aurelia METALS Ltd.

ASX: AMI | 7 July 2015

HERA RESOURCE - REVISED

- The Hera Resource Estimate of April 2015 has been revised
- New Hera Resource Estimate:

2.5Mt @ 3.48 g/t Au, 37.2 g/t Ag, 3.65% Pb and 4.76% Zn

Aurelia Metals Limited ("**AMI**" or the "**Company**") here reports that the Hera Resource Estimate as reported to the ASX in April 2015 has now been revised.

Following an independent review of the April 2015 Hera Resource estimate, a coding problem was found which served to overestimate volumes by approximately 12%. As a result the Resource has been re-estimated with this issue resolved and by adopting more conservative geo-statistical parameters. These more conservative parameters provide a stronger correlation to the reconciled ore grades to date (based on reconciliations of around 2% of the previous resource).

Whilst tonnage has been reduced to 2.5Mt, and the gold grade has been reduced from 3.75g/t Au to 3.48g/t Au, the grade of silver, zinc and lead have all increased as a result of the revision, and overall, the resource model demonstrates that Hera remains a high grade deposit. In addition the higher confidence categories of measured and indicated resources still represents approximately 65% of the total resource.

This revised Mineral Resource estimate has been completed in accordance with the guidelines of the JORC Code (2012 edition) and is summarised below:

Table 1: Hera Mineral Resource Estimate – July 2015:

Category	Tonnes	NSR ($/t)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
Measured	658,000	277.9	5.14	15.59	0.24	2.96	3.40
Indicated	958,000	220.0	3.37	17.97	0.15	3.02	4.51
Inferred	890,000	224.9	2.37	73.91	0.10	4.85	6.02
Total	**2,506,000**	**236.9**	**3.48**	**37.21**	**0.15**	**3.65**	**4.76**

Note: The Hera Resource estimate utilises a A$125/tonne NSR cut-off. Tonnage estimates have been rounded to nearest 1,000 tonnes. Metal grades have been rounded to nearest 2 decimal places. A full summary of the Estimate is included with this release as Appendix 1.

Although this revised resource represents a modest addition to the June 2011 estimate, and still captures the exploration success achieved by the Company since that time, it does represents a smaller resource in comparison to the April 2015 release.

The Company is confident of continuing to grow the resource over time as exploration continues given the project remains open to both the north and south.

Commenting on the revised Hera Resource, Aurelia Managing Director, Rimas Kairaitis, said:

"*Having to adjust the Hera Resource estimate is unfortunate, however this revised resource remains a strong platform for the Company to build an expanded project in time, and we have every expectation that the exploration success enjoyed by the Company both at Hera and at the nearby Nymagee deposit will continue*"

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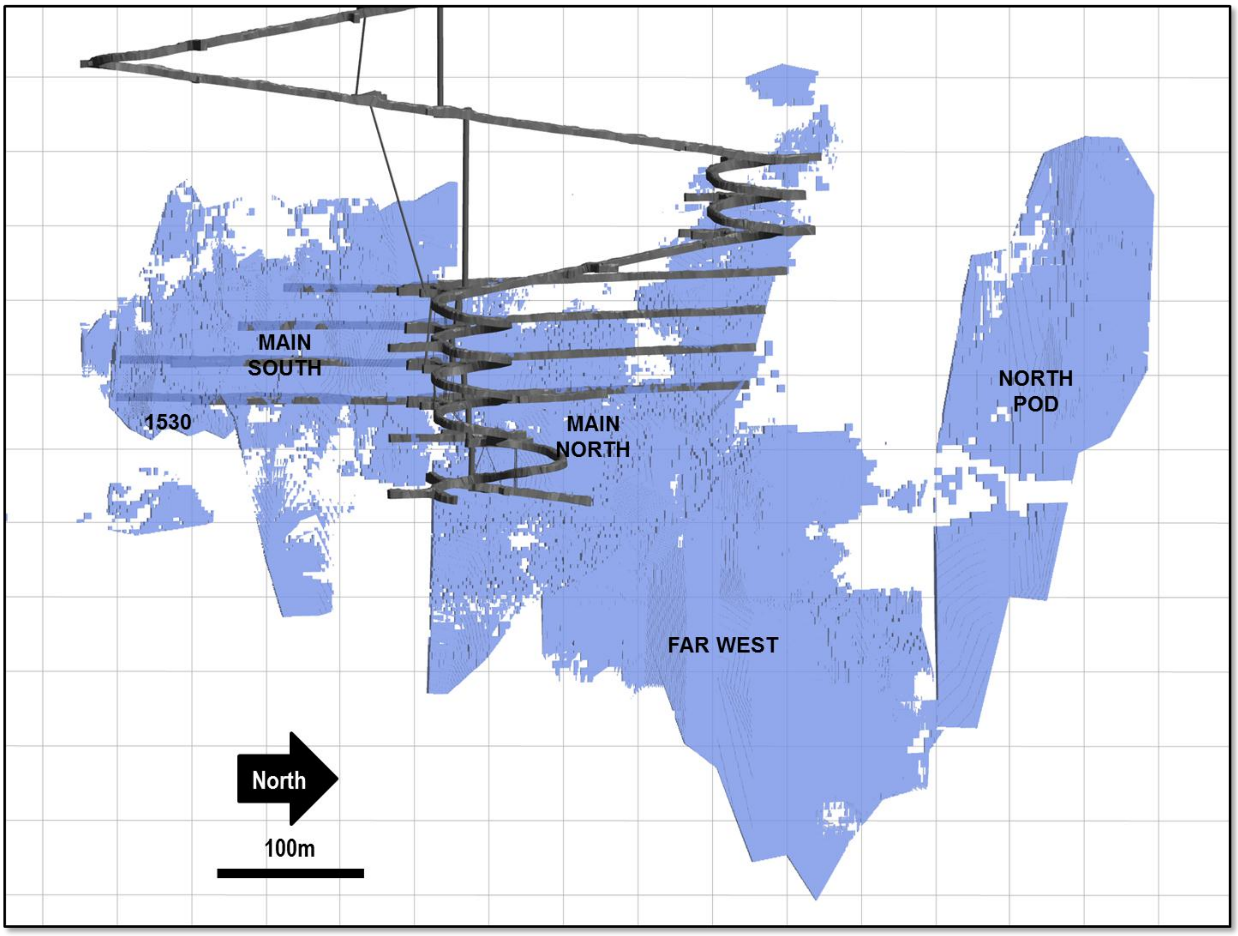
Hera is a high-grade project, with the majority of the value contained in the gold, lead and zinc mineralisation. The Hera Project comprises multiple geological lenses of gold and base metal mineraliation, some being gold rich with base metals, and others richer in base metal content. The updated Resource has been calculated over 11 discrete lenses (as summarised in **Appendix 1**). A breakdown of the total Resource in all confidence categories by metal content (rounded to 3 significant figures) is as follows:

- **Gold**: 280,000 ounces
- **Silver**: 2,998,000 ounces
- **Lead**: 91,000 tonnes
- **Zinc**: 119,000 tonnes

As with the previous Hera Resource estimate, the Resource has been reported at a "Net Smelter Return (NSR)" cut-off grade of A$125/tonne. Given the polymetallic nature of the Hera Project, an NSR is considered the best representation of the recoverable value of gold and base metal content of the Resource. Further details of the NSR calculation are included as Appendix 1 with this release, however the NSR calculation can be summarised as:

Metal grade x expected recovery (%) x expected payability (%) x Metal price: less concentrate freight and treatment charges and royalties



Long Section schematic, looking west, showing outline of July 2015 Hera Resource >$125NSR and existing Hera development.

Competent Persons Statement –Hera Resource Estimate

The Resource Estimation for the Hera deposit has been completed by:

- *Mr Lynn Widenbar, BSc (Hons), MSc, DIC, MAusIMM, MAIG , is a geologist and a Director and Principal of Widenbar and Associates*

  And co-authored by:

- *Mr Stuart Jeffrey, Senior Project Geologist – Hera Project BSc (Hons), MSc (Econ Geology), MAusIMM*

Mr Widenbar is a full time employee of Widenbar and Associates Pty Ltd. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Widenbar consents to the inclusion in the report of the matters based on his information in the form and context that the information appears.

Mr Jeffrey is a full time employee of Aurelia Metals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Jeffrey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

APPENDIX 1 – NOTES TO THE ESTIMATE

- The Mineral Resource estimate has been calculated over 11 discrete gold and base metal mineralised geological lenses, being:
    - Main Lens North
    - Main Lens South
    - Main Lens South 2
    - Far West Lens
    - Hays Lens North
    - Hays Lens South
    - 1530 Lens
    - North Pod
    - HMSE Lens
    - HMSE Upper
    - HMSE Lower

- Metal grades for gold, silver, lead, zinc, iron and sulphur have been estimated into parent blocks varying from 2.5m x 2.5m x 2.5m to 2.5m x 10m x 10m (in X, Y & Z) by ordinary kriging. Cells have been sub-blocked down to a minimum of 0.5m x 0.5m x 0.5m for improved volume representation around domain boundaries and underground openings. All grade variables were estimated independently.

- The geological and grade control model within and adjacent to the Hera deposit is supported by a database of 421 diamond core drill holes and 29 RC drill holes. The surface diamond core comprises HQ and NQ sized core, with the 180 underground holes being LTK60 sized core.

Company	DDH Meters	No. DD Holes	RC Meters	No.RC Holes
Buka	312.0	2	0.0	0
CRAE	799.4	4	0.0	0
Pasminco	3,228.6	6	276.0	2
Triako	46,184.4	111	1,109.0	5
CBH	14,069.8	28	832.0	6
YTC/Aurelia	60,713.0	270	2,826.0	16
Total	**125,307.1**	**421**	**5,043.0**	**29**

Table A1: Drill Hole Summary used in Geological and Grade Control Resource Estimation

- All drill holes have been surveyed at collar by registered surveyors and also at regular downhole intervals using magnetic surveying tools. A series of gyroscopic survey checks have been completed to verify the appropriateness of this method.
- Drill core has been sampled on nominal 1.0m intervals, split in half with a diamond saw and assayed in commercial laboratories. All of the YTC Resources/Aurelia Metals drilling has been assayed for Au, Ag, Pb, Zn and Cu at ALS Orange which has also produced assays for previous tenement owners.
- YTC Resources/Aurelia Metals has maintained a QA/QC system during its sampling and assaying process. Previous owners have also maintained an extensive QA/QC system and YTC Resources/Aurelia Metals has reviewed this data.
- Gold assaying of surface exploration drillholes by YTC Resources/Aurelia Metals has been completed initially by 30g fire assay with all assays >0.5g/t Au or within mineralised sections of core subsequently assayed by the screen fire assay (SFA) method. Previous owners have also completed screen fire assays for gold. The grade control database supporting the estimation contains 42941 sample intervals of which there are 3479 individual SFA within mineralised sections of core.
- Domains have been wire framed based on a nominal 2% Pb+Zn+Cu cut-off. This domain captures a significant portion of the Au mineralisation.

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- Samples have been composited into 1.0m intervals weighted by density.
- In order to restrict the influence of extreme values on local block grade estimates, Au, Ag, Pb, Zn and Cu grades within the mineralized areas have had top cuts applied. These have been applied on a lens by lens basis and are summarized in the table below. The top cuts have been applied prior to compositing into 1.0m intervals.

Lens	Au(gm/t)	Ag(gm/t)	Cu%	Pb%	Zn%
Main North	40	120	3.5	20	22.0
Main South	45	90	3.0	20	22.0
Main South 2	10	13	None	4	15.0
Hays North	8	45	1.0	10	20.0
Hays South	30	60	0.9	12	12.5
1530	20	60	1.5	15	12.0
Far West	30	100	2.0	15	20.0
North Pod	12	350	1.0	25	20.0
HMSE	5	35	None	10	None
HMSE Upper	10	50	0.5	10	6.0
HMSE Lower	None	25	0.7	None	None

Table A2: Summary of Top Cuts applied by element for each lens.

- Bulk density has been estimated into the blocks using an established relationship between Pb+Zn+Cu and physical density measurements made on sections of drill core using the Archimedes method. A total of 5755 SG measurements have been taken within mineralised sections.
- The Mineral Resource estimates are reported above a Net Smelter Return (NSR) cut-off of A$125/tonne. The NSR calculation used considers recovery of Au and Ag to dore, as well as recovery of Pb and Zn into a Pb/Zn concentrate. NSR values are estimated into each block on the following basis:

[Metal grade x expected recovery (%) x expected payability (%) x Metal price] – [concentrate freight and treatment charges and royalties]

- Use of an economic criterion for defining ore is more reliable in a situation such as Hera where value is derived from multiple commodities of varying proportions throughout the deposit.
- The metal prices, exchange rates, metal recoveries and costs that were used in the estimation of the "net recoverable ore value per tonne" are as follows:

Metal	Unit	USD	Recovery
Au price	oz	1120	90%
Ag price	oz	15.65	30%
Zn price	t	2100	90%
Pb price	t	1900	91%
AUD/USD		0.77	

Table A4: Metal Price, Exchange Rate Assumptions and metallurgical recoveries used in the NSR Calculation

- Resources are inclusive of Reserves and are reported un-diluted. An Ore Reserve statement based on mining designs with mining recovery and dilution incorporated will be made separately once this work is completed.

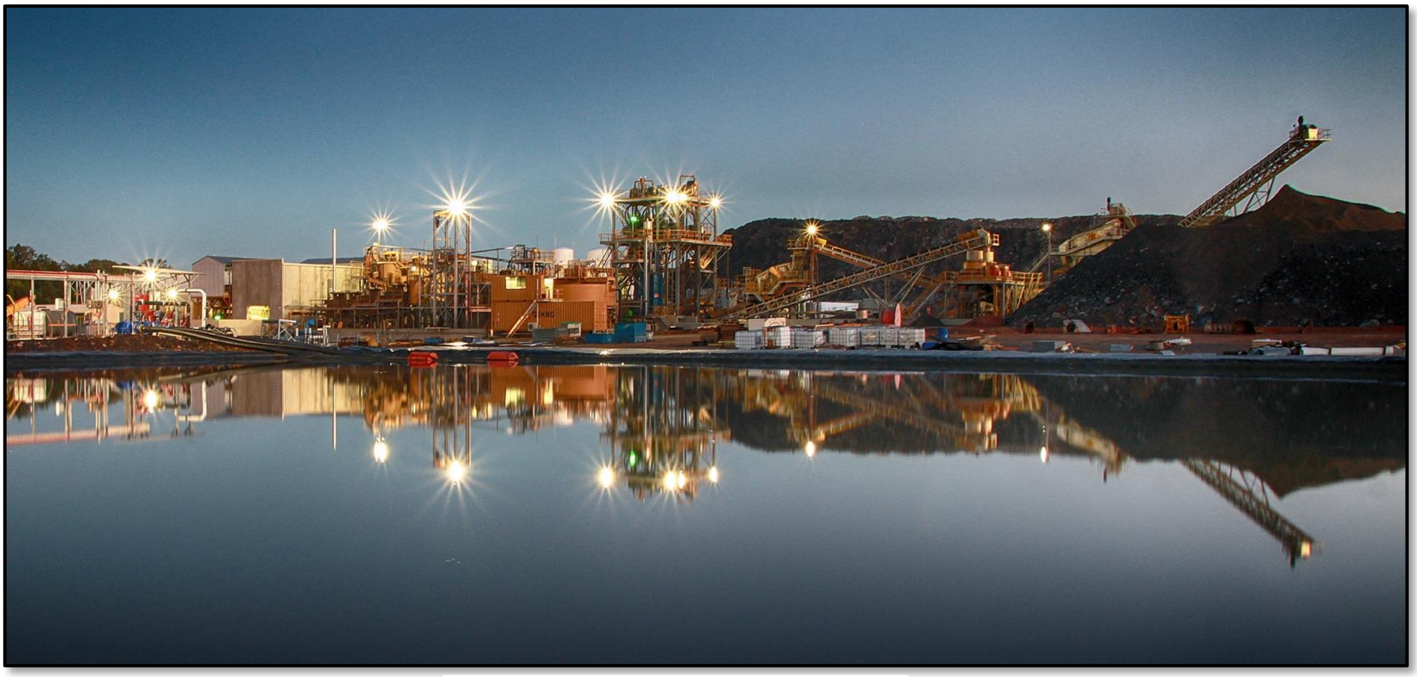
ABOUT THE HERA-NYMAGEE PROJECT

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

Hera Deposit JORC 2012 Table 1

Section 1 Sampling Techniques and Data

Criteria	Explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Sampling is by sawn half core HQ ,NQ, LTK60 core or quarter PQ core. Nominal sample intervals are 1m with a range from 0.5m to 1.5m. Samples are transported to ALS Chemex Orange for preparation and assay
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Assay standards or blanks are inserted at least every 40 samples. Silica flush samples are employed after each occurrence of visible gold.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	Diamond drilling was used to obtain core samples of nominally 1m, but with a range between 0.5-1.5m. Core samples are cut in half, dried, crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample. 30g fire assay with AAS finish, (Method Au – AA25) with a detection level of 0.01ppm. For Base Metals a 0.5g charge is dissolved using Aqua Regia Digestion (Method ICP41-AES) with detection levels of: Ag-0.2ppm, As-2ppm, Cu-1ppm, Fe-0.01%, Pb-2ppm, S-0.01%, Zn-2ppm. Overlimit analysis is by OG46- Aqua Regia Digestion with ICP-AES finish. Where specified, coarse gold samples greater than 0.5g/t were re-assayed by screen fire assay (Method Au-SCR22) using the entire sample.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Drilling is by diamond coring. Surface holes generally commence as PQ core until fresh rock is reached. The PQ rods are left as casing thence HQ or NQ coring is employed. Underground holes are LTK60 sized drill core from collar.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Measured core recovery against intervals drilled is recorded as part of geotechnical logging. Recoveries are greater than 95% once in fresh rock.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Surface holes use triple tube drilling employed to maximise recovery. Underground LTK60 core is double tube drilling.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Average core recovery exceeds 95% in both mineralised and non-mineralised material.

Criteria	Explanation	Commentary
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Systematic geological and geotechnical logging is undertaken. Data collected includes: • Nature and extent of lithologies. • Relationship between lithologies. • Amount and mode of occurrence of ore minerals. • Location, extent and nature of structures such as bedding, cleavage, veins, faults etc. Structural data (alpha & beta) are recorded for orientated core. • Geotechnical data such as recovery, RQD, fracture frequency, qualitative IRS, microfractures, veinlets and number of defect sets. For some geotechnical holes the orientation, nature of defects and defect fill are recorded. • Bulk density by Archimedes principle at regular intervals. • Magnetic susceptibility recorded at 1m intervals for some holes as an orientation and alteration characterisation tool.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Both qualitative and quantitative data is collected. All core is digitally photographed.
	The total length and percentage of the relevant intersections logged.	All core is geologically and geotechnically logged.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Core is sawn with half core submitted for assay. Sampling is consistently on one side of the orientation line to avoid any selection bias. PQ core is ¼ sampled.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Not applicable as all samples are drill core
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples are dried, crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample to allow subsampling for the various assay techniques.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	The only mass reduction stage of samples carried out by AURELIA is splitting of core as described above. All other mass reduction during sample preparation has been carried out by reputable commercial laboratories who employ systematised processes, procedures and equipment. All recent sampling has been processed by ALS in Orange. AURELIA regularly visit and inspect the laboratory. Assay grades are compared with mineralogy logging estimates. If differences are detected a re-assay can be carried out by either: submitting ¼ core from the remaining core; or re-assay of the bulk reject or the assay pulp. Once sufficient experience has been gained with the deposit, production drilling will be submitted as full core samples after logging and photography to eliminate the necessity for core
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	No field duplicates are taken for core samples. Core samples are cut in ½ for down hole intervals of 1m, however, intervals can range from 0.5-1.5m. This is considered representative of the insitu material. The sample is crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample.

Criteria	Explanation	Commentary
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate. If visible gold is observed in surface drilling, gold assays are undertaken by both a 30g fire assay and a screen fire assay using the entire available sample (up to several kg).
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Standard assay procedures performed by a reputable assay lab, (ALS Group), were undertaken. Gold assays are initially by 30g fire assay with AAS finish, (method Au-AA25). For Ag, As, Cu, Fe, Pb, S, Zn analyses, samples are digested in aqua regia then analysed by ICPAES (method ME-ICP41). Comparison with 4 acid digestion indicate that the technique is considered total for Ag, As, Cu, Pb, S, Zn. Fe may not be totally digested by aqua regia but near total digestion occurs.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were used in the determination of assay results or resource estimates.
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Certified reference material or blanks are inserted at least every 40 samples. Standards are purchased from Certified Reference Material manufacture companies: Ore Research and Exploration, Gannet Holdings Pty Ltd and Geostats Pty Ltd. Standards were purchased in foil lined packets of between 60g and 100g. Different reference materials are used to cover high grade, medium grade and low grade ranges of elements: Au, Ag, Pb, Zn Cu, Fe S and As. The standard names on the foil packages were erased before going into the pre numbered sample bag and the standards are submitted to the lab blind. Silica flush samples are employed after each occurrence of visible gold. ALS insert internal check samples (CRM's and pulp duplicates) into all sample batches as standard practice. These results are made available to AURELIA. Pulp samples are regularly submitted to a secondary check laboratory (Genalysis, Perth) to assess any assay bias. CRM results from all previous drilling campaigns are available to AURELIA. Aside from a number of obvious sample mix-ups, these results lie within expected control limits. Samples submitted by AURELIA are assessed against certified control limits. Any samples outside expected limits are discussed with the laboratory and appropriate action decided on a per batch basis. CRM results are also plotted against time to assess trends. All CRM's lie within acceptable tolerance of the certified expected value and indicate the accuracy of ALS assay processes are acceptable Pulp duplicates show an acceptable level of precision.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The raw assay data forming significant intercepts are examined by at least two company personnel.
	The use of twinned holes.	Not applicable – only diamond core sampling is used

Criteria	Explanation	Commentary
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Drill hole data including: meta data, orientation methods, any gear left in the drill hole, lithological, mineral, structural, geotechnical, density, survey, sampling, magnetic susceptibility is collected and entered directly into an excel spread sheet using drop down codes. When complete the spreadsheet is emailed to the geological database administrator, the data is validated and uploaded into an SQL database. Assay data is provided by ALS via .csv spreadsheets. The data is validated using the results received from the known certified reference material. Using an SQL based query the assay data is merged into the database. Hard copies of the assay certificates are stored with drill hole data such as drillers plods, invoices and hole planning documents.
	Discuss any adjustment to assay data.	Assay data is not adjusted.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Prior to mining operations commencing, surface drill hole collars were picked up using differential GPS to ±5cm accuracy. Underground drill-holes are laid out and picked up by the mine surveyors
	Specification of the grid system used.	All coordinates are based on Map Grid Australia zone 55H
	Quality and adequacy of topographic control.	Topographic control is considered adequate. There is no substantial variation in topography in the area with a maximum relief of 50m present. Local control within the Hera Mine areas is based on accurate mine surveys.
Data spacing and distribution	*Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	The final drill spacing used for stope delineation is between 15m and 20m in the plane of mineralisation. Mineralised structures are mostly defined on drilling of less than 50m spacing, rarely up to 75m The data spacing is sufficient to establish continuity of mineralisation to the degree reflected by the classifications applied.
	Whether sample compositing has been applied.	Sample compositing is not applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Drilling is orientated to cross the interpreted, steeply dipping mineralisation trend at moderate to high angles. Holes are drilled from both the footwall and hangingwall of the mineralisation. The use of orientated core allows estimates of the true width and orientation of the mineralisation to be made.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be	No sample bias due to drilling orientation is known.
Sample security	*The measures taken to ensure sample security.*	Chain of custody is managed by AURELIA. Samples are placed in tied calico bags with sample numbers that provide no information on the location of the sample. Samples are delivered by AURELIA personnel to the assay lab or transported by courier.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been conducted at this stage.

Section 2 Reporting of Exploration Results

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The Hera Deposit along with the Hebe, Zeus and Athena Prospects are located on ML1686. The land comprising ML1686 is part of "The Peak" property with is a perpetual lease held by Aurelia Metals. Production of the first 250,000 ounces of gravity gold from the Hera Deposit is subject to a 5% royalty payable to CBH Resources Ltd. as part of the purchase of the project.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	ML1686 is a granted mining lease that expires in 2031.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The area has a 50 year exploration history involving reputable companies such as Cyprus Mines, Buka, ESSO Minerals, CRAE, Pasminco, Triako Resources and CBH Resources. Previous exploration data has been ground truthed where possible. Historic drill hole collars have been relocated and surveyed. Most of the drill core has been relocated and re-examined and resampled. This is particularly the case in older drilling where Au assays were sparse or non-existent. Some of the current staff were previously employees of Triako and CBH Resources hence retain corporate memory of activities and the quality of this work.
Geology	*Deposit type, geological setting and style of mineralisation.*	All known mineralisation in the area is epigenetic "Cobar" style. Deposits are structurally controlled quartz + sulphide matrix breccias grading to massive sulphide. In a similar fashion to the Cobar deposits, the Nymagee deposits are located 1km to 3km to the west of the Rookery Fault, a major regional structure with over 300km strike length. The deposits are about the boundary of the Devonian Lower Amphitheatre Group and the underlying Roset Sandstone. Both units show moderate to strong ductile deformation with tight upright folding coincident with greenschist facies regional metamorphism. A well-developed sub vertical cleavage is present. The deposits are located in high strain zones. Metal ratios are variable but there is a general tendency for separate Pb+Zn+Ag±Au±Cu and Cu+Ag±Au ore bodies. These are often in close association with the Pb+Zn lenses lying to the west of the Cu lenses. At Hera Zn is usually more abundant than Pb. Formation temperatures are moderate to high. At Hera the presence of Fe-rich sphalerite, non-magnetic pyrrhotite and cubanite indicates formation temperatures between 350°C and 400°C. Recognised at Hera are quartz + K-feldspar veins, scheelite, and minor skarn mineralogy which suggest a possible magmatic input. Deposit timing is enigmatic. The main mineralisation occurs as brittle sulphide matrix breccias with silicification grading to ductile massive sulphides that crosscut both bedding and cleavage. Recent age dating on micas and galena gives an age of ~382Ma for the Hera deposit.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	Exploration results are not being reported here. A drill hole listing is included in the full Technical report documenting the resource estimates.

Criteria	Explanation	Commentary
	• *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.*	
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	All drill hole information is included in resource estimate
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Exploration results are not being reported here. See next section for details of compositing and treatment of high grades applied to resource estimation.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalences are quoted.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Exploration results are not being reported here. Drilling cross mineralisation at a variety of orientations. More recent grade control infill from underground platforms crosses mineralisation at high angles, improving definition of mineralisation boundaries.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	See Technical report documenting the resource estimates.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Not reporting exploration results here. The Mineral Resource estimate itself is a weighted and balanced estimate of the contained mineralisation.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating*	This information (geological mapping, metallurgical testwork, bulk density data) is included in Section 3.

Criteria	Explanation	Commentary
	substances.	
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Exploration drilling for extending the mineralised system versus is planned. The exact timing and quantity is yet to be determined. Drilling budgets must be balanced against a number of different priorities, including infill drill to increase confidence prior to mining.

Section 3 Reporting of Mineral Resources

Criteria	Explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data validation procedures used.*	Raw data is stored in a corporate Datashed database, which is administered by a dedicated administrator. The Datashed database contains internal consistency checks. A check list is maintained to ensure all required data for new holes is available. Data is extracted from the corporate database and uploaded regularly into an MSTorque master database, which provides access to all drillhole information in Minesight software for daily mine functions. New holes are checked/validated by the geologist responsible. For resource estimation, a cut-down set of data (RC and diamond drillholes for Hera deposit only) is extracted into a subsidiary MSTorque database. Data is visually validated after loading to ensure that all expected holes are included. Drill hole data is exported to CSV files and imported to Micromine 2014 (V15.0.4) for resource estimation.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.*	Stuart Jeffrey is a Co-Author and Senior Mine Geologist and is intimately involved with development and mining of the Hera Orebody. All work involving geological interpretation and affected by local factors has been carried out by Mr Jeffrey. Lynn Widenbar, the CP, has not visited site due to time constraints, but is familiar with several geologically similar deposits in other parts of Australia and around the world. The CP does not consider lack of a site visit to be material to the resource estimation.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* *Nature of the data used and of any assumptions made.* *The effect, if any, of alternative interpretations on Mineral Resource estimation.* *The use of geology in guiding and controlling Mineral Resource estimation.* *The factors affecting continuity both of grade and geology.*	Mineralisation at Hera is associated, at deposit scale, with high strain zones. Local scale interpretation of estimation domains is based primarily on geochemical criteria, rather than mappable lithology or alteration. Combined base metal and sulphur grades are used to define mineralised envelopes. Gold predominantly occurs within the base metal envelopes, generally in quite discrete patches of elevated gold grades – however, it has not yet proven possible to confidently interpret/localise zones of high gold grade and model these separately. Exposure of the deposit during development and infill drilling has demonstrated that the interpretation is generally robust. Knowledge of the local controls on mineralisation is increasing as mining progresses. Faces are not sampled, but geological mapping is collected off all faces and incorporated into interpretation.
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	To date, mineralisation has been defined over a strike length of 1km, a vertical extent of 580m, within a corridor up to 100m in width. The shallowest mineralisation is 120m below surface, but mostly starts at 200m depth. The deposit has been modelled as 11 separate zones up to 15m in width - some being long-strike correlatives. All mineralised zones lie below the base of oxidation
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of*	Gold, silver, copper, lead, zinc, iron and sulphur were estimated by Ordinary Kriging into parent blocks varying from 2.5m x 2.5m x 2.5m to 2.5m x 10m x 10m (in X,Y,Z respectively). For improved volume representation around domain boundaries and mine opening, parent cells were further sub-celled to 0.5m x 0.5m x

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Estimation and modelling techniques (cont)	*extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* *The assumptions made regarding recovery of by-products.* *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* *Any assumptions behind modelling of selective mining units.* *Any assumptions about correlation between variables.* *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.* *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	0.5m. These block dimensions are chosen to reflect areas of different drill spacing. Variography was undertaken using GeoAccess Professional software. Search neighbourhood parameters were chosen based on knowledge of the average data distribution, combined with examination of kriging output metrics (QKNA). Nugget are generally relatively low, between 13% and 30%. Overall ranges along strike are in the 80m to 130m range while down dip ranges are shorter, between 50m and 60m (with Zn being longer at 85m). Ranges across the mineralised structures are much shorter, as would be expected, at between 6m and 10m. A three pass search strategy was used, to allow for areas of varying drill spacing Interpolation has been carried out in unfolded space, thus simplifying the search ellipse orientations, with north-south corresponding to along-strike and vertical corresponding to down-dip. A multi-pass search strategy has been to allow different search criteria for areas of different drill hole spacing. The first pass search is 60m x 5m x 35m and approximates 2/3 of the typical range; the second search is 90m x 7.5m x 55m and approximates the typical range, while the third is 120m x 15m x 120m and is large enough to fully inform all blocks in the model. A minimum of 16 composites is required in the first pass with a maximum of 16 composites. A maximum of 4 samples per hole is permitted, with a minimum of 2 holes. A minimum of 8 composites is required in the second pass with a maximum of 16 composites. A maximum of 4 samples per hole is permitted, with a minimum of 2 holes. A minimum of 1 composite is required in the third pass with a maximum of 16 composites. A maximum of 4 samples per hole is permitted, with a minimum of 1 hole. All domains are estimated using hard boundaries. There is a strong contrast in mean metal grades between the domain volumes and the enclosing background. All variables are estimated independently. Lead, zinc and silver are moderately well correlated, while gold and copper are uncorrelated with any other variable. The distribution of all variables is moderately to highly skewed. Because of the risk of local over-estimation of metal around high grades, top-cuts were applied. These were decided based on examination of ranked assay values and histograms. This is inevitably an experience based, subjective decision. At Hera, there is not yet sufficient production experience to be able to use reconciliation in guiding this decision. It should be noted that in highly skewed distributions, an opposite biasing effect can occur, where under-sampling of the tail can lead to increases in mean grade when sampling density is increased. Correct implementation of modelling was checked by visual validation – this is the most effective method of ensuring that no implementation errors have been made in creation of estimates, for example that all values are filled for all blocks, that the patterns present in grade estimates are as expected etc. Correct implementation was also checked by comparison of the statistics of declustered input data and output estimated block grades. Minor differences inevitably arise due to the effect of

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<tr><th>Criteria</th><th>Explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>clustering, but are considered to lie within acceptable tolerance.
In underground resource estimation, the global grade-tonnage relationship is generally less important than approximate localisation of ore grade material. Mine designs should be sufficiently flexible to accommodate the inevitable changes in localisation of ore with progressive infill drilling up to the point of development.</td></tr>
<tr><td>Moisture</td><td>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</td><td>Tonnages are estimated on a dry basis.</td></tr>
<tr><td>Cut-off parameters</td><td>The basis of the adopted cut-off grade(s) or quality parameters applied.</td><td>The estimate has been reported on the basis of a "Net Smelter Return (NSR)" cut-off. The NSR calculation used considers recovery of Au and Ag to dore, as well as recovery of Pb and Zn into a Pb/Zn concentrate. NSR values are estimated into each block on the following basis:
[Metal grade x expected recovery (%) x expected payability (%) x Metal price] – [concentrate freight and treatment charges and royalties]
Use of an economic criterion for defining ore is more reliable in a situation such as Hera where value is derived from multiple commodities of varying proportions throughout the deposit.
Resources are reported above an NSR threshold of $125/tonne. This threshold incorporates estimated mining and processing costs and anticipated mining recovery.
The mineralised lenses are wider than the scale of equipment used for mining, so no restriction of reporting by a minimum mining width criteria is required.
The metal prices, exchange rates, metal recoveries and costs that were used in the estimation of "net recoverable ore value per tonne" are as follows:
<table>
<tr><th>Metal</th><th>Unit</th><th>USD</th><th>Recovery</th></tr>
<tr><td>Au price</td><td>oz</td><td>1120</td><td>90%</td></tr>
<tr><td>Ag price</td><td>oz</td><td>15.65</td><td>30%</td></tr>
<tr><td>Zn price</td><td>t</td><td>2100</td><td>90%</td></tr>
<tr><td>Pb price</td><td>t</td><td>1900</td><td>91%</td></tr>
<tr><td>AUD/USD</td><td></td><td>0.77</td><td></td></tr>
</table></td></tr>
<tr><td>Mining factors or assumptions</td><td>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</td><td>Mining at Hera currently employs a combination of conventional underground mining methods adapted to the orebody, including mining of a bottom up sequence of longhole stopes and modified Avoca with both loose and cemented rock fill.
All reported resources are within the immediate environment of the existing underground mine infrastructure, and are considered to have reasonable prospects of eventual economic extraction.
Resources are reported undiluted.</td></tr>
<tr><td>Metallurgical factors or assumptions</td><td>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral</td><td>Resource are reported using metallurgical recovery factors initially derived from laboratory scale testing, and modified based on actual metallurgical performance achieved. The majority of ore processed to date has been during plant commissioning and modification, and only a relatively small time period of steady state processing is yet available to determine reliable prediction of future met recoveries.</td></tr>
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	Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	No issues affecting declaration of Mineral Resources are noted.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	A total database of 5772 bulk density measurements is available for Hera. These measurements use an Archimedean weight in air/weight in water method. Core at Hera is competent and non-porous, and no significant void volumes need be accounted for. There is a strong relationship between bulk density and Pb%+Zn%+Cu% grades. A regression relationship has been derived, which is then used to calculate a bulk density from estimated block grades of lead, zinc and copper.
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *Whether the result appropriately reflects the Competent Person's view of the deposit.*	Mineral resource confidence categories have been assigned to the model using a long-sectional polygon approach to identify zones of different confidence. Classification takes into account data quality, geological interpretation and estimation. The largest driver is ultimately drill spacing, which influences both interpretation and estimation quality strongly. • Measured Resources have been defined where the orebody is developed above and below, or where final grade control drill pattern of ~15x15m has been completed. • Indicated Resource are defined where a semi-regular resource drilling pattern of ~50x50m or better has been achieved. • Inferred Resources are defined where drill spacing is greater than ~50x50 or where estimates are extrapolated beyond the limits of drilling. Extrapolation distance is controlled by the wire-framed interpretation, and is at maximum 100m, more generally less than 50m. The confidence categories applied are considered appropriate for Hera's status as a producing mining operation.
Audits or reviews.	*The results of any audits or reviews of Mineral Resource estimates.*	The resource model has been reviewed by Mr Stuart Jeffery and Mr Dean Fredericksen of Aurelia.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the*	To date, mining has consisted of development of ore drives on 5 levels, and extraction of 3 stopes. As is to be expected, much has been learned during this initial phase of mine development, and this has been fed back into the resource model. Accessing the orebody has largely confirmed the basic geological model for

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	application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Hera. To date the majority of ore processing has been during commissioning of the processing plant, and the production figures from the mill are not yet reliable for reconciling mine production against. Recent comparisons as the mill begins to achieve steady state are encouraging. Confidence in the estimates is commensurate with the level of classification applied.