

AURELIA METALS LIMITED

2019 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

The past year has been one of significant consolidation for Aurelia. Following the highly successful acquisition of Peak Mines in 2018, we have been firmly focussed on optimising this operation and delivering a sound footing for it, and our Hera operations' long-term success.

I would like to start with a brief word on safety. This is an operating value that lies at the centre of everything we do at Aurelia. Whilst we have made significant progress in this area over the past year, I believe that we can always do better. The year will see a renewed focus on this core value in pursuit of ongoing improvement.

Aurelia delivered another strong set of operating and financial results in FY2019. A full year of contribution from Peak Mines saw group gold production rise 21% to 117,521 ounces. This was delivered at a robust group All-in Sustaining Cost (AISC) of A\$1,045 per ounce. It was also the second consecutive year for Aurelia in which both EBITDA and net operating cashflow exceeded A\$100 million.

The result of this was that our cash balance increased by 56% to over A\$104 million at 30 June 2019, and the business remained debt free. I am proud that this financial performance and balance sheet strength enabled us to declare a maiden, fully-franked dividend of 2.0c per share. This dividend payment reflected a significant payout ratio of approximately 50% of net profit and net cash generation in FY2019.

On the operational front, we continued to see improvements at the Peak mine with a strong September Quarter which saw improved development rates, increased throughput, lower unit costs and strong gold production. While throughput and costs at Hera for the September quarter were disappointing this was largely due to one-off reasons and production was strong. We are well progressed with returning Hera to the reliable operation it has recently been. As has been well flagged, the current December quarter is expected to be weaker due to major planned shutdowns at Peak associated with the upgrade project, and lower expected grades. This will be followed by a much stronger second half of the financial year. We've also been working hard for nearly nine months to ensure water supply to both our sites and are confident we won't be adversely impacted. I'll cover this in more detail in the presentation.

Currently, we are very focussed on investing in the future of our existing operations. To enhance our ability to optimise the orebody margins by treating high-grade base metal ores, we are currently investing approximately A\$53 million in a major upgrade of the lead-zinc circuit at the Peak processing facility. The project is progressing very well, and nearing completion, with commissioning planned for early in calendar 2020. This is expected to unlock a step-change in lead-zinc production capacity going forward and allow us to mine the significant tonnage of lead-zinc ore already accessed by development. Additionally, much of the recent exploration success we have had at Peak involves high grade lead-zinc-gold ore. We are also investing heavily in underground development to make up for a historical underspend which will allow us to access additional high margin ore sources, including the high-grade Kairos deposit (previously known as Peak Deeps) over the coming year.

Exploration success has been another important driver over the last 12 months. Our drilling efforts have yielded significant new discoveries at both Hera and Peak. At Hera, we have the emerging Federation and Athena systems, while at Peak we've had success with the Kairos and Upper Chronos extensions and, more recently, the area immediately below Kairos. During the presentation, I will expand further on why we're excited about our exploration achievements, but it's fair to say the results have already been outstanding which is a testament to the prospectivity of our landholdings and the capability of our geological team. In recognition of the substantial value that can be added to our assets through judicious investment in exploration we approved a A\$15 million near-mine and regional exploration budget for the year.

Over the course of the year we have been in the process of a senior leadership transition at Aurelia. As part of this transition process, Mr Jim Simpson stepped down from his role as Aurelia's Managing Director and CEO in May. I would like to express my gratitude to Jim for the significant contribution he made to Aurelia and its shareholders over the past three years.

As mentioned earlier, I am delighted to welcome Dan Clifford as the new Managing Director. Dan comes with an enviable record in delivering shareholder value having previously been the CEO of Stanmore Coal. Dan is joined by Peter Trout as COO who also commenced this week. Peter brings with him a strong track record within the industry particularly in base metals and underground operations.

I would like to take this opportunity to thank the entire team of talented and dedicated people at Aurelia. I have had the pleasure of observing close hand your commitment to our business and all its stakeholders – it is second to none.

I would like to thank the Board for the huge support they have given me over the last six months during the leadership transition, in particular Mike Menzies as interim COO, Paul Harris in the investor relations space and Susie Corlett in relation to exploration, geology and mine planning.

Our thanks also go to the Cobar community for their support during the year and we look forward to a long and mutually beneficial relationship over the coming years. To our contract partners and consultants also, thank you for your significant contribution to the ongoing success of Aurelia.

Finally, a special thanks to Paul Espie, our longest serving Director, who retires at this meeting after 6 years on the Board. Paul, as a representative of Pacific Road Capital, played a significant role in the formation of Aurelia and Pacific Road's support was crucial to our success. I wish Paul well in his future endeavours.

Finally, to our shareholders, thank you for your continued support and trust in Aurelia, its assets and its people.

Further Information

Cobb Johnstone
Chairman
+61 2 6363 5200