

## FY20 OPERATING OUTLOOK

### HIGHLIGHTS

- **Transition to lead-zinc rich zones set to deliver higher base metals production and lower gold output**
- **FY20 group gold production guidance of 85 to 95koz gold**
  - **Hera expected gold output of 33 – 36koz**
  - **Peak expected gold output of 52 – 59koz**
- **Estimated FY20 group AISC of A\$1,050 to A\$1,250/oz (based on 2019 Reserves metal price deck); superior AISC performance expected to be weighted to 2H**
- **Group base metal production guidance for FY20:**
  - **20 – 24kt lead**
  - **25 – 30kt zinc**
  - **4 – 6kt copper**
- **Peak throughput rates and unit cost performance expected to improve significantly post target completion of Pb/Zn circuit upgrade in March 2020 Qtr**
- **Key expected dynamics for FY21 include: Peak throughput approaching nameplate capacity, strong potential for mining of high margin tonnes from Kairos and a sharp reduction in growth capex vs FY20 forecast (~A\$40M)**
- **New CEO search well advanced; appointment expected in current quarter**

Commenting on the FY20 outlook, Executive Chairman and Interim CEO, Cobb Johnstone, said:

*"The June 2019 quarter concludes a financial year in which operating and financial performance benefited strongly from the high-grade Chronos gold orebody at Peak, most particularly during the first half. The operating outlook we have provided for FY20 highlights the increasing significance of base metals production to the Aurelia business, as we transition into higher lead plus zinc zones at both Hera and Peak.*

*"We continue to invest in the business and our future growth platform. The Peak lead-zinc plant upgrade is progressing apace with target completion still scheduled for the March 2020 quarter. Development towards the high-value Kairos deposit is also expected to commence during the current quarter.*

*"The recent drilling success at Federation has evidenced the untapped potential of Aurelia's broader landholdings. Approval of a A\$15 million exploration budget for FY20 highlights our belief that considerable further value can be added through highly targeted near-mine and regional drill programs.*

*"Finally, the new CEO search process is progressing well and the Aurelia Board expects to make an appointment during the current quarter."*

## FY20 OPERATING OUTLOOK

Aurelia presents the following outlook for its operational activities in FY20. It should be noted that this outlook is indicative only and subject to change in response to prevailing and/or expected operating and market conditions.

### GROUP

#### Production and AISC

Group gold production for FY20 is expected to be 85 to 95koz at an All-In-Sustaining-Cost (AISC) estimated at A\$1,050 to A\$1,250/oz. A comparison with FY19 operational performance is presented in the table below. FY20 is expected to deliver increased base metal production coupled with reduced gold output relative to FY19.

Metal production	FY19 actual	FY20 outlook
Gold (koz)	118	<b>85 – 95</b>
Lead (kt)	17.8	<b>20 – 24</b>
Zinc (kt)	13.5	<b>25 – 30</b>
Copper (kt)	4.3	<b>4 – 6</b>
Group AISC (A\$/oz)	1,045	<b>1,050 – 1,250</b>

Group AISC is the total of on-site mining, processing and administrative costs, inventory adjustments, royalties, sustaining capital, corporate general and administration expense, less by-product credits, divided by gold oz sold. By-product credits include silver, lead, zinc and copper sales forecast over the outlook period.

Estimated FY20 group AISC of A\$1,050 to A\$1,250/oz is based on reference base and silver metal prices equivalent to those used for the Company's June 2019 Ore Reserves estimation: lead A\$3,000/t, zinc A\$3,421/t, copper A\$8,553/t and silver A\$22/oz.

Final AISC results will depend on the actual sales volumes, actual operating costs and actual prices of base metals received over the outlook period.

There is expected to be significant quarterly variation in terms of reported AISC through FY20, particularly at Peak. This is a function of expected throughput increases at Peak in 2H FY20 coupled with higher levels of base metal production from both operations relative to FY19.

The December 2019 quarter is expected to be particularly weak as a result of lower forecast grades at Peak combined with partly restricted throughput resulting from planned tie-ins for the Peak Pb/Zn plant upgrade. The June 2020 quarter should benefit from the expected strong lift in throughput at Peak following targeted completion of the Pb/Zn plant upgrade in the March 2020 quarter, with a concurrent increase in treatment of high-grade Chronos Pb/Zn material.

#### Capital expenditure and exploration

Group sustaining capital expenditure for FY20 is expected to be A\$45-50M, with the majority associated with Peak mine development capital. This capital is included in the group AISC per ounce estimate outlined above.

Group growth capital expenditure (Mining & Plant) for FY20 is expected to be approximately A\$40M. This expenditure is strongly weighted to 1H FY20, being predominantly associated with the Pb/Zn plant upgrade at Peak (approx. A\$38M residual forecast capital spend in FY20).

Group exploration expenditure for FY20 is currently budgeted at A\$15M.

## Hedging

The Company has a total hedge position of 56,000 oz gold at an average delivery price of A\$1,809/oz. The profile of this hedge position is:

- For the first five months of the year (to November 2019), a total of 35,000 oz gold deliverable at an average price of A\$1,748/oz; and
- From December 2019 to June 2020, a total of 21,000 oz gold deliverable at an average price of A\$1,911/oz.

## HERA

Hera processed ore throughput for FY20 is expected to remain at levels similar to FY19.

Hera gold production for FY20 is expected to be 33 to 36koz.

FY20 AISC at Hera is expected to be lower than FY19. This is a result of lower gold grade being forecast to be offset by lower operating costs and higher expected base metal credits relative to FY19.

## PEAK

Peak processed ore throughput for FY20 is expected to be 580 to 610kt.

Peak gold production for FY20 is expected to be 52 to 59koz.

FY20 AISC at Peak is expected to be higher than FY19. This is a result of lower expected gold grade relative to FY19. Forecast improvements in Peak unit operating costs from expected higher throughput are counterbalanced by the increase in operating underground development metres in FY20 being more than five times the level undertaken in FY19.

## KEY FY21 OPERATIONAL DYNAMICS

Annual throughput at Peak in FY21 is expected to be approaching nameplate 800ktpa capacity, following expected completion of the Peak Pb/Zn plant upgrade in 3Q FY20.

Accelerated underground development this year is expected to deliver access to the base of Kairos (Peak Deeps) towards the end of FY20. This provides Aurelia with the strong potential for prioritisation and mining of high margin tonnes from Kairos during FY21.

Growth capital expenditure in FY21 is expected to reduce sharply from its expected FY20 level following expected completion of the Peak Pb/Zn upgrade in 3Q FY20.

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Interim COO and Director	Mike Menzies	
Non-Executive Directors	Lawrie Conway, Susie Corlett, Paul Espie, Paul Harris	

**IMPORTANT INFORMATION**

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