

HERA PROJECT UPDATE AND DECLARATION OF COMMERCIAL PRODUCTION

Aurelia Metals Limited ("AMI" or the "Company") advises that commercial production has been declared at its 100% owned Hera gold-lead-zinc mine in NSW following completion of commissioning of all key components of the processing plant.

It has been determined that the effective date of commercial production at Hera was 1 April 2015. From this date, all relevant operating costs and revenue will be accounted for in the Company's income statement.

Commercial production has been declared after reviewing a number of key design and financial parameters to the Company's satisfaction. These include process plant availability, throughput, metal recovery and final product quality.

The Company notes that despite the declaration of commercial production, design rates for the process plant are yet to be consistently achieved in all areas, however each of these issues are being appropriately addressed and continued steady improvement in process plant performance has been achieved over the last few months. During the last quarter, the Company has introduced additional operations management to the project, especially in the area of plant operating and management expertise, with a positive impact on plant performance.

- **Throughput:** The crushing circuit continues to operate above design throughput rates. Process plant throughput has been steadily improving as a number of mechanical stability issues and throughput constraints have been addressed, most notably in the tertiary crushing circuit. Mill throughput for the March quarter was 84% of the design rate of 350,000 t per annum, increasing to 93% of design capacity in the month of March. Further minor capital projects are underway within the tertiary circuit, including a split feed to the twin Tertiary crushers to allow for simultaneous operation.
- **Gold Recovery:** Gold recoveries to doré improved to >80% by the end of March. The Company has been steadily addressing issues in the gravity and leach components of the circuit to improve recoveries to design levels of +90%. Improvement works include:
 - Improved gold leach recovery with the installation of a new liquid oxygen sparging a facility into the leach circuit.
 - An additional gravity concentrator which has been installed ahead of the cleaner flotation circuit and;
 - Improved process availability with the installation of a surge tank ahead of the leach circuit, due for completion in July.
- **Lead and Zinc Recovery:** Lead and zinc recoveries of >90% were achieved in the in the December quarter, however adjustments during March to the flotation circuit have been required to control silica levels in the final concentrate. These adjustments temporarily reduced base metal recoveries into the mid 80% range and have since improved to >85% as flotation circuit reagents and settings are optimised.

As previously reported, underground development to date has progressed well ahead of schedule. This has allowed Aurelia to shift priority on the underground mine to full scale stoping from three separate levels, allowing the Company to capitalise on the additional flexibility provided by the additional development.

Commenting on this important milestone, Aurelia Managing Director, Rimas Kairaitis, said: "*The declaration of commercial production at Hera is another milestone which has been achieved with the dedication and commitment of our team at Hera. Whilst we recognise commissioning has taken longer than expected, we are confident that all the issues have been identified during commissioning and that the project will continue to ramp-up to design levels during the June quarter*"

ABOUT THE HERA-NYMAGEE PROJECT

The Hera-Nymagee Project represents Aurelia's flagship Project and consists of the high-grade underground Hera gold-lead-zinc-silver mine (Aurelia 100%) and the Nymagee copper deposit (Aurelia 95%), and is located approximately 100km south-east of Cobar, in central NSW. The deposits are hosted in the Cobar Basin, which also host the major mineral deposits at CSA (Cu-Ag), The Peak (Cu-Au) and Endeavor (Cu-Pb-Zn-Ag).

Aurelia has now completed the plant commissioning stages of the Hera project with first production commenced in the September quarter 2014, and first concentrate shipments made in the December quarter 2014. The Hera Mine produces gold and silver doré bars by gravity and concentrate leach and also produces a high-grade bulk-lead-zinc concentrate for sale.

The Company is also currently evaluating the Nymagee copper deposit, located 4.5km to the north, with a view to demonstrating an integrated development of the Hera and Nymagee deposits.

Aurelia maintains a commitment to the ongoing exploration of the Hera-Nymagee Project and considers both deposits have the potential to evolve into very large "Cobar style" mineral systems.



Hera Processing Plant