

ASX ANNOUNCEMENT

ASX: AMI

31 May 2023

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FUNDING SOLUTION TO DELIVER DEVELOPMENT OF THE FEDERATION BASE METALS PROJECT

Aurelia Metals Limited (“**Aurelia**” or the “**Company**”) has secured a funding solution for the Federation Project (“**Federation**”) comprised of ~A\$100M of new senior secured financing facilities (the “**Facilities**”)^{1,3} and a A\$40M fully underwritten² equity raising (“**Equity Raising**” or “**the Offer**”).

The new capital structure will allow for the restart of development of Federation, one of the highest-grade base metals development projects in Australia, with remobilisation of the mining contractor commencing in the June Quarter 2023.

Highlights

- Final facility documentation for the new Facilities has been executed with Trafigura Pte Ltd (“**Trafigura**”) for ~A\$100M and is comprised of:
 - US\$24M (~A\$36M)³ Loan Note Advance Facility (“**Loan Note Advance**”) contributing funding to construct Federation; and
 - A\$65M Environmental Bond Facility (“**Bond Facility**”) to provide rehabilitation bonding
- Facilities have a term of 4 years from the date of financial close. The Loan Note interest rate of SOFR (Secured Overnight Financing Rate) + 6.0%, Bond Facility interest rate of 6.0%
- Concentrate offtake agreement with Trafigura commencing 1 January 2024 for 700,000 DMT of any combination of zinc, lead and copper concentrate produced from the Peak Processing Plant
- Trafigura will be granted 120M warrants over Aurelia shares with an exercise price of A\$0.25/share and a 4 year term
- The Facilities have no financial covenants, no hedging requirements and have early repayment flexibility. There is an undertaking to maintain a ratio of future concentrate deliveries to the balance of amounts outstanding on the Facilities
- A portion of the funds will be used to repay the Company’s existing A\$9M Term Loan and the Bond Facility will replace the existing A\$57M Guarantee Facility, releasing A\$46M of restricted cash
- The Facilities are supported by a fully underwritten² A\$40M equity raising via an institutional placement (“**Placement**”) and 1 for 3.72 pro rata accelerated non-renounceable entitlement offer (“**Entitlement Offer**”)

¹ Issuance of the Facilities is conditional on completion of a minimum equity raise of A\$40M and other customary conditions precedent, including but not limited to discharge of existing securities and execution and registration of security documentation. Refer to ASX release 31 May 2023, “Federation Financing and Equity Raising Presentation” Section 2 for further details.

² Subject to the terms and conditions of an underwriting agreement which is summarised in Appendix C of the Investor Presentation lodged with ASX on 31 May 2023.

³ Converted to AUD at USD0.66/AUD. FX rate as at 19 May 2023.

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Delivering Federation

Aurelia released the Federation Feasibility Study in October 2022 (*'Federation Mine Feasibility Study' 10 October 2022*) which confirmed Federation as a high-grade, capital-efficient development project, leveraging Aurelia's existing strategic infrastructure assets in the Cobar Basin.

An update to the study was released in April 2023 (*'Federation Project Update' 13 April 2023*) which included improvements in mine planning, ore flows for processing, capital scope refinement and definition, and further leveraged the assets and infrastructure of the Company's nearby Hera operation, recently placed on care and maintenance. The optimisation has mitigated cost escalation and enabled first stope ore production to be accessed earlier, contributing positively to the project's valuation.

Investment highlights

- ✓ One of the highest-grade base metals development projects in Australia with a resource grade of ~16.7% ZnEq. Precious metal credits add value to the deposit and lower costs
- ✓ Capital-efficient development leveraging existing processing capacity and above-ground infrastructure at Aurelia's Hera and Peak mines
- ✓ First stope ore production expected in less than 12 months from decline restart
- ✓ The Federation resource is considered to have strong potential to grow with additional underground and surface drilling, with the orebody remaining open in multiple directions

Development works at Federation have been paused since October 2022, awaiting confirmation of the funding solution. Aurelia will now commence mobilisation activities in the June quarter 2023.

Facilities Key Terms

The new Facilities are comprised of two tranches:

- US\$24M (~A\$36M)³ Loan Note Advance contributing to funding the construction of the Federation Project; and
- A\$65M Bond Facility to provide rehabilitation bonding

A portion of the funds will be used to replace the Company's existing Debt Facilities:

- A\$9M Term Loan
- A\$57M Guarantee Facility

Replacement of the Guarantee Facility releases A\$46M of restricted cash currently held against the facility.

The agreement with Trafigura follows a broad financing process that has allowed Aurelia to secure competitively priced funding with no hedging requirements and early repayment flexibility to facilitate the restart of the Federation project.

BofA Securities and BurnVair Corporate Finance have provided loan structuring services to Aurelia.

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Key terms

Loan Note Advance	US\$24M (equivalent to A\$36M ⁴)
Bond Facility	A\$65M
Total Facilities	~A\$100M
Term	4 years ⁵
Interest and interest rate	Loan Note Advance: SOFR + 6.00% Bond Facility: 6.00%
Warrants	120M warrants at an exercise price of A\$0.25/sh with a 4 year expiry date ⁶
Mandatory amortisation	Commences from the 7th quarter post financial close
Voluntary drawdown	Availability period of 4 years. Available balance will reduce in line with mandatory amortisation above
Voluntary prepayment	Allowed in whole or in part at any time prior to maturity without penalty ⁷
Covenants	No financial covenants. Includes an undertaking to maintain a ratio of future concentrate deliveries to the balance of amounts outstanding on the Facilities
Offtake ⁸	700,000 DMT of any combination of Zinc, Lead and Copper offtake from the Peak Process Plant. Benchmark linked offtake terms
Conditions	Minimum equity raising of A\$40M and other customary conditions precedent, including but not limited to discharge of existing securities and execution and registration of security documentation

About Trafigura

Trafigura is a leading commodities group, owned by its employees and founded 30 years ago. At the heart of global supply, Trafigura connects vital resources to power and build the world. Trafigura deploys infrastructure, market expertise and its worldwide logistics network to move oil and petroleum products, metals and minerals, gas and power from where they are produced to where they are needed, forming strong relationships that make supply chains more efficient, secure and sustainable. Trafigura invests in renewable energy projects and technologies to facilitate the transition to a low-carbon economy, including through joint ventures H2Energy Europe and Nala Renewables.

The Trafigura Group also comprises industrial assets and operating businesses including multi-metals producer Nyrstar which is the owner of the Port Pirie Lead Smelter and Hobart Zinc Smelter, fuel storage and distribution company Puma Energy, and Impala Terminals a joint venture. The Group employs over 12,000 people and is active in 156 countries.

⁴ Converted to AUD at USD0.66/AUD. FX rate as at 19 May 2023.

⁵ From the date of financial close.

⁶ 120M warrants represents 9.70% of current shares outstanding.

⁷ At any time after the end of the applicable Availability Period upon not less than three Business Days' notice and by a minimum amount of US\$0.5M.

⁸ Refer to ASX release 31 May 2023, "Federation Financing and Equity Raising Presentation" Appendix A: Key Risks. There is a risk of arbitration in relation to application of historical contracts with Glencore associated with the Hera Mine. Glencore has a view regarding how the contracts relate to Federation ore. Aurelia has a different view of the contractual provisions and disagrees with Glencore's view. This issue has not yet been resolved. The Company's ability to meet the requirements in the offtake agreement with Trafigura is not dependent on the outcome of any resolution of the issue with Glencore.

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Sources and Uses

Sources of Funds	A\$M
Institutional Placement	10
Entitlement Offer	30
Loan Note Advance ⁹	36
Available cash balance as at 31 March 2023	39
Restricted cash released ¹⁰	46
Total sources of funds	161

Uses of Funds	A\$M
Federation capex to commercial production ¹¹	108
Replacement of existing Term Loan	9
Financing transaction costs ¹²	6
Cash to balance sheet	38
Total uses of funds	161

Details of Equity Raising

Aurelia is undertaking a fully underwritten¹³ A\$40M Equity Raising comprising:

- ~A\$10M institutional placement; and
- ~A\$30M 1 for 3.72 pro-rata accelerated non-renounceable entitlement offer to existing shareholders in eligible jurisdictions.

All shares under the Equity Raising will be issued at A\$0.090 per share (“Offer Price”), representing a:

- 21.7% discount to last close of A\$0.115 as at Tuesday, 30 May 2023; and
- 17.0% discount to TERP¹⁴ of A\$0.108 as at Tuesday, 30 May 2023

The Placement and Entitlement Offer will result in approximately 445M new fully paid ordinary shares being issued (“New Shares”), representing approximately 35.9% of Aurelia’s existing shares on issue. New Shares issued under the Equity Raising will rank equally in all respects with Aurelia’s existing ordinary shares.

⁹ Converted to AUD at USD0.66/AUD. FX rate as at 19 May 2023.

¹⁰ A\$46M of restricted cash has been backed in connection with the Current Guarantee Facility.

¹¹ Federation growth capex to commercial production.

¹² Includes Financing Facilities and Equity Raising fees.

¹³ Subject to the terms and conditions of an underwriting agreement which is summarised in Appendix C of the Investor Presentation lodged with ASX on 31 May 2023.

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 Tuesday, 30 May 2023, being the last trading day prior to the announcement of the Equity Raising.

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Placement

The fully underwritten Placement of approximately A\$10M will be offered to sophisticated and institutional investors in Australia and institutional investors in certain overseas jurisdictions at the Offer Price. The Placement is being conducted today, Wednesday, 31 May 2023.

Approximately 112M New Shares will be issued as part of the Placement, representing approximately 9.1% of Aurelia's existing issued capital.

Entitlement Offer

The fully underwritten Entitlement Offer of approximately A\$30M will consist of a 1 for 3.72 pro-rata accelerated non-renounceable entitlement offer.

The Entitlement Offer is non-renounceable, and entitlements will not be tradeable on ASX or be otherwise transferable. Shareholders who do not take up their full entitlement under the Entitlement Offer will not receive any value in respect of those entitlements not taken up and their percentage equity interest in Aurelia will be diluted.

Institutional Entitlement Offer

Eligible institutional shareholders in Australia and certain overseas jurisdictions will be invited to participate in the Institutional Entitlement Offer which will take place on Wednesday, 31 May 2023. Eligible institutional shareholders may opt to take up all, part or none of their entitlement.

Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional investors who apply for New Shares in excess of their entitlement, as well as to certain other eligible institutional investors who bid into the Placement being conducted concurrently with the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders registered with an address on the Aurelia share register in Australia or New Zealand and who are not in the United States as at 7.00pm (AEST) on Friday 2 June 2023 will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as under the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 7 June 2023 and close at 5:00pm (AEST) on Wednesday, 28 June 2023 ("**Retail Entitlement Offer Period**").

Eligible retail shareholders will be sent an information booklet ("**Retail Offer Booklet**") including a personalised entitlement and acceptance form on Wednesday, 7 June 2023. The Retail Offer Booklet will provide the details of how to participate in the Retail Entitlement Offer. A copy of the Retail Offer Booklet will also be lodged with ASX on Wednesday, 7 June 2023. Eligible retail shareholders may opt to take up all, part or none of their entitlement.

In addition to each eligible retail shareholder's entitlement under the Retail Entitlement Offer, eligible retail shareholders that take up their full entitlement will have the ability to apply for additional New Shares in excess of their entitlement, up to a maximum of 50% of their entitlement at the Offer Price under a 'Top-up Facility' (subject to scale back, at Aurelia's discretion).

If you have any questions in relation to the details of the Entitlement Offer, please contact the Aurelia Offer Information Line on 1300 288 664 (from within Australia) or +61 2 9698 5414 (from outside Australia) between 8:30am and 5:00pm (AEST) Monday to Friday during the Retail Entitlement Offer

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Period. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

Key Dates for the Equity Raising

The indicative timetable for the Equity Raising is set out below.

Event	Date
Announcement of the Equity Raising, Placement and Institutional Entitlement Offer opens	Wednesday, 31 May 2023
Placement and Institutional Entitlement Offer closes	2:00pm (AEST), Wednesday, 31 May 2023
Trading halt lifted – shares recommence trading on ASX on an “ex entitlement” basis	Thursday, 1 June 2023
Record date for the Entitlement Offer	7:00pm (AEST) Friday, 2 June 2023
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet dispatched	Wednesday, 7 June 2023
Settlement of New Shares issued under the Placement and the Institutional Entitlement Offer	Thursday, 8 June 2023
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Friday, 9 June 2023
Retail Entitlement Offer closes	5:00pm (AEST), Wednesday, 28 June 2023
Announce results of Retail Entitlement Offer	Monday, 3 July 2023
Settlement of New Shares issued under the Retail Entitlement Offer	Tuesday, 4 July 2023
Allotment of New Shares issued under the Retail Entitlement Offer	Wednesday, 5 July 2023
Normal trading of New Shares issued under the Retail Entitlement Offer	Thursday, 6 July 2023
Dispatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Friday, 7 July 2023

Note: All dates and times are indicative and Aurelia reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Australian Eastern Standard Time (AEST) time.

Additional Information

Further details of the Equity Raising, including applicable dates are set out in the accompanying Investor Presentation also provided to ASX today. The Investor Presentation contains important information including key risks and international offer restrictions with respect to the Equity Raising.

Merrill Lynch Equities (Australia) Limited and Ord Minnett Limited are acting as Joint Lead Managers and Underwriters to the Equity Raising.

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Investor Briefing Call

A briefing call will take place via conference call today (31 May 2023) at 10:30am (AEST). Participants must pre-register for the call at the following link: <https://s1.c-conf.com/diamondpass/10031189-z38gpi.html>.

We recommend participants pre-register 5–10 minutes prior to the call. Following registration, you will receive a calendar invite and a unique code which is to be quoted when dialing into the call. To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad.

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

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About Aurelia

Aurelia Metals Limited (ASX: AMI) is an Australian mining and exploration company with a highly strategic landholding, two operating mines and two development projects in New South Wales (NSW). The Peak mine is in the Cobar Basin in western NSW, and the Dargues mine is in south-eastern NSW. The Hera operation, also located in the Cobar Basin, is currently transitioning to care and maintenance.

In FY23, Aurelia is expecting to produce 83 thousand ounces of gold at a Group All-in Sustaining Costs (AISC) of A\$2,300 per ounce. The Peak cost base benefits from substantial by-product revenue credits from base metal production (including zinc, lead and copper).

Important Information

This Announcement includes forward looking statements. Often, but not always, forward looking statements can be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, “outlook” and “guidance”, or other similar words and may include, without limitation, statements regarding the Company’s intent, belief or current expectations with respect to the timetable, conduct and outcome of the Offer and the use of proceeds thereafter, statements regarding plans, strategies and objectives of the Company, including with respect to Federation, statements about the anticipated production or activity commencement dates and expected costs or production outputs from Federation and statements about the future performance of the Company’s business and its financial condition, its future revenue mix and future AISC. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs of production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits, and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory environment, environmental conditions including extreme weather conditions, recruitment and retention of key personnel, industrial relations issues and litigation. Forward looking statements are based on the Company and management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management.

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or beyond the Company's control. Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law, including any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

This Announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. None of the entitlements and the New Shares have been, or will be, registered under the U.S. 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 entitlements to be issued in the Entitlement Offer may not be taken up by, and the New Shares may not be offered or sold to, any person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

This Announcement contains certain financial measures that are "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" published by ASIC and also "Non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934 and are not recognised under the Australian Accounting Standards ("AAS") adopted by the Australian Accounting Standards Board or International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board. Non-IFRS financial information / non-GAAP financial measures in this Announcement include:

- All in sustaining cost ("AISC"): total of on-site mining, processing and administration costs, transport, inventory adjustments, royalties, sustaining capital, less by-product credits divided by gold oz sold; and
- Earning before interest tax depreciation and amortisation ("EBITDA"): is earnings before finance income, finance costs, the non-cash charges for depreciation and amortisation.

The disclosure of such non-IFRS financial information and non-GAAP financial measures in this manner would not be permissible in a registration statement under the U.S. Securities Act. The Company believes the non-IFRS financial information and non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of the Company. However, readers should note that the non-IFRS financial information and non-GAAP financial measures do not have standardised meanings prescribed by AAS or IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, nor should the information be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this Announcement.

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