how our people interact within the workplace and our communities. Aurelia will remain attuned to the evolving presence of COVID-19 and the potential impacts to our people, communities, and activities.

Operational delivery

Total gold production for H1 FY21 was 45,868 oz (H1 FY20: 44,581 oz). This was delivered at a group All-In-Sustaining-Cost (**AISC**) of A$1,035/oz (H1 FY20: A$1,358/oz).

Specific mine contributions for H1 FY21 were:

- Peak: 29,535 oz gold at an AISC of A$638/oz (H1 FY20: 22,978 oz at A$1,407/oz)
- Hera: 15,247 oz gold at an AISC of A$1,187/oz (H1 FY20: 21,603 oz at A$1,132/oz)
- Dargues: 1,086 oz gold at an AISC of A$3,522/oz (15 days contribution from ramping-up operation)

Strong financial results

Total revenue increased by 26% to A$207.7 million in H1 FY21 (H1 FY20: A$165.2 million). Revenue from gold and silver sales increased by 23% and represented approximately 65% of revenue. Revenue from base metals sales increased by 31% and represented approximately 35% of revenue.

Table 1: H1 FY21 financial outcomes

Financials	units	H1 FY21	H1 FY20	Change	% Chg
Earnings					
Revenue	A$M	207.7	165.2	42.5	+26%
EBITDA	A$M	72.3	50.1	22.2	+44%
EBITDA Margin	*%*	35%	31%	4%	+13%
Underlying EBITDA	A$M	91.5	50.1	41.4	+83%
Underlying EBITDA Margin	*%*	*44%*	*31%*	*13%*	*+33%*
Statutory NPAT	A$M	19.8	15.6	4.2	+27%
Underlying NPAT	A$M	41.1	15.6	25.5	+164%
Basic earnings per share	cps	2.12	1.79	0.33	+19%
Cash Flow					
Operating Mine Cash Flow	A$M	92.1	61.0	31.1	+51%
Net Mine Cash Flow	A$M	62.3	11.2	47.8	+425%
Group Cash Flow	A$M	26.7	(40.7)	67.4	+165%

Underlying EBITDA increased 83% to A$91.5 million (H1 FY20: A$50.1 million). The only one-off item excluded from Underlying EBITDA was Dargues transaction costs of A$19.2 million (pre-tax), which was predominantly comprised of stamp duty payment. The Underlying EBITDA margin was 44%.

Underlying net profit after tax of A$41.1 million for H1 FY21 represents an increase of 164% on H1 FY20 (A$15.6 million).

Basic earnings per share increased 19% to 2.12 cents per share (H1 FY20: 1:79 cents per share).

Net mine cashflow increased 457% to A$62.3 million (H1 FY20: A$11.2 million). Group cash flow was A$26.7 million (H1 FY20: A$(40.7) million), which includes completion of the Dargues acquisition and equity raising, and payment of the A$8.7 million final dividend from FY20.

Balance sheet strength

Net cash (excluding right of use leases) at balance date was A$52.6 million (30 June 2020: A$79.1 million). This position is post completion of the Dargues acquisition.

Cash holdings at balance date were A$105.8 million (30 June 2020: A$79.1 million).

During December, the Company established a A$115 million syndicated facility to enable the acquisition of Dargues. At balance date, A$45 million of this facility is a term loan which was fully drawn, A$50 million of this facility is a bonding facility, of which A$48 million was utilised to back existing environmental bonding requirements, and A$20 million of this facility is a working capital facility which was undrawn.

Total debt (excluding right of use leases) of A$53.2 million at balance date comprises the A$45.0 million term loan facility and A$8.2 million of leases acquired with the Dargues transaction.

Dargues acquisition

In December 2020, Aurelia acquired 100% of the Dargues Gold Mine and regional exploration tenements for A$190 million. The acquisition and transaction costs were funded by an equity raising (A$130 million), a new term loan facility ($45 million) and new shares issued for scrip consideration (A$24.0 million).

Dargues is an underground gold mine and processing operation located in NSW, approximately 60 km south of Canberra. The development and construction phase of Dargues was completed under the management of the previous owners. The operation produced its first gold concentrate in June 2020, whilst the process plant reached its nameplate capacity of approximately 355 ktpa in September 2020. Production of underground ore is expected to ramp up to full capacity towards late FY21.

Dargues is expected to produce an average of 45 – 55 koz gold p.a. at an average AISC of A$1,150 – 1,350/oz over the next five years.

The Dargues acquisition diversifies Aurelia’s production base by adding a third strategic asset in NSW, reweights the group portfolio further towards gold and lowers the Company’s group AISC profile.

Dargues also offers significant upside potential with attractive extensional drill targets between lodes, along strike and at depth presenting clear life extension and expansion opportunities. The first phase of an intensive surface and underground drill program testing these high-priority targets has now commenced.

FY21 outlook

Production guidance for FY21 was recently upgraded to incorporate the Dargues acquisition and better than expected AISC performance over H1 FY21.

Current FY21 group guidance (inclusive of Dargues contribution from 17 December 2020) is:

- Gold: 100 – 113 koz
- Lead: 21.9 – 24.4 kt
- Zinc: 23.5 – 26.2 kt
- Copper: 4.1 – 4.5 kt
- AISC: A$1,425 – 1,575/oz

Development of the high-grade Kairos orebody continues at the Peak operation. First stoping ore from Kairos remains on track for April 2020.

Integration activities at Dargues are now well advanced with the transition having proceeded smoothly. Aurelia's focus is driving the continued ramp-up of the Dargues underground mine through H2 FY21 to fully utilise process plant capacity. This involves delivery of approximately 400 metres per month of underground development, ore production of approximately 30kt per month, and matched and equivalent backfill placement rates.

The updated Federation Mineral Resource Estimate was released earlier this week. This confirmed the Federation deposit as being one of the great discoveries of the Cobar Basin in recent decades. The deposit remains open in multiple directions and intensive drilling activities are ongoing. Further significant resource growth is expected. The Federation Scoping Study is on track for completion during the current quarter.

Full details of the H1 FY21 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 by the Board of Directors of Aurelia.

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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 gold mines in New South Wales. The Peak and Hera Mines are located in the Cobar Basin in western NSW, and the Dargues Mine is in south-eastern NSW.

In FY20, Aurelia 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).