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ANNUAL REPORT

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OUR OBJECTIVE

AURELIA'S CORE OBJECTIVE IS TO MAXIMISE RETURNS FROM ITS PRODUCING ASSETS WHILE ADVANCING DEVELOPMENT PROJECTS THAT PROVIDE POTENTIAL TO SUSTAIN AND GROW THE BUSINESS IN THE LONG-TERM BUILDING A TRUSTED AND SUSTAINABLE OPERATING PRESENCE.

Hera process plant



CONTENTS

COMPANY PROFILE	4
BUSINESS REVIEW	4
Aurelia's strategy and business model	4
Chairman's letter	6
Managing Director's report	7
FY20 Highlights and FY21 Outlook	8
Strategy Progression FY21 and beyond	14
Sustainability and risk review	17
Governance	18
Sustainability	20
Mineral Resource and Ore Reserve Statement	26
FINANCIAL STATEMENTS	29
Directors' Report	30
Operations and financial review	37
Letter from the Chairman of the Remuneration and Nomination Committee	50
Remuneration Report (Audited)	52
Auditor independence declaration	72
Statement of comprehensive income	73
Statement of financial position	74
Statement of changes in equity	75
Cashflow statement	76
Notes to financial statements	77
Director's declaration	108
Independent Auditor's Report to the Members of Aurelia Metals Limited	109
COMPETENT PERSONS STATEMENTS	114
ADDITIONAL ASX INFORMATION	116
SCHEDULE OF TENEMENT INTERESTS	118
COMPANY INFORMATION	119

COMPANY PROFILE

ABOUT AURELIA METALS LIMITED

Aurelia Metals Limited ('Aurelia') is an Australian mining and exploration company with a highly strategic landholding in the polymetallic Cobar Basin in New South Wales. Aurelia owns and operates two gold and base-metal operations in the Cobar Basin:

- Peak Mine
- Hera Mine

Each operation extracts ore using underground mining methods for treatment through processing facilities having a combined capacity of approximately 1.3Mtpa.

Aurelia is a gold dominant business, supported by high value base metals of lead, zinc, copper and silver.

Aurelia's core objective is to maximise returns from its' producing assets while advancing exploration and development projects with the potential to sustain and grow the business in the long-term. Fundamental to these activities is the Company's contribution as a trusted, valued and sustainable mine operator.

Aurelia is listed on the Australian Securities Exchange (ASX: AMI) and is headquartered in Brisbane (Queensland, Australia).

ABOUT THIS REPORT

This Annual Report is a summary of Aurelia Metals Limited and its subsidiaries' operations, activities and financial position at 30 June 2020.

Aurelia is committed to reducing the environmental impact associated with the production of the Annual Report, and printed copies are only posted to Shareholders who have elected to receive a printed copy.

Current and previous Annual Reports are available on the Company's website: www.aureliametals.com.au

The photos included in this report of Aurelia's Hera Operation and surrounding exploration program was commissioned by the Department of Regional NSW to promote development in Western NSW. We would like to acknowledge and thank the NSW Government for granting permission for their use.

BUSINESS REVIEW

STRATEGY AND BUSINESS MODEL

Building the next mid-tier gold and base metals producer

The strategic focus of the Company is to maximise returns from its producing assets while advancing exploration and development projects that provide potential to sustain and grow the business in the long-term.

The following elements are the central to this strategy:



Optimise Existing Operations

- Increased development
- Lead-zinc circuit upgrade
- Mine life extension and ongoing efficiency



Focus on Returns

- Margin over volume or commodity preference
- Accelerating access to higher margin material for FY21



Leverage Infrastructure

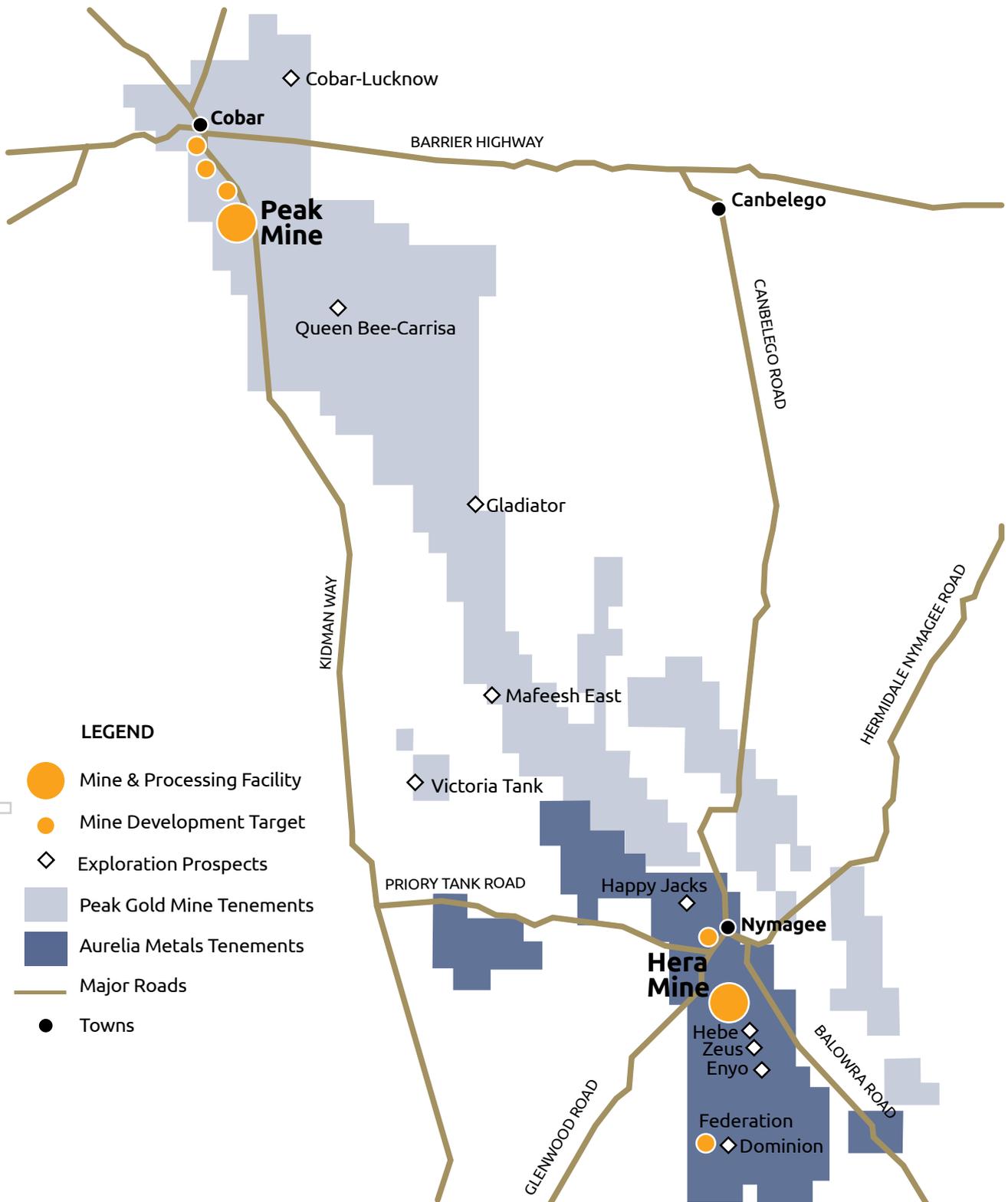
- Identify new high Net Smelter Return (NSR) material
- Extend asset operating lives



Unlock Prospectivity

- Regional exploration to deliver the next major mine

COBAR BASIN HIGHLIGHTING AURELIA'S TENEMENT HOLDING



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CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Aurelia Metals, I am pleased to present the 2020 Annual Report for the Company.

The past year has been a challenging one for businesses and communities everywhere. Staying safe and protecting those around us has taken on further meaning in the age of COVID-19. Aurelia has responded and well. The business introduced extensive measures to minimise the risk of potential COVID-19 transmission at our work sites and amongst our surrounding communities. Small, traceable work teams lie at the heart of this. I am proud of the way our leadership team has implemented these processes, and the way our people and contractors have embraced them.

A further word on operational safety. I have said before that this is a value that lies at the core of everything we do at Aurelia. A safe workday is the only kind that can be successful. Whilst we have made further progress in this area over the past year, there remains more we wish to achieve.

Our senior management team is resolutely focussed on delivering significant additional gains on this front.

Increased depth of management capability has also been invested in supporting sustainable operations, with responsible environmental management, community engagement being central to the way in which Aurelia operates.

Against the backdrop of COVID-19, Aurelia delivered a robust set of operating and financial outcomes in 2020. Full year group gold production was 91,672 ounces at a group All-In-Sustaining-Cost (AISC) of A\$1,526 per ounce. Annual EBITDA and Net Operating Cashflow exceeded A\$100 million, the third consecutive year of this significant outcome.

The Aurelia balance sheet remains in excellent shape. At balance date we held cash of A\$79 million and the business remains debt free. This is after payment of a maiden fully franked dividend of 2.0c per share during the year, which totalled A\$17.5 million.

Our investment in the future has also started to bear fruit. The major upgrade of the lead-zinc circuit at the Peak processing facility was completed, commissioned and ramped-up during the year. It has successfully unlocked the ability to treat lead-zinc rich ores at higher rates and delivered the targeted step-jump in lead-zinc production capacity going forward. Our investment in accelerating access to the high-grade Kairos deposit has also delivered with the lower Kairos decline having reached the orebody by year end. Production development activities are well underway with first stoping ore expected to be achieved in the first half of calendar 2021.

What a year it was on the exploration front – our geological team has truly delivered. In particular, the Federation discovery is one of the most significant in the Cobar Basin of recent decades. The maiden Federation resource that we announced in June 2020 – 2.6 Mt at 7.7% Pb, 13.5% Zn, 0.8 g/t Au and 9 g/t Ag – is also only the beginning. Subsequent high-grade gold intercepts, including 21.6 metres at 44.8% Pb+Zn and 31.9g/t Au, have indicated the presence of a steeply plunging high grade gold corridor within the Federation mineralisation. Modelling of this corridor is set to be incorporated into the next resource estimate. The deposit also remains open at depth and along strike. Two diamond drill rigs continue to work around the clock at Federation in pursuit of further exceptional results over the coming months.

We have commenced a Scoping Study to investigate project development options for the Federation deposit. This work will consider the range of mining, processing and infrastructure scenarios available. The current base case is that processing of Federation material would likely occur via the existing plant at our Hera Mine, providing an attractively capital-lite development pathway. We look forward to keeping you abreast of the newsflow to come from our intensive work program at Federation over the coming year.

To our entire team of dedicated people at Aurelia, I say thank you. COVID-19 delivered a year to test even the most resilient groups and you have come through with flying colours. I am grateful for your diligence and application to the task. Thank you also to the Cobar and Nymagee communities for your ongoing support of the Aurelia business and people. To our contract partners and consultants, thank you for your significant contribution to the ongoing success of Aurelia. Finally, a special thank you to Mike Menzies who recently retired. Mike was the company's longest serving Director and made an invaluable contribution over many years.

Finally, to our shareholders, thank you for your continued support and trust in Aurelia, its assets and its people. I hope you look forward to the journey ahead with as much enthusiasm as I do.



Colin Johnstone
Non-Executive Chairman

MANAGING DIRECTOR'S REPORT

It is a privilege to present my first Managing Director's Report for Aurelia.

It has been a dynamic year to say the least. It has also been a year of significant achievements for the Aurelia business.

A quick look at Aurelia tells you that it is a business with a strong base. Two operating assets possessing significant exploration upside, a strong balance sheet with zero debt, and a targeted, returns-focused strategy. It is now imperative that we continue to build on this base to ensure the growth and durability of these returns. This longevity in returns will be ensured by the continued application of our energies to sustainability drivers such as the wellbeing of our people, the vibrance of the communities in which we operate, and our care for the environments in which we exist.

The 2020 financial year saw execution on plan across our existing operations, infrastructure upgrades, exploration efforts and returns-focussed strategy. Many of you will have heard me highlight the key objectives of Reliability, Predictability and Certainty. A good business is forecastable – the expectations are clear and they are consistently delivered to. I believe we are well on the way to this overarching objective and it will remain a core focus over coming years.

COVID-19 presented its challenges. The Aurelia team's response was equal to these challenges. We introduced measures throughout the business to mitigate risks as rigorously as possible. The core of this response was the introduction of small, consistent and traceable work teams.

This approach has helped safeguard our business over this difficult period and remains at the forefront of our management of the prevailing COVID-19 environment.

Full year gold production of 91,672 ounces gold was in-line with original FY20 output guidance. The upgrade of the Peak lead/zinc circuit was completed on schedule and in-line with the revised budget. Full year EBITDA of A\$103.4 million was delivered at a sustained strong EBITDA margin of 31%. This result was reflected in operating mine cash flow of A\$124.6 million. In short, another year of robust financial outcomes.

Our exploration team delivered impressively through the course of financial year 2020. The Federation discovery is an exciting one and already forms a key plank of Aurelia's future. We have commenced a Scoping Study to evaluate development options and continue to drill-out the deposit aggressively, both infill and extensional. I look forward to keeping you updated on the progress of this substantial, and growing, asset.

Just as importantly, we are transparent about the areas in which we did not meet the standards we set out to achieve. Health and safety outcomes represent a key pillar of performance for our business. Over the course of financial year 2020 our Total Recordable Injury Frequency Rate (TRIFR) deteriorated from 12 to 22. This is both regrettable and unacceptable. The Aurelia management team is, to a person, resolutely focussed on improving this. Significant management and governance resources have been applied via the launch of "Aurelia Metals – Safe Metals", which is

a comprehensive health and safety operating framework covering day-to-day planning, intervention plans, fatal hazard management, and leadership standards and response.

While All-In-Sustaining-Cost (AISC) is a function of both controllable and uncontrollable inputs, we were still disappointed to deliver a final AISC outcome for financial year 2020 that was above original guidance. This result was negatively impacted by unanticipated water management requirements and lower than expected base metal revenues during the year.

The Aurelia path forward is guided by a clear and simple strategy. First and foremost, we plan to leverage off our strategic asset base in the Cobar Basin. This involves maximising returns via operating discipline driving margin enhancement and targeted near-mine exploration delivering profitable life extension. Investment in future growth will be underpinned by rigorous financial discipline and tension for the incremental dollar deployed to exploration and capital investment.

The current and future Aurelia is targeted to be a gold-dominant production business with accompanying high-grade base metals output. We plan to sweat our existing assets, direct our investment to the highest possible returns and drive long-term value via a focus on high quality growth opportunities and shareholder returns. The long-term vision is a mine portfolio that has benefited from sustained upgrading of reserve quality and underlying cost base. Such a business will have the strongest of social licence to operate via having a highly trusted and sustainable presence in the places in which we operate.

The future for Aurelia is exciting. Aurelia's performance over recent years has placed the business in a strong position to pursue its strategic objectives. This has been achieved through the focus and efforts of the entire Aurelia team. This team includes not just our employees, but also our key contractor partners, stakeholders, and the communities that host our activities. I would like to thank you all for your commitment and endeavour. I would also like to thank the Aurelia Board for their unyielding support and guidance.

I look forward to reporting to you regularly on our achievements over the year ahead.



Daniel Clifford
Managing Director

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FY20 HIGHLIGHTS AND FY21 OUTLOOK

Crushed ore stockpile
at Peak Mine

FY20 HIGHLIGHTS

'On strategy' Execution

FY20 achievements and delivery of key objectives was in line with Aurelia's business plan.

Key outcomes:



Achieved group gold production of

91,672 oz

which was at the mid-point of guidance



Improved underground mine development advance, up by

43%



\$103m EBITDA

Steady-state EBITDA and operating mine cash inflow, in line with FY19



\$12m EXPLORATION SPEND

Reinvested into the business at Peak and Hera Mines to support mine life extension and production capacity



DELIVERED THE **\$53m**

Peak process plant upgrade on time and within guidance



0 cases

Positioned the Company well during the uncertainty created by the COVID-19 pandemic



To drive

30% TRIFR REDUCTION

Launched the Aurelia Metals Safe Metals Strategy; an initiative focussing on improving workplace health and safety outcomes



1 cent per share

FY20 DIVIDEND

Supported shareholder return through the payment of a maiden 2 cents per share dividend (October 2019), with a final FY20 dividend of 1 cent per share recommended by the Board for payment on 2 October 2020

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Extension of strategy beyond current assets

Evaluating opportunities for organic growth, synergy and efficiencies.



The 'shaping up' of a mine development at the Federation deposit is becoming significant, with the Company moving to accelerate further exploration and evaluation activities



Aurelia will remain a gold dominant business, with the benefit of high-grade base metal by-product credits



Competitive tension will be generated for deployed capital within the business for exploration and value accretive in-organic growth



The two operating mines, Peak and Hera, provide a foundation for the Company's growth and delivery of strategic objectives. The solid operating outcomes realised during FY20 have positioned the Company well, allowing it to continue to pursue these objectives.

KEY FINANCIAL OUTCOMES

Group Financial Measure	Unit	FY20	FY19	% Change
Revenue	\$'m	331.8	295.0	12
Net profit after tax	\$'m	29.4	36.0	(18)
EBITDA	\$'m	103.4	103.1	0
Operating cash inflow	\$'m	110.5	106.8	4
EBITDA Margin	%	31	35	(11)
Final dividend (fully franked)	cps	1.0	2.0	(50)

FY21 OUTLOOK

The business plan for FY21 is to continue to pursue the Company's strategic objectives, whilst leveraging off the achievements realised during FY20, focusing on building continued efficiency within the operations, and future growth, whilst also building upon all key pillars of the organisation which measure success not merely by production volumes, but also by the sustainability of our interactions with people, the environment and the community.

The FY21 production and cost outlook is tabulated below in comparison to FY20.

Group Measure	Unit	FY21 Outlook	FY20 Actual
Gold production	koz	80 - 90	92
Lead production	kt	21.9 – 24.4	21.6
Zinc production	kt	23.5 – 26.2	20.1
Copper production	kt	4.1 – 4.5	6.3
All-in sustaining costs (AISC)*	\$/oz	1,500 – 1,750	1,526
Sustaining capital	\$'m	40 – 45	43
Growth capital	\$'m	18 – 21	36
Exploration and Evaluation	\$'m	22 – 26	12
Gold hedged	koz	-	56

*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 sold. By-product credits include silver, lead, zinc and copper sales forecast over the outlook period.

Estimated FY21 Group AISC of A\$1,500 to A\$1,750/oz is based on reference base and silver metal prices of: lead A\$2,787/t, zinc A\$3,173/t, copper A\$8,820/t and silver A\$26/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.

With all gold forward contracts settled during FY20, the Company is in a position to realise the full upside benefit of current gold prices, whilst also continuously monitoring our position and exposure to commodity price volatility.

PEAK MINE

The outlook for the Peak Mine remains strong, as FY21 will benefit from the first full year of improved base metal production following the commissioning of the lead-zinc circuit upgrade in February 2020. First stope production from the high-grade Kairos zone will occur in FY21 following initial orebody development and establishment of enabling infrastructure.

Key measures for FY21 at the Peak Mine include:

Measure	Unit	FY21 Outlook	FY20 Actual
Gold production	koz	58 – 63.8	46.6
Lead production	kt	12.7 – 14.0	12.1
Zinc production	kt	6.9 – 10.5	6.7
Copper production	kt	4.1 – 4.5	6.3
All-in sustaining costs (AISC)*	\$/oz	1,350 – 1,500	1,737
Growth capital	\$m	18 – 21	36

HERA MINE

The AISC costs at Hera Mine are expected to increase as the gold grades reduce and base metal production becomes the dominant revenue contributor. The life of mine plan extends to 2023 hence a major focus for FY21 is to accelerate exploration and evaluation activities associated with the nearby Federation deposit (refer to page 14), that is likely to benefit economically from the use of existing Hera Mine infrastructure.

Key outlook measures for FY21 for the Hera Mine include:

Measure	Unit	FY21 Outlook	FY20 Actual
Gold production	koz	22 – 26.5	45.0
Lead production	kt	9.2 – 10.4	9.5
Zinc production	kt	13.9 – 15.7	13.3
All-in sustaining costs (AISC)*	\$/oz	1,750 – 2,000	1,150
Growth capital	\$m	-	-

Aurelia cautions that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by the statements. The Company believes that the estimates are reasonable, but should not be relied upon. The Company makes no representation, warranty (express or implied), or assurance as to the completeness or accuracy of these projections and, accordingly, expresses no opinion or any other form of assurance regarding them. The Company does not intend to publish updates or revisions of any forward-looking statements included in this document to reflect Aurelia's circumstances after the date hereof or to reflect subsequent market analysis, other than to the extent required by law.

By its very nature, production and exploration for gold and base metals is a high risk business and is not suitable for certain investors. Potential investors should consult their stockbroker or financial advisor. There are a number of risks, both specific to Aurelia and of a general nature which may affect the future operating and financial performance of the Company and the value of an investment in Aurelia including and not limited to economic conditions, stock market fluctuations, commodity price movements, regional infrastructure constraints, equipment availability, timing of approvals from relevant authorities, regulatory risks, operational risks, reliance on key personnel and foreign currency fluctuations.

The non-IRFS information has not been subject to audit or review by the Company's external auditor and should be used in addition to IFRS information.

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Underground mining operations at Hera Mine

STRATEGY PROGRESSION FY21 AND BEYOND

GROWTH AND EXPLORATION

A targeted, returns focused, extension of strategy beyond existing assets

The overarching element of our business strategy is to develop an asset base to 'cycle-proof' the business through mine life and commodity mix.

We will leverage our strategic asset base in the Cobar Basin to pursue both mine life extension and future development opportunity through exploration and evaluation.

The preeminent growth project to be pursued by the Company is Federation, which is located within the Company's tenement holding and 10 kilometres from existing infrastructure at the Hera Mine.

FEDERATION

'Shaping Up' with Significant Potential

Federation has the potential to deliver significant organic growth to the business on the back of our regional exploration program. The exploration and evaluation work undertaken thus far provides confidence that a mine development at Federation will provide significant value accretion potential.

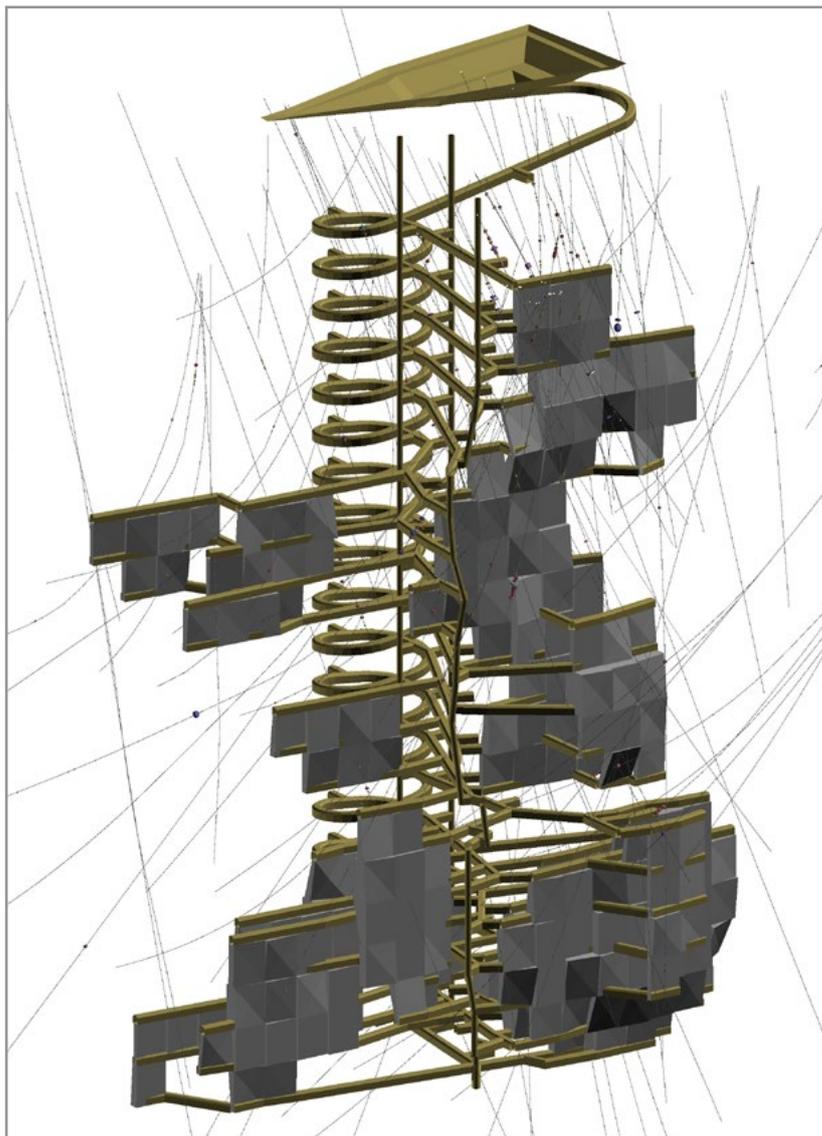
The Federation discovery was announced in May 2019, and the Company moved expeditiously during FY20 to release in June 2020 the Maiden Mineral Resource estimate of:

- 2.6Mt at 7.7% Pb, 13.5% Zn, 0.8g/t Au & 9g/t Ag
- Average NSR of A\$373/t

During FY21, the Company will continue with a program of resource infill and step-out drilling combined with district-scale exploration.

Given the proximity of Federation to the Company's Hera Mine, there is strong potential for the project economics to benefit from use of existing infrastructure. A conceptual underground mine layout is shown in Figure 1 along with hole traces from surface drilling.

Figure 1. Concept underground mine design for Federation



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Crushed ore conveyor at Hera Mine

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OUR COMMITMENT

AT AURELIA, WE MEASURE SUCCESS NOT MERELY BY PRODUCTION VOLUMES, BUT ALSO BY THE SUSTAINABILITY OF OUR INTERACTIONS WITH PEOPLE, THE ENVIRONMENT AND THE COMMUNITY.



Aurelia employee, Adam McKinnon
(Group Exploration Manager)

SUSTAINABILITY AND RISK REVIEW

At Aurelia, we measure success not merely by production volumes but also by the sustainability of our interactions with people, the environment and the community. We recognise that fundamental to our success, and our objective to build and maintain a trusted and sustainable operating presence, is our governance and management of risk and sustainability.

AURELIA'S FY21 OBJECTIVES AND MEASURES

GOVERNANCE	<p>Embed governance and oversight processes</p> <p>Improve sustainability communications</p> <p>Provide support systems</p>	<ul style="list-style-type: none"> • Develop Department level risk registers • No overdue actions for Senior Management Taskforce for Significant Incidents • Develop HR Governance Practices through establishment of 'The Aurelia Way' which incorporates the code of conduct and supporting policies, standards and procedures • Supply chain assessment including modern slavery review • Expand depth of sustainability reporting on external platforms, including website and engagement with stakeholders • Integrated Human Resources Framework & Human Resources Information System
SAFETY	<p>No fatalities</p> <p>30% TRIFR reduction</p>	<ul style="list-style-type: none"> • Expand lead indicator program • Develop Fatal Hazard Standards accompanied by a critical control verification program
ENVIRONMENT	<p>No significant environmental incidents</p>	<ul style="list-style-type: none"> • Embed oversight and governance processes for critical infrastructure onsite (e.g. tailings storage facility) • Implement Green Rules • Develop Group Environment Standards accompanied by a critical control verification program
COMMUNITY	<p>Engage with community and stakeholders</p>	<ul style="list-style-type: none"> • Support the communities in which we live and operate through opportunities for local employment, supporting local businesses and participation and support of community events and organisations • Conduct community and stakeholder engagement in accordance with engagement matrix
HUMAN RESOURCES	<p>Define corporate identity</p> <p>Engage employees</p> <p>Attract, retain and motivate</p> <p>Develop talent</p>	<ul style="list-style-type: none"> • Establish and embed Aurelia's vision and values • Implement the sustainability actions from the Business Effectiveness Review • Complete the inaugural employee engagement survey • Sustainability measures included in STIP (Short Term Incentive Plan) • Implementation of a Leadership Development Programme and competency framework which includes safety leadership

GOVERNANCE

BOARD OF DIRECTORS

The composition of Aurelia's Board of Directors is detailed within the Directors' Report (page 30).

The Board Skills Matrix has continued to be developed to capture the current mix of skills, competencies and diversity on the Board and to enable the Board to assess whether there are any areas which need to be strengthened in the future having regard to the Company's long term strategy. The Matrix will inform decisions on future appointments and the development of existing directors' skills.

The Board aims to ensure that Shareholders are provided with all information necessary to assess the performance of the Company and the Board. Regular investor conference calls and the annual general meeting (AGM) are key engagement mechanisms whereby Aurelia seeks to understand the views of Shareholders and share Company information.

AUDIT COMMITTEE

The Audit Committee assists the Board to ensure the reliability and integrity of the Company's financial reporting, including audited statutory financial statements, and the application of significant accounting policies. The Committee oversees the engagement of the external auditor, the audit plan, and the execution of the audit. The Committee also reviews and oversees financial risk management matters and the processes applied to identify, manage, and report upon significant financial risks, including ensuring that an effective compliance regime is in place.

The Audit Committee Charter, which was reviewed in August 2020, details the role and responsibilities of the Committee. The Charter is published on Aurelia's website.

SUSTAINABILITY AND RISK COMMITTEE

The Sustainability and Risk Committee assists the Board in matters pertaining to sustainability of the Company including, safety, health, environment, community relations (social responsibility) and enterprise risk management (ERM). In particular, the Committee is responsible for satisfying itself that effective measures, systems and controls are in place in relation to managing sustainability issues and incidents that may have material strategic, business and reputational implications for the Company and its stakeholders.

The Sustainability & Risk Committee was established in November 2019. A charter and work plan were established. The Charter is published on Aurelia's website and details the responsibilities of this Committee.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee is responsible for reviewing and making recommendations to the Board in relation to remuneration and nomination matters, including the:

- remuneration arrangements and contract terms for the Managing Director and other executive key management personnel;
- terms and conditions of short-term and long-term incentives for the Managing Director and other executive key management personnel, including the targets, performance tests, and vesting conditions;
- remuneration to be paid to non-executive Directors and development of remuneration policies and practices for the Company;
- evaluation of Board performance.

The Remuneration and Nomination Committee Charter on Aurelia's webpage provides further detail on the responsibilities of this Committee.

BUSINESS CONDUCT

As part of Aurelia's commitment to employment engagement, the Company completed a Business Effectiveness Review to gain feedback from the workforce on what we do well and how can we improve our performance. The review involved one on one interviews with 50% of the Aurelia workforce, including employees and contractors. A clear outcome of the review was the need to develop and embed the Company's vision and values into everyday activity. During the review other common themes were also identified and actions were developed in response to the common themes. These actions will be completed in FY21 alongside a refresh of the Company's code of conduct.

WHISTLEBLOWER POLICY AND SERVICE

Aurelia has engaged an external Whistleblower service, Stopline, to provide a mechanism for employees to report concerns arising from the Company's Whistleblower Policy. Issues can be raised via the Whistleblower Service by mail, email and/or telephone. Three whistleblower protection officers have been appointed. Issues can be reported anonymously with employees encouraged to use the service if they are uncomfortable raising issues through normal day-to-day reporting channels.

Aurelia prohibits any form of retaliatory action against anyone who raises a genuine concern, or for helping to address such a concern.

A link to Aurelia's Whistleblower Policy and service is available on the Company's website.

RISK MANAGEMENT

Aurelia is updating its Enterprise Risk Management (ERM) framework. The revised framework will be aligned to ISO 31000. The framework will be rolled out across the operations throughout FY21 with oversight from the Sustainability and Risk Committee. The Committee is responsible for monitoring the adequacy of, and to make recommendations to the Board in relation to the ERM framework and the Company's management of material risks to ensure alignment to Aurelia's risk appetite and business strategy.

MODERN SLAVERY

In FY20, Aurelia commenced a project to identify the risks of modern slavery in our operations and supply chain.

This project will continue in FY21 and involve disclosure in accordance with the Modern Slavery Act 2018.

AURELIA'S RESPONSE TO COVID-19

In response to the COVID-19 pandemic, Aurelia continues to act in line with government advice to ensure the wellbeing of our employees, contractors and the local community to maintain business continuity.

The Company enacted its crisis management processes including activation of the corporate crisis management team and the site-based incident management teams. These teams met and continue to meet on a regular basis to manage the risks associated with COVID-19 with the crisis management team regularly reporting to the Board.

Aurelia has strict COVID-19 controls in place which are detailed in the Company's Pandemic Plan. These controls cover travel to Company sites, interactions with local communities and hygiene and physical distancing measures on site.

The controls are focused on:

- SMALL workgroups
- CONSISTENT workgroups
- TRACEABLE workgroups

The controls are routinely monitored with verification activities in place to ensure compliance.

Aurelia's COVID-19 measures and crisis management protocols continue to be in place at our sites. Our protocols evolve in response to government restrictions and health advice. A key risk that we continue to manage is interstate border closures and implications on our fly in/fly out (FIFO) and drive in/ drive out (DIDO) workforce and our obligation to protect our local communities. Our COVID controls for the FIFO and DIDO workforce were built through community engagement that included meetings with key community members and community notices. FIFO and DIDO controls include restricted movement of this workforce within local communities, restricted movement in camps, travel protocols and limited close contact on Aurelia operated sites.

SUSTAINABILITY

Aurelia is committed to building and maintaining a trusted and sustainable operating presence. Our approach to sustainability is embedded in our business strategy and aims to deliver value across all aspects of the business. Strong economic returns and growth will only be achieved by delivering responsible environmental and social outcomes and creating shared value and opportunity for our stakeholders.

The outcomes and programs initiated during FY20 have shaped our thinking and planning for FY21, particularly with regards to the Company's sustainability approach and performance. The outcomes from the Business Effectiveness Review, the development of the Company's long-term strategy and understanding of the associated risks, the development of our vision and values, and on-going discussion and engagement with shareholders and proxy advisors are processes which have informed our forward plans.

We are committed to making a step change in our sustainability management and performance by embedding governance and oversight processes, strengthening our safety and environmental ownership and leadership. We will continue to partner with our communities and improving our support systems.

In FY20, Aurelia strengthened sustainability governance through the establishment of the Sustainability and Risk Committee.

The Company will continue to build its governance, risk management and supporting systems and in FY21 our key sustainability priorities include:

- embedding and driving further improvements to our governance processes;
- developing and embedding systems including standards to ensure that we consider sustainability in decisions, and that we have clear expectations of our employees to continuously improve our approach to performance; and
- integrating standards and systems, including a common IT platform, to support our drive to improve our performance.

HEALTH AND SAFETY

The safety of our employees, contractors and the communities in which we operate is our priority. We have established safety systems to guide our approach. In FY20 we introduced a Senior Management Taskforce for Significant Incidents.

The taskforce comprises Company executives and is responsible for reviewing the investigation findings from High Potential Risk Incidents to ensure that the findings are sound and that actions are applied to all relevant areas of the business.

Disappointingly, in FY20 our safety performance was unacceptable with too many incidents and employees and contractors being injured.

In an effort turnaround our safety performance, the Company developed and launched the Aurelia Metals – Safe Metals strategy.

Total recordable injury frequency rate (per million hours worked)

Year ended 30 June	FY18	FY19	FY20
Hera	16.5	5.4	29.1
Peak	8.9	14.9	18.8
Group	11.4	11.5	21.9

In an effort to turnaround our safety performance, the Company developed and launched the Aurelia Metals – Safe Metals Strategy.

Safe Metals has four targeted components that are being implemented, which will continue to be our priority in FY21.

COMPONENT 1:

Active intervention in areas of concern. In FY20, intervention plans were developed for underperforming areas of the business and work has commenced to implement these plans. A key focus is safety leadership through lead indicators. Further implementation of the interventions will occur in FY21.

COMPONENT 2:

Roll out of Aurelia's Rules to Live By. The Rules to Live By address the Company's high-risk work activities where compliance is a non-negotiable. These rules were rolled out in FY20 and will continue to be reinforced throughout FY21 as part of an ongoing communications plan.

COMPONENT 3:

Establish and implement of Fatal Hazard Standards (which address safety and environmental hazards) including critical control verification.

COMPONENT 4:

Implement appropriate supporting systems that will underpin continuous improvement in achieving the Aurelia Metals – Safe Metals objectives.

RULES TO LIVE BY



Alcohol and Drugs

I will never report to work whilst under the influence of alcohol or drugs.



Mobile Equipment

I will never operate any mobile equipment unless specifically trained and properly authorised to do so.



Isolation

I will never work on plant and equipment before it has been isolated, tagged and tested for dead.



Personal Tag & Lock

I will never remove, modify or bypass a personal tag or lock unless properly authorised to do so.



Safety Devices

I will never tamper, remove or modify a safety protection device unless properly authorised.



Confined Space

I will never enter a designated confined space unless I have a permit and am trained, competent and properly authorised to do so.



Unsupported Ground and Suspended Loads

I will never be beneath unsupported ground or a suspended load.



Working at Heights

I will never work at heights greater than 1.8 metres or within the prescribed distances of underground voids without fall prevention or fall protection equipment.

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SAFE METALS STRATEGY

The planned outcomes of the program is to substantially improve our performance in personal injury occurrences and the control of fatal hazards, or more specifically:

- 30% reduction in TRIFR by the end of FY2021 and 50% reduction in TRIFR by the end of FY2022
- Certainty that there will be no fatalities in our operations or activities

The early stages of the program have been to implement Intervention Plans and actions to correct injury rates for poor performing areas and the roll-out of Aurelia 'Rules to Live By'.

At the writing of this Annual Report Aurelia has now recorded three consecutive months where we have been Total Recordable Injury (TRI) free. This is a significant achievement for us and encompasses all our employees and our contract partners and has resulted in a ~19% reduction on a year-to-date basis.

ENVIRONMENT MANAGEMENT

Aurelia is committed to achieving responsible environmental outcomes. We aim to integrate environmental management into all aspects of the business to achieve personal ownership and accountability of environmental outcomes.

In FY21 our key priorities across environmental management include:

- Roll out of Green Rules. These rules apply to the environment in a similar manner to our safety Rules to Live By;
- Integrate environmental lead indicators into the business;
- Develop and implement environmental standards (in alignment with Component 3 of Safe Metals which addresses Fatal Hazard Standards) including critical control verification; and
- Complete a gap analysis of the site Environmental Management Systems against ISO14001.

CLOSURE PREPAREDNESS

Aurelia has closure plans in place for both Peak and Hera mines with annual programs for rehabilitation detailed in the site's Mining Operations Plan. In FY20, we made the following progress with rehabilitation on our sites:

- At Hera, tailings column trials were undertaken to assess the performance of different tailings dam cover options.

Hera process plant

CLOSURE PREPAREDNESS (CONTINUED)

These trials have been running for 3 years now and are showing promising results. Rehabilitation of redundant access tracks also continued.

- At Peak, rehabilitation was undertaken on areas disturbed by 2019 exploration as well as historic mine sites associated with the mining lease. All rehabilitation sites were monitored and assessed for landscape function analysis. Peak also commissioned column trials to assess possible concept covers for tailings dam closure.

TAILINGS

Both Peak and Hera use the centralised thickened discharge method for tailings disposal. This method of tailings disposal is considered to be a low risk technique for western NSW given the region's dry climatic conditions. Tailings are centrally deposited to form a low conical hill over a large lateral area with embankments reduced in size and extent. Aurelia has established strong systems for the management of these structures including:

- Adherence to site-specific Operations and Maintenance Tailings Storage Facility (TSF) management plans to guide the safe day to day operation of the TSFs;
- A series of piezometers and monitoring bores installed around the TSFs to identify any seepage and potential impacts to the environment;
- Annual inspections by independent experts; and
- Dam break analysis studies to understand implications if there was a catastrophic failure.

WATER MANAGEMENT

Aurelia's sites are zero discharge. Water is a scarce commodity in western NSW. Water is a significant input into processing activities and access to sufficient water to support current and future activities is critical. The impact of drought conditions serves to increase this risk. To manage this risk, the Company has introduced a number of initiatives to reduce pressure on competing for water within our communities.

Hera currently relies on groundwater for its water needs. The mine continues to assess a range of options to mitigate the long-term risk of water shortages. In FY20, we installed a water pipeline from the historic Nymagee workings and established additional groundwater production bores on the Hera lease.

Peak currently utilises a range of water sources including a water allocation from the Cobar Water Board. To mitigate the risk of reduced future water allocations, the mine has installed a pipeline from the historic Great Cobar workings and is using accumulated water from these old workings where possible. The water quality presents challenges and a reverse osmosis plant is being commissioned for use in FY21 to treat this water.

Water consumption (Megalitres)

Site	FY19	FY20
Peak	708	827
Hera	356	419
Water intensity (ore mined – Peak kL/t)	1.6	1.4
Water intensity (ore mined – Hera kL/t)	0.8	1.0

ENVIRONMENTAL COMPLIANCE

The Company is subject to environmental regulations through various licences and approvals issued by regulatory bodies including: Department of Planning, Industry and Environment; NSW Environmental Protection Authority; Cobar Shire Council; and the NSW Resources Regulator. All incidents, including breaches of regulatory conditions, are tracked in our incident reporting database and managed according to the actual or potential environmental consequence.

In FY20, there were no environmental incidents or breaches of environmental conditions internally ranked as greater than a moderate level of risk. The Company was issued with a Warning Letter from the Department of Planning, Industry and Environment for breaching Section 4.2(1)(b) of the Environmental Planning and Assessment Act 1979 for transporting concentrate after daylight hours on 23 June 2020. Subsequent to this breach, the Group Manager - Environment supported by the Hera Mine's General Manager and the General Manager Risk and Sustainability, commenced an environmental compliance awareness programme at the Hera site. In FY21, this program will be extended to encompass all employees and contractors at the Peak Mine site.

GREENHOUSE GAS EMISSIONS

The Company acknowledges the potential for climate change to impact our business. It is a key consideration in our day to day operations given energy consumption is a significant aspect of our business. Aurelia's strategy for climate change is focussed on understanding and reducing our energy consumption.

We continue to consider measures that manage our climate resilience strategies. A particular focus is our planning to ensure access to water, given water scarcity in western NSW (see Water Management section).

OUR COMMUNITIES

Aurelia recognises the importance of supporting and partnering with our local communities to build respectful relationships and a sense of shared value that is mutually beneficial. We foster open and transparent consultation and engagement with community feedback actively considered in Aurelia's decision making.

Aurelia uses a number of engagement activities to foster transparent, inclusive and meaningful engagement with our communities. In FY20, engagement activities included attendance at local community meetings and committees, project specific meetings, surveys, one-on-one meetings with stakeholders, newspaper notices, complaints and grievance mechanisms, website updates and social media. The key priorities for engagement related to identification of community investment opportunities and updates on operational performance and project development.

Aurelia actively works with our two local communities, Cobar and Nymagee, to identify and implement community investment opportunities. At Cobar, our Peak Mine has a Donations Committee that includes community and Aurelia representatives. The committee calls for donation requests several times per year and funding is assigned based on its merits by the committee with projects relating to education and health prioritised. At Nymagee, our Hera Mine has a Voluntary Planning Agreement (VPA) in place with Cobar Shire Council. The VPA empowers the local community to prioritise community projects and funding is assigned accordingly.

Aurelia's Community Consultative Committee (CCC) meetings are a key method for engaging with the local community. The CCC is an independent committee who are responsible for providing a direct line of communication between the community and the Company. These meetings are held quarterly and hosted by an independent chairperson approved by the state government. The committee includes approximately five members of the local community who have nominated, been endorsed by the independent chairperson and their membership approved by the state government.

GRIEVANCE MANAGEMENT

Aurelia has a grievance management process in place. Aurelia's complaint hotline is published on the Aurelia website and is regularly published in the local newspaper. Responses to all grievances received by the Company are provided and actioned as appropriate. Grievances are published on the Aurelia's website for transparency.

MAKING POSITIVE CONTRIBUTIONS TO OUR COMMUNITIES

Aurelia is committed to making positive contributions to the communities in which we operate through a structured donations program, local employment and by supporting local businesses.

In FY20, our donations supported some of the following major projects:

- Cobar High School Makerspace which is a creative art space within the school.
- Installation of air conditioners at the Cobar retirement village.
- Cobar Miner's Race Day (cancelled for FY20 due to COVID-19 with the donation to be used for next year's event).
- Assisted Cobar Shire Council to purchase a block of land overlying the Nymagee Airstrip.
- Hermidale Public School Yarning Circle - The school created an outdoor learning classroom, a 'Yarning Circle', in consultation with Nyngan Aboriginal consultative group representatives. This landscaped area is a place for quiet reflection, story sharing, community connections and outdoor learning.
- Cleaning and maintenance of the Nymagee community facilities.

The total of the community donations completed are detailed below:

Site	FY19	FY20
Peak	\$33,000	\$52,000
Hera	\$18,700	\$67,000

Aurelia supports local communities and regions by aiming to procure goods and services from local providers where possible. In FY20, 67% of our spend at Peak and 48% of our expenditure at Hera was with local suppliers. We will continue to support our local providers through our procurement processes for goods and services.

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Peita Doyle
undertaking
regional
exploration
activities

MINERAL RESOURCE AND ORE RESERVE STATEMENT

The Group's annual Mineral Resource and Ore Reserve statement relates to its 100% owned Peak and Hera Mines, along with Mineral Resources for its 100% owned Federation deposit and 95% owned Nymagee Project in NSW.

The Mineral Resource Estimate and Ore Reserve Estimate are reported in accordance with the guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code 2012"). The estimates are reported as at 30 June 2020.

The Competent Persons Statement which supports the Mineral Resource and Ore Reserve tables can be found on page 114.

Tables 1 to 8 summarise Group Mineral Resources, Ore Reserves.

Table 1. Aurelia Group Mineral Resource Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)
Measured	2,618	208	1.7	0.8	1.6	2.3	19
Indicated	8,501	219	1.4	1.3	1.5	1.9	14
Inferred	5,662	266	0.9	1.0	3.6	6.2	9
Total Resources	16,784	233	1.3	1.1	2.2	3.4	13

Note: The Mineral Resource Estimate is inclusive of Ore Reserves. There is no certainty that Mineral Resources not included in Ore Reserves will be converted to Ore Reserves. The Aurelia Group Mineral Resource Estimate utilises A\$120/tonne NSR cut-off mineable shapes that include internal dilution. Net smelter return (NSR) is an estimate of the net recoverable value per tonne including offsite costs, payables, royalties and metal recoveries. Tonnage estimates have been rounded to nearest 1,000 tonnes.

Table 2. Aurelia Group Ore Reserve Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)
Proved	980	178	1.4	0.7	2.2	3.3	23
Probable	3,547	241	2.3	0.7	3.0	3.4	22
Total Reserves	4,527	228	2.1	0.7	2.8	3.4	22

Note: When comparing Mineral Resources to Ore Reserves, it should be noted that Ore Reserves are estimated using lower metals price assumptions and higher NSR cut-off values. The Ore Reserve Estimate utilises an A\$150/tonne NSR cut-off for Peak, Peak North, Kairos, Chronos, S400 and Perseverance and an A\$130/tonne NSR cut-off for Chesney, Jubilee and the Hera Mine. Metal price assumptions are contained in the body of this report. Tonnage estimates have been rounded to nearest 1,000 tonnes.

MINERAL RESOURCE ESTIMATES

Table 3. Peak Gold Mine Mineral Resource Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)
Measured	1,749	197	1.8	1.1	0.7	1.0	13
Indicated	6,538	218	1.6	1.2	1.5	1.7	11
Inferred	3,065	183	1.0	1.8	0.3	0.4	7
Total	11,351	205	1.5	1.4	1.0	1.2	10

Note: The Peak Gold Mine Mineral Resource Estimate is inclusive of Ore Reserves. The Mineral Resource Estimate utilises A\$120/tonne NSR cut-off mineable shapes that include internal dilution. Tonnage estimates have been rounded to nearest 1,000 tonnes.

Table 4. Hera Mine Mineral Resource Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Measured	869	230	1.6	3.3	5.0	33
Indicated	464	238	1.8	2.8	4.6	49
Inferred	68	210	1.5	2.1	4.2	54
Total	1,401	232	1.6	3.1	4.8	40

Note: The Hera Mineral Resource Estimate is inclusive of Ore Reserves. The Mineral Resource Estimate utilises A\$120/tonne NSR cut-off mineable shapes that include internal dilution. Tonnage estimates have been rounded to nearest 1,000 tonnes.

Table 5. Federation Deposit Mineral Resource Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Indicated	90	407	2.2	6.3	12.1	9
Inferred	2,489	372	0.8	7.7	13.5	9
Total	2,579	373	0.8	7.7	13.5	9

Note: Full details of the maiden Mineral Resource Estimate for Federation were released to the ASX on 9 June 2020. The Federation Mineral Resource Estimate utilises A\$120/tonne NSR cut-off mineable shapes that include internal dilution. Tonnage estimates have been rounded to nearest 1,000 tonnes.

Table 6. Nymagee Project Mineral Resource Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Indicated	1,411	207	2.3	0.8	1.5	18
Inferred	42	131	1.6	0.2	0.5	10
Total	1,454	205	2.2	0.8	1.4	18

Note: The Nymagee Project Mineral Resource Estimate utilises A\$120/tonne NSR cut-off mineable shapes that include internal dilution. Tonnage estimates have been rounded to nearest 1,000 tonnes.

ORE RESERVE ESTIMATES

The Ore Reserve Estimate is derived from only the Measured and Indicated categories within the Mineral Resource Estimate.

Table 7. Peak Gold Mine Ore Reserve Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)
Proved	339	169	1.1	1.8	0.4	0.7	12
Probable	2,992	251	2.4	0.8	3.0	3.2	17
Total	3,331	243	2.3	0.9	2.8	2.9	16

Note: The Peak Gold Mine Ore Reserve Estimate utilises an A\$150/tonne NSR cut-off for Peak, Peak North, Kairos, Chronos, S400 and Perseverance and an A\$130/tonne NSR for Chesney and Jubilee. Tonnage estimates have been rounded to the nearest 1,000 tonnes.

Table 8. Hera Mine Ore Reserve Estimate as at 30 June 2020.

Class	Tonnes (kt)	NSR (A\$/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Proved	642	183	1.5	3.1	4.7	28
Probable	555	187	1.4	3.0	4.8	49
Total	1,197	185	1.4	3.0	4.7	38

Note: The Hera Mine Ore Reserve Estimate utilises an A\$130/tonne NSR cut-off. Tonnage estimates have been rounded to the nearest 1,000 tonnes.

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aurelia **PYBAR**
Hera Mine
Peter Hay Decline 2013



Waste being loaded for underground back-fill at Hera Mine



FINANCIAL STATEMENTS

Directors' Report	30
Operations and financial review	37
Letter from the Chairman of the Remuneration and Nomination Committee	50
Remuneration Report (Audited)	52
Auditor independence declaration	72
Statement of comprehensive income	73
Statement of financial position	74
Statement of changes in equity	75
Cashflow statement	76
Notes to financial statements	77
Director's declaration	108
Independent Auditor's Report to the Members of Aurelia Metals Limited	109

DIRECTOR'S REPORT

The following report is submitted in respect of the results of Aurelia Metals Limited ('Aurelia' or 'the Company') and its subsidiaries, together the consolidated group ('Group'), for the financial year ended 30 June 2020, together with the state of affairs of the Group as at that date.

The Board of Directors submit their report for the year ended 30 June 2020.

1. DIRECTORS AND OFFICERS

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

COLIN JOHNSTONE

Independent Non-Executive Chairman

Member of the Board's Remuneration and Nomination Committee and Sustainability and Risk Committee

Mr Johnstone is a mining engineer with extensive experience operating mines in Australia, Asia, Africa and Canada. He held the position of Chief Operating Officer for African copper miner Equinox Minerals until its acquisition by Barrick Gold in mid-2011, and prior to that was the Chief Operating Officer for China-focussed gold miner Sino Gold Mining until its acquisition by Eldorado in late 2009.

Mr Johnstone's career spans more than 30 years and he has served as General Manager of some of Australia's largest mines including the Kalgoorlie Super Pit in Western Australia, Olympic Dam in South Australia and Northparkes in New South Wales.

During the past three years, Mr Johnstone has also served as a Director of:

- Evolution Mining (ASX: EVN), resigned March 2020

Mr Johnstone was appointed as a Director and Chairman of the Company on 28 November 2016.

During the period from 2 May 2019 to 24 November 2019, Mr Johnstone fulfilled interim executive duties following the resignation of the former Managing Director and CEO. During the period noted, Mr Johnstone acted as the Interim Executive Chairman and Chief Executive Officer. This interim arrangement concluded following the successful appointment of Mr Daniel Clifford as Managing Director and Chief Executive Officer.

DANIEL CLIFFORD

Managing Director & Chief Executive Officer

Mr Clifford joined Aurelia as Managing Director and CEO on 25 November 2019.

Mr Clifford is a Mining Engineer with more than 25 years of experience across the industry. He was most recently the Managing Director and CEO of Stanmore Coal Limited (ASX: SMR) (Stanmore), a role he held from November 2016 to October 2019. During his tenure there, Stanmore saw significant growth in both output and profitability at its flagship Isaac Plains metallurgical coal mine in Queensland. This dynamic was reflected in Stanmore's strong share price performance over this period.

Prior to this, Mr Clifford was CEO of Solid Energy New Zealand Limited from March 2014 to November 2016. He guided the company through a period of significant financial pressure and challenging market conditions, including leading an asset sales program. Mr Clifford has also held senior technical and operational positions for Glencore plc, Anglo American plc and BHP Group Limited.

LAWRENCE CONWAY

Independent Non-Executive Director

Chair of the Board's Audit Committee

Mr Conway has 30 years' experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate and operational commercial roles within Australia, Papua New Guinea and Chile with Evolution Mining, Newcrest and BHP Billiton.

Mr Conway was appointed as a Director of the Company on 1 June 2017.

During the past three years, Mr Conway has also served as a Director of:

- Evolution Mining (ASX: EVN), appointed August 2014, where he holds the position of Finance Director and Chief Financial Officer.

Mr Conway is also a Board member of the NSW Minerals Council.

SUSAN CORLETT

Independent Non-Executive Director

Chair of the Board's Sustainability and Risk Committee and member of the Board's Audit Committee

Ms Corlett is a geologist with over 25 years' experience in exploration, mining operations, mining finance and investment. Ms Corlett serves as a non-executive director of ASX listed Iluka Resources and as a director of not for profit organisations, the Foundation of National Parks and Wildlife and the AusIMM Education Endowment Fund. During her executive career, Ms Corlett was an Investment Director for global mining private equity fund, Pacific Road Capital Ltd and worked in mining credit risk management and project finance for Standard Bank Limited, Deutsche Bank and Macquarie Bank.

Ms Corlett has a Bachelor of Science (Hons. Geology) from the University of Melbourne, is a graduate of the Australian Institute of Company Directors, a Fellow of the AusIMM and a member of Chief Executive Women.

Ms Corlett was appointed as a Director of the Company on 3 October 2018.

During the past three years, Ms Corlett has served as a Director of:

- Iluka Resources (ASX: ILU), appointed June 2019

PAUL HARRIS

Independent Non-Executive Director

Chair of the Board's Remuneration and Nomination Committee, member of the Board's Audit Committee

Mr Harris has more than 26 years' experience in financial markets and investment banking, including advising mining corporates on strategy, mergers and acquisitions, and capital markets, including as Managing Director – Head of Metals and Mining at Citi.

Mr Harris has a Master of Engineering (Mining) and a Bachelor of Commerce (Finance) and is a graduate of the Australian Institute of Company Directors.

During the past three years, Mr Harris has served as a Director of:

- Aeon Metals Limited (ASX: AML), appointed December 2014

Mr Harris was appointed as a Director of the Company on 17 December 2018. During the leadership transition phase following the resignation of the former Managing Director & CEO, Mr Harris was appointed the Lead Independent Director for the period from 1 May 2019 to 24 November 2019.

MICHAEL MENZIES

Independent Non-Executive Director

Member of the Board's Remuneration and Nomination Committee and Sustainability and Risk Committee

Mr Menzies is a law graduate who has over 35 years of experience in a variety of industrial, operational and managerial roles within the mining industry in Australia and off-shore, in base metals, gold, mineral sands and coal. He has worked with Renison Goldfields, CRA Limited and MIM Holdings where he was Executive General Manager Mining. Following a period employed in Private Equity in project evaluation and investment advice, in recent times Mr Menzies has been engaged in mining consultancy work primarily consulting to Glencore. Mr Menzies is a former Director of Australian Mines and Metals Association and former Vice-President of the Queensland Mining Council.

Mr Menzies was appointed as a Director of the Company on 15 December 2015. He was previously a Director of the Company from 26 March 2013 to 26 June 2015.

During the period from 2 May 2019 to 23 October 2019, Mr Menzies fulfilled executive duties to Aurelia during a leadership transition phase following the resignation of the former Managing Director and CEO. During the period noted, Mr Menzies acted as the Interim Executive Director and Chief Operating Officer. This interim arrangement concluded following the successful appointment of Mr Peter Trout as the Chief Operating Officer.

GILLIAN NAIRN

Company Secretary

Ms Nairn has over 20 years' legal and governance experience in various listed and public companies, as well as in private practice.

Ms Nairn is an employee of Company Matters Pty Ltd, a company secretarial service provider. Prior to joining Company Matters, Ms Nairn held various company secretarial roles, predominantly with listed entities, in a variety of sectors including manufacturing, oil and gas, professional services and education.

Ms Nairn holds a Bachelor of Laws and a Bachelor of Arts, a Graduate Diploma in Applied Corporate Governance and is a Fellow of the Governance Institute of Australia and a member of the Law Society of NSW.

Ms Nairn was appointed as a Company Secretary on 3 June 2019.

Directors and Officers who no longer hold office at the date of this report are as follows:

PAUL ESPIE

Independent Non-Executive Director

Mr Espie was the founding principal of Pacific Road Capital, a private equity fund manager in the resources sector. He was Chairman of Oxiana Limited during the development of the Sepon copper/gold project in Laos (2000 to 2003) and prior to that he was the Chairman of Cobar Mines Pty Ltd. Mr Espie was also previously responsible for the Bank of America operations in Australia and Chairman of the Australian Infrastructure Fund. Mr Espie is a Fellow of the Australian Institute of Company Directors, Trustee of the Australian Institute of Mining & Metallurgy, Educational Endowment Fund.

During the past three years, Mr Espie has also served as a Director of the Menzies Research Centre and Chairman of Empire Energy Limited (ASX: EEG).

Mr Espie was appointed as a Director of the Company on 10 December 2013 and resigned on 29 November 2019.

TIMOTHY CHURCHER

Chief Financial Officer and Company Secretary

Mr Churcher is a senior finance professional with over 30 years' experience in the mining industry in a range of financial and technical disciplines.

His finance experience includes roles as Chief Financial Officer of Evolution Mining Limited and Chief Financial Officer & Company Secretary of Unity Mining Limited. Prior to this, Mr Churcher was employed in private equity investment with Renaissance Capital Limited and prior to that in stockbroking with Goldman Sachs (formerly JB Were & Son Limited).

Mr Churcher was appointed as the Company's Chief Financial Officer on 30 September 2014 and was appointed as Company Secretary on 20 December 2016. He left the Company on 1 July 2020.

2. DIRECTORS' INTERESTS

At 30 June 2020 the interests of the Directors in the shares and other equity securities of the Company were:

Directors	Ordinary Shares	Performance Rights
Colin Johnstone	1,250,000	-
Daniel Clifford	-	4,482,268
Michael Menzies	833,929	-
Lawrence Conway	171,429	-
Susan Corlett	33,731	-
Paul Harris	-	-
Total	2,289,089	4,482,268

3. MEETINGS OF DIRECTORS

The number of Board of Director meetings and Board Committee meetings held during the year and each Director's attendance at those meetings is set out below:

Director	Committee meetings of the Board:							
	Directors' Meetings		Audit		Remuneration & Nomination		Risk & Sustainability*	
	(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)
Colin Johnstone	14	14	-	-	1	1	2	2
Daniel Clifford**	11	11	-	-	-	-	-	-
Michael Menzies	14	14	-	-	1	1	2	2
Lawrence Conway	14	13	6	6	-	-	-	-
Paul Harris	14	14	6	6	3	3	-	-
Susan Corlett	14	14	6	6	2	2	2	2
Paul Espie***	3	3	-	-	2	2	-	-

(i) Held – Indicates the number of Board meetings held during the period of a Director's tenure or the in the case of Committee meetings, whilst the Director was a member of Committee. Whilst non-member Directors are entitled to attend Committee meetings (subject to any conflicts), these attendances are not reflected in the above table.

(ii) Attended – Indicates the number of meetings attended by a Director.

* The Sustainability & Risk Committee was established on 29 November 2019.

** Appointed 25 November 2019.

*** Resigned 29 November 2019.

3. MEETINGS OF DIRECTORS (CONTINUED)

The members of the Board's Committees at 30 June 2020 are:

Audit Committee:

Lawrence Conway, Susan Corlett, Paul Harris

Remuneration & Nomination Committee:

Paul Harris, Colin Johnstone and Michael Menzies

Sustainability & Risk Committee:

Susan Corlett, Colin Johnstone and Michael Menzies

The Remuneration and Nomination Committee was reconstituted following the resignation of Mr Espie on 29 November 2019. Prior to Paul Espie's resignation, the members were Paul Espie, Paul Harris and Susan Corlett.

4. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against a liability incurred to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company may provide a Deed of Indemnity, Insurance and Access with Directors and Officers. In Summary, the Deed provides for: access to corporate records for each Director for a period after ceasing to hold office in the Company; the provision of Directors and Officers Liability Insurance; and indemnity for legal costs incurred by Directors in carrying out the business affairs of the Company.

Except for the above the Company has not otherwise, during or since the financial year, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

5. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditor as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify the auditor during or since the financial year.

6. DIVIDENDS

On 2 October 2019, a maiden fully franked dividend of 2.0 cents per fully paid ordinary share was paid totalling \$17.5 million.

The Board of Directors resolved to pay a fully franked dividend of 1.0 cent per fully paid ordinary share related to the year ended 30 June 2020. The dividend is payable on 2 October 2020.

7. CORPORATE STRUCTURE

Aurelia Metals Limited is a company limited by shares that is incorporated and domiciled in Australia. Aurelia has five wholly owned subsidiaries, as listed below:

- Defiance Resources Pty Ltd, incorporated 15 May 2007
- Hera Resources Pty Ltd, incorporated 20 August 2009
- Nymagee Resources Pty Ltd, incorporated 7 November 2011
- Peak Gold Asia Pacific Ltd, incorporated 26 February 2003
- Peak Gold Mines Pty Ltd, incorporated 31 October 1977

8. PERFORMANCE RIGHTS

As at the date of this report, there were 8,077,412 unissued ordinary shares subject to Performance Rights.

The Performance Rights are unlisted and have terms as set out below:

Grant Date	Expiry or Test Date	Exercise Price	Balance at start of year	Granted during the year	Vested during the year	Expired during the year	Balance at year end
28-11-16	30-06-19	nil	2,250,000	-	(2,062,500)	(187,500)	-
28-11-16	30-06-20	nil	2,250,000	-	(1,500,000)	-	750,000
04-12-18	30-06-20	nil	2,041,875	-	(1,270,982)	-	770,893
04-12-18	30-06-21	nil	2,655,296	-	(1,270,982)	(770,893)	613,421
29-11-19	30-06-22	nil	-	3,737,775	-	(925,079)	2,812,696
29-11-19	30-11-20	nil	-	1,565,201	-	-	1,565,201
29-11-19	30-11-21	nil	-	1,565,201	-	-	1,565,201
Total			9,197,171	6,868,177	(6,104,464)	(1,883,472)	8,077,412

The performance rights have various share price and operational performance measures. Refer to the Remuneration Report for further details. No performance right holder has any right under the performance right to participate in any other share issue of the Company or any other entity.

9. FUTURE DEVELOPMENTS

Refer to the Operations and Financial Review for information on future prospects of the Company.

10. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Directors are not aware of any environmental incidents during the year which would have a materially adverse impact on the Company. The Company was issued with two notices by the Resources Regulator and a Warning Letter from the Department of Planning, Industry and Environment.

The first notice was issued under Section 23 of the Work Health and Safety (Mines and Petroleum Sites) Act 2013 and was issued following an inspection of the Peak Gold Mines tailings storage facility. The notice outlined recommendations for updates to documentation associated with the operation of the tailings storage facility.

The second notice was in relation to Section 240 of the Mining Act 1992 and was received on the 20th of May 2020. It requested that the Company prepare a risk assessment on the Peak Gold Mines tailings storage facility with a particular focus on closure and progressive rehabilitation. The risk assessment will be submitted to the Resources Regulator in October 2020.

On the 21st of July 2020 Hera Mine received a Warning Letter from the Department of Planning, Industry and Environment. The Warning Letter was in relation to a breach of Section 4.2(1)(b) of the Environmental Planning and Assessment Act 1979 by not carrying out development in accordance with the conditions under the development consent. Hera Mine is permitted to transport bulk concentrate during daylight hours.

On the 23rd of June 2020, a haulage truck has transported concentrate after daylight hours which is in breach of the development consent. The non-compliance did not cause any harm to the public or environment and was self-reported. A warning letter is an informal action taken where a breach has been established and the Department of Planning, Industry and Environment has determined that no formal enforcement action is warranted in the circumstances.

There were a number of minor non-compliances to development consent conditions during the year. The minor non-compliances predominately related to dust (elevated throughout the year due to the prolonged drought). All minor non-compliances were reported to the relevant authorities (e.g. Environmental Protection Authority, Department of Planning and Environment, Resources Regulator) as soon as the Company became aware of the incidents and immediate actions were taken to return the operation to compliance. No regulator action or fines have been received by the Company in response to these minor incidents and due to the minor nature of the incidents, no such action is anticipated.

11. CURRENCY AND ROUNDING OF AMOUNTS

All references to dollars are a reference to Australian dollars (\$A) unless otherwise stated. (\$A) may be used for clarity.

Aurelia Metals Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the Financial/Directors' Reports are rounded to the nearest thousand dollars, except where indicated otherwise. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Signed in accordance with a resolution of the Directors.



Colin Johnstone

Non-Executive Chairman



Daniel Clifford

Managing Director

Brisbane

25 August 2020

OPERATIONS AND FINANCIAL REVIEW

1. OVERVIEW

Aurelia is an Australian gold and base metals mining and exploration company. The Company's gold-dominant position benefits from substantial by-product revenue credits (which includes zinc, lead, copper and silver) produced from its two wholly-owned polymetallic (Peak and Hera) underground mines and processing facilities. Both operations are located in the mineral rich Cobar Region of New South Wales.

The strategic focus of the Company includes maximising returns from its producing assets while advancing development projects that provide potential to sustain and grow the business in the long-term. This strategy is being delivered by:

Optimising existing operations

- Focus on operational efficiencies and continuous improvement
- Focus on mine life extension through near-mine exploration

Maximising returns

- Focus on operating margin
- Accelerate access to higher margin material

Leveraging existing infrastructure

- Focus on targeted near-mine exploration and identification of additional high Net Smelter Return (NSR) material
- Extend asset operating lives

Unlocking exceptional prospectivity

- Accelerate Federation deposit exploration and development options
- Focus on regional exploration and opportunity to deliver the next major mine

The Company's strategic work program continues to unlock the exceptional prospectivity of its tenements in the Cobar Basin through exploration, as demonstrated with the release of the Maiden Resource Estimate for the Federation Deposit located 10 kilometres from the existing Hera infrastructure. During FY21, the Company will advance exploration and evaluation activities related to the Federation Deposit, and other regional growth prospects (as detailed further in Section 3).

During FY20, the Company successfully completed the construction and commissioning of a major upgrade to the Peak process plant. The \$53 million project involved a substantial upgrade to the ore processing circuit of the plant to enable greater flexibility to process different ore types and to unlock value from high-grade copper, lead and zinc ores. The upgrade also provides for increased throughput rates and productivity, leading to improved unit

costs. This improvement was realised after the successful commissioning of the plant expansion in February 2020, enabling higher base metals production in the final quarter (refer to June Quarter ASX announcement dated 22 July 2020).

2. OPERATING AND FINANCIAL PERFORMANCE

The Company finished FY20 in a strong financial and operating position and is well positioned to pursue its strategic ambitions.

The key outcomes and results from FY20 include:

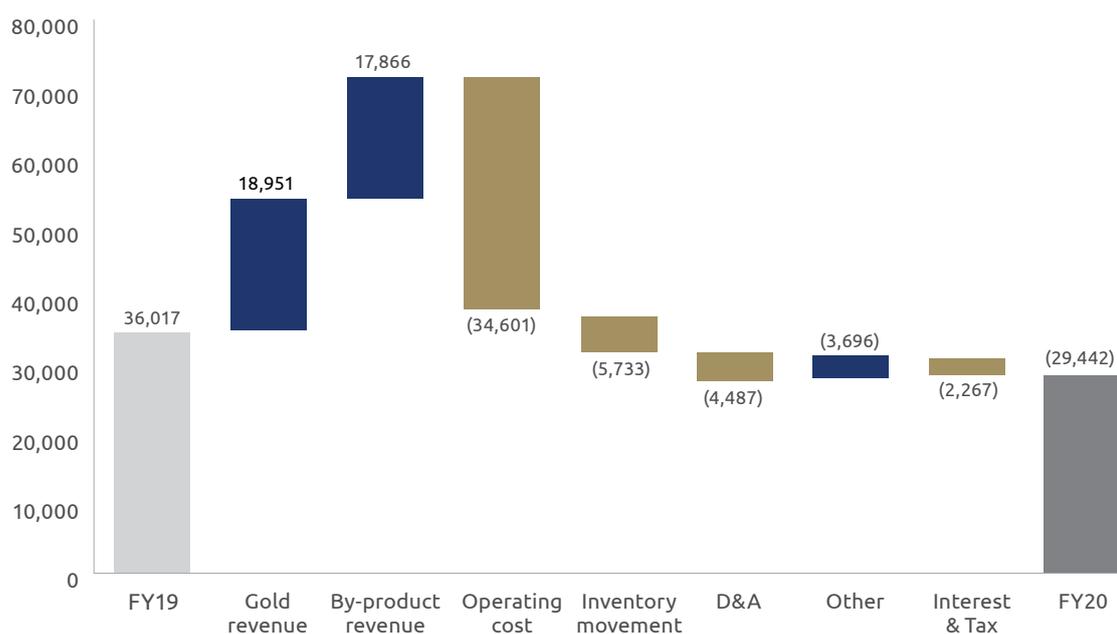
- Revenue increased by 12% to \$331.8 million (2019: \$295.0 million)
 - gold and silver revenue increased 11% (representing approximately 68% of revenue)
 - base metals revenue increased 15% (representing approximately 32% of revenue)
- Total gold production of 91,672 oz at an AISC/oz of \$1,526/oz, with substantial by-product credits from base metals (2019: gold production of 117,521 oz at \$1,045/oz)
 - Hera contributed 45,031 oz at an AISC/oz of \$1,150/oz (2019: 58,025 oz at \$809/oz)
 - Peak contributed 46,641 oz at an AISC/oz of \$1,737/oz (2019: 59,496 oz at \$1,143/oz)
- EBITDA remained stable at \$103.4 million (2019: \$103.1 million)
- Net profit after tax decreased by 18% to \$29.4 million (2019: \$36.0 million)
- Operating cash flow improved by 4% to \$110.5 million (2019: \$106.8 million)
- Maiden dividend of 2 cents per share (\$17.5 million) paid in October 2019
- Sustaining and growth capital expenditure totalled \$85.6 million. Significant growth capital initiatives included:
 - \$36.4 million on the Peak plant upgrade (with \$16.6 million of the \$53 million project incurred during 2019)
 - \$12.2 million on growth exploration and evaluation
- In-fill and extension of recently discovered high-grade lead-zinc and gold mineralisation 10 kilometres south of Hera (Federation discovery)
- Maiden Mineral Resource Estimate for Federation released in June 2020
- In-fill and extension of recently discovered zone of high-grade gold, lead zinc mineralisation at Peak (Kairos discovery)
- At balance date, the Company held available cash of \$79.1 million (2019: \$104.3 million) with no debt.

2.1. PROFIT AND FINANCIAL PERFORMANCE

The Group's statutory net profit after tax of \$29.4 million for the year ended 30 June 2020, in comparison to the prior year, is summarised below:

	2020 \$'000	2019 \$'000	Change
Sales revenue	331,819	295,002	12%
Cost of sales	(259,845)	(215,024)	21%
Gross profit	71,974	79,978	(10%)
Other income and expenses	(25,192)	(28,888)	(13%)
Profit before income tax and net finance expenses	46,782	51,090	(8%)
Net finance expenses	(1,575)	(72)	2,088%
Profit before income tax expense	45,207	51,018	(11%)
Income tax expense	(15,765)	(15,001)	5%
Profit after income tax expense	29,442	36,017	(18%)

NET PROFIT AFTER INCOME TAX



2.1. PROFIT AND FINANCIAL PERFORMANCE (CONTINUED)

Sales revenue from gold sold during the year was \$19 million higher. This was driven by improved gold prices (33% higher on average) which was partly offset by lower volumes sold (22% lower). The lower sales volume is attributable to lowering gold ore grades and a transition towards higher base-metal ore grades at both Peak and Hera mines. By-product sales revenue was \$17.9 million higher driven by a combination of both higher prices and increased volumes.

The operating costs for the year were \$34.6 million higher in comparison to the prior year. This is a result of:

- increased mining costs at Peak, which is attributable to a significant increase in material mined, as well as a change to development intensive activities to increase the number of stopes available for mining;
- increased processing costs at Peak, which were mostly a result of increased throughput and the transition towards base-metal dominated ore necessitating the use the increased amounts of reagents during processing;
- increase processing costs at Hera as a result of increased cyanide use and increased reagent use related to the processing of base metals; and
- increased transportation costs at Hera related to higher volumes of bulk concentrate being sold.

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA), in comparison to the prior year, is summarised below:

	2020 \$'000	2019 \$'000	Change
Profit before income tax and net finance expenses	46,782	51,090	(8%)
Depreciation and amortisation	56,665	51,973	9%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (i)	103,447	103,063	0%

(i) EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is a non-IFRS measure.

2.2. CASH FLOW PERFORMANCE

The strong net operating cash flows generated from the Company's two operating assets provides the Company with strategic flexibility to pursue:

- operational improvements at the assets to drive efficiency;
- organic growth through regional exploration and evaluation;
- other strategic growth objectives; and
- Shareholder returns through the payment of dividends.

A summary of the Company's cash flow for the year ended:

Group Cash Flows	FY20 \$'000	FY19 \$'000	Change
Cash flows from operating activities	110,531	106,783	4%
Cash flows from investing activities	(112,041)	(68,653)	63%
Cash flows from financing activities	(23,689)	(753)	3,046%
Net movement in cash	(25,199)	37,377	(167%)
Cash at the beginning of the year	104,302	66,925	56%
Cash at the end of the year	79,103	104,302	(24%)

The net cash inflows from operating activities amounted to \$110.5 million (2019: \$106.8 million) which enabled the Company to invest back into the business and make a return to shareholders.

Net cash outflow from investing activities was \$112.0 million (2019: \$68.7 million). The key investing activities this year comprised:

- Sustaining mine capital, excluding lease payments, of \$34.1 million (2019: \$37.1 million)
- Growth capital of \$36.4 million (2019: \$17.8 million)
- Exploration of \$12.2 million (2019: \$6.9 million)
- Settlement of gold forward contracts \$26.4 million (2019: \$3.6 million)

Net cash outflow from financing activities of \$23.7 million included a dividend payment of \$17.5 million (paid in October 2019) and \$6.2 million related to the principle element of lease payments as recognised under the new lease accounting standard, AASB16 Leases, which became effective from 1 July 2019. In prior years, these payments were classified as cash flow from operating activities.

2.3. GROUP OPERATIONAL SUMMARY

The key operating results for the Group are summarised below:

		2020 \$'000	2019 \$'000	Change
Production volume				
Gold	oz	91,672	117,521	(22%)
Silver - contained metal	oz	571,525	413,778	38%
Copper - contained metal	t	6,262	4,267	47%
Lead - contained metal	t	21,561	17,847	21%
Zinc - contained metal	t	20,087	13,485	49%
Sales volume				
Gold doré & gold in concentrate	oz	93,174	113,142	(18%)
Silver doré & silver in concentrate	oz	369,797	237,613	56%
Payable copper in concentrate	t	5,306	3,832	38%
Payable lead in concentrate	t	18,390	15,801	16%
Payable zinc in concentrate	t	12,783	8,321	54%
Average prices achieved				
Gold	A\$/oz	2,325	1,748	33%
Silver	A\$/oz	25	21	19%
Copper	A\$/t	8,560	8,495	1%
Lead	A\$/t	2,775	2,712	2%
Zinc	A\$/t	3,028	3,679	(18%)
All in sustaining cost (i)	\$/oz	1,526	1,045	46%

(i) All-in Sustaining Costs (AISC) is a non-IFRS measure and is not audited. Group AISC includes Site Costs (mining processing, administration, changes in inventory), royalty, transport and smelter expenses, by-product credits (silver, copper, lead & zinc sales), sustaining capital, corporate costs, divided by gold sold during the year.

2.4. PEAK MINE OPERATIONAL SUMMARY

The key performance metrics for the Peak Mine are tabulated below:

Peak Mine		FY20	FY19	Change
Ore Processed	kt	568,537	452,501	26%
Gold grade	g/t	2.72	4.22	(36%)
Copper grade		1.2%	1.0%	20%
Lead grade		2.5%	3.1%	(19%)
Zinc grade		1.7%	1.7%	0%
Gold Recovery		93.7%	96.9%	(3%)
Gold production (oz)	oz	46,641	59,496	(22%)
Copper production (t)	t	6,262	4,267	47%
Lead production (t)	t	12,088	11,248	7%
Zinc production (t)	t	6,744	3,359	101%
AISC (All in sustaining cost)*	\$/oz	1,737	1,143	52%

* AISC is a non-IFRS measure.

The ore types mined and processed at Peak during the year followed an expected transition towards base metal mineralisation. This has resulted in an increase in base metal production, and a reduction in gold production.

In planning for the transition towards higher base-metal mineralisation, the Peak process circuit was upgraded to support the production of separate lead-zinc concentrates to maximise the payable metal content from the ore types mined. The plant upgrade was commissioned in February 2020. The full benefit of the upgrade will be realised in FY21, being the first full year of processing through that circuit.

Process throughput rates increased by 26% to 568,537 kt as the site benefited from the plant upgrade. The process rates were also assisted by operational improvements made to the crushing and shaft hoisting system, which improved material handling rates in late FY20.

The total gold ounces sold during the year was 46,369oz at an AISC of \$1,737/oz. The increase in AISC in comparison to the prior year is largely due to the transition towards base metal mineralisation at Peak, and lower gold ounces sold.

Sustaining capital for the year of \$30.2 million (2019: \$33.8 million) was largely related to mine development and other processing and support capital. Total growth capital

expenditure amounted to \$39.5 million, which includes \$36.4 million related to the process plant upgrade project.

At 30 June 2020, the decline development continued towards the high-grade Kairos lode, with the lower decline reaching the target area. The ventilation infrastructure and orebody development are set to be established with first stope production from the Kairos deposit expected during the second half of FY21.

The Company is committed to continued exploration and resource definition drilling, with the main targets being the Kairos lode and the Peak North prospect.

In late FY20, an underground infill drilling program was undertaken at the Kairos lode. This was designed to further improve confidence in grade distribution and to provide material for confirmatory metallurgical test work. Multiple high-grade intercepts were returned from Kairos, as announced by the Company in June 2020. Further, strong gold mineralisation was also intercepted 150 metres north of the Peak Mine workings at the Peak North prospect. Peak North remains open-up and down-plunge and various development options for the area are under evaluation (refer to ASX release dated 3 June 2020).

2.5. HERA MINE OPERATIONAL SUMMARY

The key performance metrics for the Hera Mine are tabulated below:

Hera Mine		FY20	FY19	Change
Ore Processed	kt	410,495	468,358	(12%)
Gold grade	g/t	3.84	4.24	(9%)
Lead grade		2.6%	1.6%	63%
Zinc grade		3.5%	2.4%	46%
Gold Recovery		88.3%	90.9%	(3%)
Gold production (oz)	oz	45,031	58,025	(22%)
Lead production (t)	t	9,472	6,599	44%
Zinc production (t)	t	13,343	10,129	32%
AISC (All in sustaining cost)*	\$/oz	1,150	809	42%

*AISC is a non-IFRS measure.

The Hera mine finished FY20 with a significant improvement realised during the last quarter. This was driven by a greater proportion of ore production sourced from higher gold grade stopping areas in the North Pod and Far West lode.

As anticipated, reduced gold head grades encountered throughout the year were somewhat offset by increased lead-zinc grades with lead and zinc production providing for substantial by-product credits. With this trend expected to continue for the remaining LOM, plant optimisation and throughput rates are an area of focus.

In the near-term, the focus for the Company is to accelerate exploration and evaluation works in relation to Federation, which is located 10 kilometres from Hera and its established mine infrastructure.

Given the exceptionally high base metal and gold grade tenor, Aurelia considers Federation to be one of the most significant discoveries in the region in the last 30 years (refer to section 3.1 for further detail on Federation).

3. GROWTH AND EXPLORATION

Targeted exploration and resource definition drilling throughout FY20 has delivered strong results within Aurelia's highly prospective tenement holding. The Company is committed to pursuing its growth strategy and will continue to focus on near-mine and regional exploration targets throughout FY21.

The Company's preminent targets are summarised below:

3.1. FEDERATION

The Federation deposit is located fifteen kilometres south of the historic copper mining town of Nymagee and 10 kilometres south of Aurelia's operating Hera Mine in central western New South Wales.

In June 2020, the Company released the maiden resource estimate for the Federation deposit. The resource estimate is the culmination of more than 29,000 metres of drilling completed by Aurelia since the discovery of high-grade lead, zinc and gold mineralisation in April 2019.

3.1. FEDERATION (CONTINUED)

Exploration at Federation is ongoing, with drilling targeting down-plunge extensions to the unconstrained massive and semi-massive sulphide mineralisation in the northeast of the deposit. Infill delineation drilling is underway in the upper parts of the deposit, with results being used to increase confidence in the Mineral Resource Estimate and provide data for mining and processing evaluations.

The Company has now commenced a Scoping Study to investigate project development options. The Scoping Study will consider mining, processing and infrastructure scenarios to identify a viable subset for more detailed evaluation during a Pre-Feasibility Study. Baseline environmental and heritage studies have been initiated and will proceed in parallel with the Scoping Study to inform project decisions and facilitate permitting and approvals.

3.2. KAIROS

The Kairos discovery was announced in February 2019, and since then, the Company has continued with a program of underground and surface infill drilling at the Kairos lode. The most recent underground in-fill drill program was designed to further improve confidence in the grade distribution and to provide material for confirmatory metallurgical test work.

The setting of Kairos has a strong geological association with the high-grade Chronos lode (within the Perseverance mine workings). The Kairos lode is below the Peak Mine workings, around 700 metres to the north and slightly deeper than the Chronos lode, with a similar steeply plunging geometry.

At 30 June 2020, decline access to the Kairos lode was well advanced, with the lower decline having reached the target area. The Company anticipates that first stope production will occur during the second half of FY2021.

3.3. PEAK NORTH

In February 2020, Aurelia announced the interception of high-grade gold mineralisation at the Peak North prospect. Since then, the Company has continued drilling in the area and is investigating development options. Further drilling is planned to test the potential up-and-down plunge extents of the main zone.

3.4. OTHER NEAR-MINE AND REGIONAL EXPLORATION

The Company's exploration tenements remain highly prospective. Other near-mine and regional exploration targets will continue to be explored and evaluated based on the ranking of relative prospectivity. Priority targets that the company will evaluate include the Great Cobar deposits (located near Peak) and the Dominion and Lyell prospects (located near Hera).

For further detail, including drill results, refer to the Aurelia website (www.aureliametals.com.au).

4. SAFETY, RISK AND SUSTAINABILITY

During the year, the Company put into action Aurelia's Safe Metals strategy, which is an initiative focusing on improving health and safety outcomes.

Central to Aurelia's Safe Metals strategy are the following key areas, which combine to form the overarching strategy:

- Aurelia's 'Rules to Live By': are a set of rules which focus on the Company's high-risk work activities. Compliance with these eight rules is non-negotiable. The comprehensive implementation and training program, which encompasses all employees and site-based contractors, is being completed;
- Fatal Hazard Standards: the purpose of the Fatal Hazard Standards is to document and set a standard operating criterion which are aimed towards the prevention of fatal incidents;
- Safety standards and systems across the business: a review and standardisation of safety standards and systems is in progress. Safety improvement recommendations and reporting improvements have been identified;
- Risk assessment tools: the application of consistent tiered risk assessment tools to prevent injuries has been identified as an area of improvement, with a common application method and process across the business;
- Visible safety leadership: visible leadership in the areas of safety, risk and sustainability is recognized as an essential building-block for Aurelia's safety culture;
- Accountability: holding individuals and leaders to account for improved safety outcomes and non-compliance; and
- Lead indicators: the continued identification and measurement of leading indicators will support measured improvement in both lead and lag safety indicators.

A High Potential Incident (HPI) Taskforce has been enacted to interrogate HPIs within the organisation. The taskforce currently meet on a monthly basis to review the findings related to an HPI and the learnings and controls which can be enacted.

5. CORPORATE

Corporate costs for the period were \$9.2 million and include costs incurred during the period related to the relocation and restructure of the group's corporate activities (2019: \$6.9 million).

During the year, the corporate head office and corporate functions were relocated to Brisbane (from Orange, NSW). The strategic objective of the relocation of the corporate office was to build internal capabilities to support the near and long-term growth objectives of the organisation. The relocation to Brisbane was completed in April 2020.

5.1. DIVIDENDS

On 23 August 2019, the Board of Directors declared a fully franked dividend of A\$0.02 per share in respect of the year ended 30 June 2019. The final dividend was paid on 2 October 2019.

On 25 August 2020, the Board of Directors resolved to pay a fully franked dividend of \$0.01 per share related to the year ended 30 June 2020. The dividend is expected to be paid in October 2020.

5.2. BALANCE SHEET

The total assets increased during the year to \$343.8 million (30 June 2019: \$321.1 million), representing a 7% increase.

This increase is primarily due to the Company's investment in the upgrade of the Peak processing plant (total project investment of \$53.1 million) and its continued investment in growth exploration \$12.2 million.

Depreciation and amortisation expense during the year was \$56.7 million (2019: \$52.0 million). The increase in comparison to the prior year is largely attributable to an increase in Units-of-Production at Peak (refer to ore processed in section 2.4).

Total liabilities for the Group increased to \$108.9 million (2019: \$99.6 million) largely due to the implementation of the new accounting standard for Leases (AASB16 Leases), which came into effect from 1 July 2019. An amount totalling \$13.5 million was recognised as a Lease Liability as at 30 June 2020.

During the year, all gold forward hedge contracts were closed out, with a realised loss of \$14.4 million. The marked-to-market position as at 30 June 2019 was a liability of \$12.0 million (related to 56,000 oz of gold forwards at an average close out price at 30 June 2019 of A\$1,809/oz).

The other significant increase is a \$4.8 million increase in the non-current provisions, which largely reflects an increase in the fair value estimate of future mine rehabilitation obligations, plus other minor movements related to other

provision balances including employee leave provisions. The balance of the rehabilitation provision as at 30 June 2020 is \$50.0 million (2019: \$43.7 million).

5.3. HEDGING

At 30 June 2020, the company had no hedge contracts in place. During the year gold forward contracts (related to previous financing activities), comprising 56,000 ounces of gold at an average price of \$1,809/oz were settled realising a loss of \$14.4 million.

The Company acknowledges that a prudent hedging strategy is an important element of financial risk management and overarching enterprise risk management.

The Company continues to monitor its hedge position and will manage the position based on the future financial and operating risk profile of the business and the prevailing gold and commodity market.

6. MATERIAL BUSINESS RISKS

Aurelia Metals prepares its business plan using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. The uncertainties arise from a range of factors, including the nature of the mining industry, and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group at period end include:

6.1. FLUCTUATIONS IN THE COMMODITY PRICE

The Group's revenues are exposed to fluctuations in the US\$ price of gold, silver, lead, zinc and copper. Volatility in metal prices creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained despite volatile metal prices.

Gold doré sales are denominated in A\$, whilst concentrate sales are denominated in US\$. The Company has a foreign exchange price risk when the US\$ price of a commodity is translated back to A\$.

During the financial year, gold sales were 93,174 ounces. The effect on the income statement to an A\$50/oz increase/decrease in gold price would have been an increase or decrease in gold revenue of \$4.7 million.

During the financial year, the company sold base metal concentrates containing payable lead of 18,390 tonnes, payable zinc of 12,783 tonnes, and payable copper of 5,306 tonnes.

6.1. FLUCTUATIONS IN THE COMMODITY PRICE (CONTINUED)

An increase or decrease of US\$50/t in the price of lead, zinc and copper would increase or decrease revenue by \$2.7 million.

Declining metal prices can also impact operations by requiring a reassessment of the feasibility of an exploration target and/or evaluation project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause substantial delays and/or may interrupt operations, which may have a material adverse effect on our results of operations and financial position.

6.2. MINERAL RESOURCES AND ORE RESERVES

Company Mineral Resources and Ore Reserves are estimates, and no assurance can be given that the estimated Reserves and Resources are accurate or that the indicated level of metal or other mineral will be produced. Such estimates are, in large, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any part or all of the Company's mineral resources constitute or will be converted into reserves.

Market price fluctuations of metal prices as well as increased production and capital costs may render some of the Company's ore reserves unprofitable to develop for periods of time or may render some low margin ore reserves uneconomic. Reserves may have to be re-estimated based on actual production and cost experience. Any of these factors may require the Company to modify its ore reserves, which could have either a positive or negative impact on the Company's financial results.

6.3. REPLACEMENT OF DEPLETED RESERVES

The Company must continually replace reserves depleted by production to maintain production levels over the long-term. Reserves can be replaced by expanding known ore bodies, locating new deposits, acquiring new assets or achieving higher levels of conversion from resource to reserve with improvements in production costs and or metal prices. Exploration is highly speculative in nature and as such, the Company's exploration projects involve many risks and can often be unsuccessful. Once a prospect with mineralisation is discovered, it may take several years from the initial discovery phase until production is possible.

As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries or

acquisitions, or that divestures of assets will lead to a lower reserve base. The mineral base of the Company may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current mine life, based on current production rates.

6.4. PRODUCTION AND COST ESTIMATES

The Company routinely prepares internal estimates of future production, cash costs and capital costs of production. The Company has developed business plans which forecast metal recoveries, ore throughput and operating costs at the Hera and Peak operations. While these assumptions are considered reasonable, there can be no guarantee that forecast rates will be achieved. Failure to achieve production or cost estimates could have an adverse impact on the Company's future cash flow, profitability and financial solvency.

The Company's actual production and costs may vary from estimates for a variety of reasons, including:

- actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics;
- short-term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades;
- revisions to mine plans; and
- risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, floods; and unexpected labour shortages or strikes.

Costs of production may also be affected by a variety of factors, including: ore grade, metallurgy, labour costs, consumable costs, commodity costs, general inflationary pressures and currency exchange rates.

6.5. FINANCIAL SOLVENCY

The Company has no bank debt at balance sheet date and maintains a significant cash balance. Maintaining sufficient liquidity to operate the business is impacted by the operational and financial risk factors identified in this section "Material Business Risks".

With two operating assets and the production of multiple commodities (gold, lead, zinc and copper), the Company has a reduced risk exposure relative to prior years, where it owned one producing asset. Asset diversification can help with reducing financial risk, but it cannot be guaranteed; events or circumstances may cause financial solvency risk to increase. The Board monitors solvency at all times and aims to manage the business with an acceptable level of working capital to mitigate solvency risk.

6.6. MINING RISKS AND INSURANCE RISKS

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, unavailability of materials and equipment, rock failures, cave-ins, and weather conditions (including flooding and bushfires), most of which are beyond the Company's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Company's financial performance, liquidity and operations results.

The Company maintains insurance to cover some of these risks and hazards. The insurance is maintained in amounts that are believed to be reasonable depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

6.7. MANAGEMENT SKILLS AND DEPTH

The mining industry in general may be subject to a shortage of suitably experienced and qualified personnel in key technical roles. Attracting and retaining key persons with specific knowledge and skills are critical to the viability and growth of the Company. The Company maintains a suitably structured remuneration strategy to assist with the attraction and retention of key employees. However, the risk of loss of key employees is always prevalent. This risk is managed through having active and broad recruitment channels and the ability to rely upon suitably qualified external contractors when required to backfill vacancies.

6.8. COVID-19 MEASURES

The safety and wellbeing of our people and contractors, and the communities in which we live, and operate, remains our core priority. The Company has therefore implemented, and will continue to implement, intervention measures targeted at minimising the risk of potential transmission of COVID-19. These include a range of measures with respect to underground mining, processing plants, accommodation and logistics operations, as well as at site and corporate offices.

Aspects of operational productivity were impacted during FY20 as the Company and staff adjusted to new processes and workplace protocols and a direct impact related to rosters and logistics for skilled personnel. As at the date of this report, such implications remain ongoing and evolving.

The Company has some employees and contractors who reside interstate and who travel to its operating mine sites in central western New South Wales to work. Interstate border restrictions are a risk managed by the Company.

6.9. ENVIRONMENT AND SUSTAINABILITY

Environmental, health and safety regulations, permits

The Company's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, including; waste disposal, worker safety, mine development and protection of endangered and other special status species. The Company's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Company's operations, including its ability to continue operations.

While the Company has implemented health, safety and community initiatives at its operations to ensure the health and safety of its employees, contractors and members of the community affected by its operations, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may result in personal injuries, damage to property, and in certain instances such occurrences could give rise to regulatory fines and/or civil liability.

Water scarcity

Water is a scarce commodity in western NSW. Water is a significant input into processing activities and access to sufficient water to support current and future activities is critical. The impact of drought conditions serves to increase this risk. The Company has established reliable sources of water which are an alternative to the high security water from the regional Burrendong Dam.

Hera utilises water from a range of water sources. During the year, the Company completed the installation of a water pipeline from the historic Nymagee underground workings and has several ground water bores in operation.

Peak obtains high security water from the Burrendong Dam. Significant inflows from rainfall in 2020 have resulted in 100% water allocation from the Burrendong Dam being confirmed for FY21. To increase water security for operations, the Company completed the installation of a water pipeline from the historic Great Cobar underground workings which now provides an additional water source for the operation.

Both operations prioritise the use of recycled water for its processing activities in order to preserve water reserves and to limit the use of external water sources.

6.9. ENVIRONMENT AND SUSTAINABILITY (CONTINUED)

Community relations

The Company has operations near established communities. The Company is very focused on managing local community stakeholder concerns and expectations which could have the potential to disrupt production and exploration activities and delay the approval timelines for key development activities.

The Company recognises that by building respectful relationships with the communities in which we operate, it creates a shared value that is mutually beneficial. Community relations initiatives, which includes community forums, community development programs, donations, and sponsorships, is an area of active community engagement.

The Company's operating philosophy is to ensure that the Company's activities are carried out legally, ethically, and with integrity and respect. Being a significant employer and consumer within the communities in which we operate, the Company acknowledges the immeasurable responsibility bestowed on the Company. The Company's active community engagement program provides a platform for the Company to understand stakeholders needs and to work towards placating concerns and mitigating any risk.

6.10. CLIMATE CHANGE

The Company acknowledges that the potential for climate change to impact our business. The highest priority climate related risks include the following: reduced water availability, changes to legislation and regulation, reputation risk, market changes and shareholder activism.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the items as noted elsewhere in this report, there were no significant changes in the state of affairs of the Company during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following significant events occurred after 30 June 2020:

- On 7 July 2020, the Company executed a \$30 million Working Capital Facility to provide greater funding flexibility and balance sheet strength. As at the date of this report, the Facility remained undrawn;
- On 22 July 2020, the Company released its 2020 Mineral Resource and Ore Reserve Statement;
- On 25 August 2020, the directors recommended the payment of a fully franked dividend of 1 cent per fully paid ordinary share. The proposed dividend (totalling approximately \$8.7 million) is subject to approval at the annual general meeting. The dividend has not been recognised at 30 June 2020; and
- Mr Ian Poole was appointed as Company Secretary on 1 July 2020 and Chief Financial Officer on 6 July 2020.

FUTURE DEVELOPMENTS

Other likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its exploration, mining and processing activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so it is aware of, and is in compliance, with all environmental legislation. The Directors of the Company are not aware of any material breach of environmental legislation for the year under review.

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Aerial image of regional exploration activities being undertaken near Hera Mine where we have had exceptional success

LETTER FROM THE CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE

Dear Shareholder,

On behalf of the Remuneration and Nomination Committee, I am pleased to share with you our FY20 Remuneration Report.

Throughout the course of the last year, we successfully delivered a number of strategic outcomes that will secure the Company's future. This includes organic growth through mine extension and the release of the highly significant maiden Mineral Resource Estimate for Federation.

The Company also successfully completed the Peak lead-zinc circuit upgrade on schedule and within guidance. Importantly, the Company established Aurelia's Safe Metals strategy, an initiative focused on delivering a sustained improvement in health and safety outcomes.

The Board has been building its internal capabilities through the appointment of a new executive team and other key roles. These changes have supported the business to finish FY20 in a strong financial and operating position. With \$79.1 million cash at bank and no debt, Aurelia is well positioned to execute its strategic ambitions to become the next mid-tier Australian Mining Company.

STRENGTHENING GOVERNANCE

The Board is committed to ensuring the Company achieves its business strategy in a responsible manner. Both the Remuneration and Nomination Committee and the newly established Sustainability and Risk Committee have been strengthening governance processes by ensuring that appropriate measures, systems and controls are in place for the oversight of the performance of the business.

The Board has continued to develop the Board Skills Matrix to capture the current mix of skills, competencies and diversity on the Board and enable the Board to assess whether there are any areas which need to be strengthened in the future having regard to the Company's long term strategy. The Matrix will inform decisions on future appointments and the development of existing directors' skills. Further detail on this will be included in the 2020 Corporate Governance Statement.

REMUNERATION APPROACH

Aurelia's remuneration philosophy remains centred around ensuring that the Company is able to attract, develop and retain high-calibre employees and to promote a performance-based culture whereby competitive remuneration and reward are aligned to business and shareholder objectives.

The Company continues to refine the performance management and remuneration framework to ensure there is a clear and articulated link in executive remuneration to Aurelia's strategy and annual plans which encompasses the key pillars of a successful business, being: risk, people management, safety, environment and community, production, costs and resource growth. The remuneration framework and the key performance measures related to variable 'at risk' remuneration are built upon these key drivers.

RESPONSE TO THE 2019 FIRST STRIKE

At the 2019 AGM, the Company received a 'first strike' on its 2019 Remuneration Report. The Board has listened to your concerns and has taken appropriate measures to address the issues raised that led to the first strike. From an overarching perspective, the Company is determined to improve the Remuneration Report through transparent and clearly articulated reporting. Since the first strike, the Company has implemented several significant changes, which are detailed within the Section 1 "Response to Shareholders' concerns with the 2019 Remuneration Report".

CONCERNS RAISED:

Excessive termination benefits awarded to the previous Managing Director

Changes since implemented:

- Termination benefits awarded to the outgoing CFO limited to the maximum amount permitted by the Corporations Act without shareholder approval
- 2016 shareholder approval will not be relied upon in respect of any future award of termination benefits
- Executive employment contracts now limit termination benefits to the maximum amount permitted by the Corporations Act without shareholder approval

Board Independence

Changes since implemented:

- Leadership transition complete

In summary the following has been actioned to address the concerns raised by shareholders with respect to the termination benefits awarded to the previous Managing Director:

- the Company restricted the termination benefits awarded to the outgoing Chief Financial Officer to the maximum amounts which are permitted by the Corporations Act without shareholder approval.
- the Company commits to not relying on the approval granted by shareholders at the 2016 AGM in respect of any future award of termination benefits. In the event that the Company wishes to award termination benefits in excess of the caps in Part 2D.2 of the Corporations Act, the Company will seek approval from shareholders; and
- the Company's executive employment contracts now make clear that the value of termination benefits is limited to the maximum amount permitted by the Corporations Act without shareholder approval.

One of the key concerns raised by shareholders, related to both FY19 and the first-half of FY20, were payments to Board members above their normal board fees. These interim arrangements were in place prior to the first strike, which was received at the 2019 AGM held on 29 November 2019. It should be noted that at the time and, as a relatively small company with limited internal corporate resources, these "excursions" were necessary in order to provide both leadership and technical expertise while the Company was going through significant change.

Subsequently, the Company has completed the recruitment of a new leadership team, including the Managing Director, Chief Financial Officer and Chief Operating Officer. In building the new leadership team, the Company has recruited several senior leaders and technical services and support roles, at both a site and corporate level, to increase the depth of management.

Finally, you will notice that there has been significant change to this year's Remuneration Report through our endeavours to provide improved clarity and transparency. We continue to value further feedback from Shareholders, as we strive to improve and as the Company works towards achieving its vision of becoming the next mid-tier Australian mining company.

I invite you to review our 2020 Remuneration Report and thank you for your interest and support of our Company.



Paul Harris
Chair – Remuneration and Nomination Committee

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REMUNERATION REPORT (AUDITED)

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2020. This report outlines the details of the remuneration arrangements for the Directors and Key Management Personnel ("KMP") and outlines the overall remuneration strategy, framework and practices adopted by Aurelia in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, key management personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, including any Director of the Company (whether executive or otherwise).

1. Response to Shareholders' concerns with the 2019 Remuneration Report	53
2. Key Management Personnel (KMP)	54
3. Remuneration Governance and role of the Remuneration Committee	55
4. Remuneration Overview	55
5. Managing Director and other executive KMP remuneration	56
6. Service Agreement key terms	58
7. How performance is linked to the variable remuneration for the Managing Director and other executive KMP	59
8. Non-executive Directors' remuneration	67
9. Remuneration of Key Management Personnel	68
10. Shareholdings of Directors and other Key Management Personnel	70

1. RESPONSE TO SHAREHOLDERS' CONCERNS WITH THE 2019 REMUNERATION REPORT

Following a 'first strike' at the 2019 Annual General Meeting against the Remuneration Report, the Company has commenced a process to ensure that the concerns raised by Shareholders are considered and where appropriate addressed. The following has been actioned to address concerns raised by Proxy advisors and/or shareholders:

I. TERMINATION OF THE FORMER MANAGING DIRECTOR

The terms of severance agreed for the former Managing Director was raised as a concern. The terms and awards agreed were viewed by Shareholders as being overly generous.

a) Shareholder approved waiver of the statutory caps on termination benefits in the Corporations Act

Part 2D.2 of the Corporations Act 2001 sets an upper limit on the quantum of termination benefits which can be awarded without obtaining shareholder approval to an individual following their retirement from a Board or managerial position.

At the 2016 Annual General Meeting, Shareholders approved the Board having discretion to award benefits in excess of 12 months' base salary to Executives. The approval was open ended, with no set expiry date.

During FY19, the Board exercised the discretion given to it by Shareholders to award termination benefits to the former Managing Director in excess of the parameters provided for in Part 2D.2 of the Corporations Act.

Changes since implemented

In acknowledging the concerns raised by Shareholders, the Company has moved to ensure that the parameters in Part 2D.2 of the Corporations Act are not exceeded without specific Shareholder approval.

As an example, the termination agreement and the benefits paid to Mr Churcher (the former Chief Financial Officer, termination date 1 July 2020) provided for a termination benefit capped at 12 months' average base salary over the three years prior to termination.

Under the terms of the new Managing Director's Service Agreement, the amount payable to the Managing Director in connection with the termination of his employment cannot exceed the maximum amount permitted by the Corporations Act without Shareholder approval.

b) STI award at 100% of opportunity

Upon his departure from the Company, the former Managing Director received an STI award of 100% of the STI opportunity. The STI award was not subject to performance hurdle appraisal. Given the Managing Director's full year of tenure during FY19 (termination date was 31 August 2019), the STI awarded to the former Managing Director was for the full year.

Changes since implemented

It is the current practice of the Company to award STI based on actual performance outcomes, calculated on a pro-rata basis for tenure served during the performance period.

c) LTI award at 100% of opportunity

Upon his departure from the Company, the Board exercised its discretion to waive all performance conditions attached to Performance Rights granted to the former Managing Director. The acceleration of the vesting and exercise of the Performance Rights meant that 100% converted to fully paid ordinary shares upon termination. Of the 5,541,964 ordinary shares issued, a total of 2,541,964 remain in a holding lock until 31 August 2020.

Changes since implemented

All LTIs will be tested against performance hurdles for the Performance Rights to vest (unless otherwise provided for under the Plan Rules, for example Change of Control Events).

II. BOARD INDEPENDENCE

The independence of the Board was raised as a concern. Interim executive and advisory arrangements with Board members were put in place to support the business through a period of significant transition following the departure of the former Managing Director. These agreements were in place prior to the first strike, which was received at the 2019 AGM held on 29 November 2019. At the time and, as a relatively small company with limited internal corporate resources, these "excursions" were necessary in order to provide both leadership and technical expertise while the Company was going through a period of significant change.

1. RESPONSE TO SHAREHOLDERS' CONCERNS WITH THE 2019 REMUNERATION REPORT (CONTINUED)

II. BOARD INDEPENDENCE (CONTINUED)

a) Interim executive arrangements

Following the resignation of the former Managing Director in May 2019, members of the Board fulfilled interim executive roles and executive advisory services to guide and assist the Company during a critical leadership transition period. The two interim executive roles fulfilled were:

- Mr Johnstone - Interim Executive Chairman & CEO, for the period 2 May 2019 to 24 November 2019
- Mr Menzies - Interim Executive Director & Chief Operating Officer, in the period 2 May 2019 to 23 October 2019

Following the successful recruitment of the incumbent Managing Director, Mr Daniel Clifford and Chief Operating Officer, Mr Peter Trout (who both commenced with the Company on 25 November 2019), the interim arrangements were concluded.

2. KEY MANAGEMENT PERSONNEL (KMP)

The KMP of the Company, and the positions held are summarised below:

Non-Executive Directors	Position	Term
Colin Johnstone	Independent Non-Executive Chairman	Full year*
Lawrence Conway	Independent Non-Executive Director	Full year
Susan Corlett	Independent Non-Executive Director	Full year
Paul Harris	Independent Non-Executive Director	Full year
Michael Menzies	Independent Non-Executive Director	Full year*
Paul Espie	Independent Non-Executive Director	Resigned 29 November 2019
Executive Directors		
Colin Johnstone	Interim Executive Chairman & CEO	From 2 May 19 to 24 Nov 2019
Michael Menzies	Interim Executive Director & COO	From 2 May 19 to 23 Oct 2019
Daniel Clifford	Managing Director and CEO	Appointed 25 November 2019
Other KMP		
Peter Trout	Chief Operating Officer	Appointed 25 November 2019
Timothy Churcher	Chief Financial Officer & Company Secretary	Full year

* Except for term related to interim executive appointment as noted, following the departure of the former Managing Director and CEO, Mr James Simpson.

The details of the interim arrangements and the monthly executive fees paid are disclosed throughout the Remuneration Report.

Changes since implemented

The Company has completed the recruitment of a new leadership team, including the Managing Director, Chief Financial Officer and Chief Operating Officer. In building the new leadership team, the Company has recruited several senior leaders and technical services and support roles, at both a site and corporate level, to increase the depth of management. There is no requirement or need for members of the Board to fulfill any executive duties.

b) Executive advisory services

From time to time members of the Board have previously provided services related to respective areas of expertise.

Changes since implemented

Throughout the course of FY20, the Board has supported the Company to build its internal capabilities and knowledge base. In addition to building the new leadership team the Company has recruited several technical roles at a corporate level to support the business. There is currently no foreseeable circumstance where services, beyond normal Board duties, will be required from members of the Board.

2. KEY MANAGEMENT PERSONNEL (KMP) (CONTINUED)

On 23 October 2019, the Company announced the appointment of Mr Daniel Clifford as Managing Director and CEO, and Mr Peter Trout as Chief Operating Officer, effective 25 November 2019. Upon the finalisation of these two pivotal leadership appointments, the Board dispensed with all interim executive roles which had been performed by Directors.

After 30 June 2020, the Company made the following KMP appointment:

- On 6 July 2020, Mr Ian Poole was appointed as Chief Financial Officer (Mr Poole was appointed Company Secretary on 1 July 2020)

3. REMUNERATION GOVERNANCE AND ROLE OF THE REMUNERATION COMMITTEE

As part of its Corporate Governance framework, the Board of Directors ("the Board") has an established Remuneration and Nomination Committee (referred to hereafter as the 'Remuneration Committee' for the purposes of the Remuneration Report), consisting solely of independent Non-Executive Directors, to assist the Board in discharging its responsibilities in relation to the Company's remuneration policies and practices. The Remuneration Committee is chaired by a Non-Executive Director who is not the Chairman of the Board. The membership is detailed on page 34, under Section 3 of the Directors Report.

The Charter for the Remuneration and Nomination Committee is available on Aurelia's website.

The Remuneration Committee is responsible for reviewing and making recommendations to the Board in relation to a number of remuneration matters, including the:

- remuneration arrangements and contract terms for the Managing Director and other executive KMP;
- terms and conditions of short term and long-term incentives for the Managing Director and other executive KMP, including the targets, performance tests, and vesting conditions; and
- remuneration to be paid to non-executive Directors.

Remuneration Consultants

Remuneration Committee considers whether to appoint a remuneration consultant and, if so, their scope of work. During FY19, remuneration consultant Guerdon Associates was engaged to benchmark remuneration for the interim roles required to assist the Company during the Company's leadership transition, which was completed in FY20. The Company did not engage any remuneration consultant during FY20.

4. REMUNERATION OVERVIEW

Aurelia's remuneration philosophy is supported by a framework for organisational structure and remuneration, to enable Aurelia to:

- attract, engage and retain high-calibre employees in order to achieve the Company's current and future business needs; and
- cultivate a performance-based culture whereby competitive remuneration and reward are aligned to business and shareholder objectives.

The Company's approach to remuneration considers:

- detailed remuneration benchmarking, with reference to the Company's peers (industry and market capitalisation);
- the Company's performance over the relevant performance period;
- internal relativities and differentiation of remuneration based on performance;
- market developments affecting remuneration practices;
- the remuneration and expectations of a high performing executive that the Company wants to employ;
- future outlook; and
- the link between remuneration and the successful implementation of the Company's strategy, and achievements of objectives and targets.

The remuneration framework links Aurelia's annual and long-term objectives and outcomes to the Company's overarching strategy. 'At-risk' Short Term Incentives are linked to annual objectives and outcomes, whilst the 'at-risk' Long Term Incentives are linked to achievement of long term strategic objectives. The typical key performance measures applied have been detailed in Sections 7.1.1 and 7.2.1 of this report.

5. MANAGING DIRECTOR AND OTHER EXECUTIVE KMP REMUNERATION

Aurelia's objective in structuring its remuneration for executive KMP is to cultivate a performance-based culture where competitive remuneration and rewards are aligned with Aurelia's objectives and shareholders expectations with a significant proportion of total remuneration 'at-risk' through performance-based pay. Aurelia seeks to attract, engage and retain high-calibre employees to meet the Company's current and future business needs.

Structure and review process

Total remuneration consists of the following key elements:

1. **Fixed Remuneration (base + superannuation) (FR)**
2. **Short Term Incentive (STI)**
3. **Long Term Incentive (LTI)**

Further specifics on each of these elements are detailed below. The amount and relative proportion of FR, STI and LTI is established for each executive following consideration by the Remuneration Committee. This includes consideration to external market references, including remuneration for comparable roles and the internal relativities between executive roles. The Company also participates in and subscribes to the AON Hewitt Gold & General Mining Industry Remuneration Survey.

The principles underlying the Company's Executive remuneration strategy are:

- a) Total Remuneration is to be appropriate, market competitive and structured to attract and retain talented and experienced employees;
- b) Total Remuneration is to comprise an appropriate mix of fixed and performance-based at-risk variable remuneration;
- c) Variable remuneration is to consist of short-term incentives and long-term incentives which aligns executive performance with the interests of shareholders, by aligning performance targets under the variable incentive plans with the Company's short term and long term objectives;
- d) Fixed Remuneration (base salary + superannuation) (FR) is targeted at the median (P50) range compared to the industry benchmark and internal relativities. Exceptions may exist depending on the supply and demand of particular roles or skills or for individuals who are recognised as high performers within the Company and thereby will be highly sought after by competitor companies;
- e) Total Remuneration for exceptional business and personal performance may exceed that level;
- f) Performance-based at-risk remuneration is to encourage, and reward high performance aligned with business objectives that create strategic, economic and sustainable shareholder value; and
- g) The remuneration review is designed is to deliver fair and equitable results.

5. MANAGING DIRECTOR AND OTHER EXECUTIVE KMP REMUNERATION (CONTINUED)

The following table outlines the key elements for all executive KMP for the 2020 financial year:

<p>FIXED REMUNERATION (FR)</p>	<p>Remuneration objective is to attract, engage and retain high-caliber personnel.</p> <p>.....</p> <p>Considerations include: benchmarking data, internal relativities and executive performance.</p>	<ul style="list-style-type: none"> • The purpose of FR is to provide a base level of remuneration which is market competitive and appropriate.
<p>SHORT-TERM INCENTIVE (STI)</p>	<p>The STI is an at-risk component of Total Remuneration (TR).</p> <p>.....</p> <p>The objective of the STI is to link the achievement of the Company's annual targets with the remuneration received by the responsible executive KMP.</p> <p>.....</p> <p>This supports the Company's objective of ensuring executives are focused on high performance outcomes.</p>	<ul style="list-style-type: none"> • The key performance measures are set at the beginning of each financial year. • A number of critical tasks linked to the Company's strategy, including financial and non-financial measures of performance, are identified. • The relative weighting of which is determined with consideration to the individual's position within the Company. • The annual targets focus on safety and sustainability, financial outcomes and cost management, various operational performance measures, resource and LOM and individual performance (<i>refer to section 7.1.1</i>).
<p>LONG-TERM INCENTIVE (LTI)</p>	<p>The LTI is an at-risk component of Total Remuneration (TR). The objective of the LTI is to:</p> <p>.....</p> <p>a) provide an incentive to the executive KMP which focuses on the long-term performance and growth of the Company;</p> <p>.....</p> <p>b) align the reward of the executive KMP with returns to shareholders; and</p> <p>.....</p> <p>c) promote the retention of the Company's executive KMP.</p>	<ul style="list-style-type: none"> • The performance measures are set each year, with a 3-year horizon. • The key focus of the performance measures is to build and deliver superior shareholder returns.

5. MANAGING DIRECTOR AND OTHER EXECUTIVE KMP REMUNERATION (CONTINUED)

The target achievement remuneration mix for all three elements of Total Remuneration (TR) are detailed below:

	Fixed Remuneration		STI Opportunity	LTI Opportunity
	Amount	% of TR	% of TR	% of TR
FY20				
Executive Director				
Daniel Clifford	\$710,000	40%	20%	40%
Other Executive KMP				
Peter Trout	\$500,000	51.3%	15.4%	33.3%
Tim Churcher	\$446,760	51.3%	15.4%	33.3%
FY19				
Executive Director				
James Simpson	\$711,750	40%	20%	40%
Other Executive KMP				
Tim Churcher	\$438,000	51.3%	15.4%	33.3%

6. SERVICE AGREEMENT KEY TERMS

Executives are employed under executive employment agreements with the Company.

Name and Position	Date of Agreement	Term of Agreement	Notice period by Executive	Notice Period by Aurelia	Termination Payments
Existing Executive Directors and KMP					
Daniel Clifford Managing Director & CEO	25 Nov-19	Open	6 months	6 months	Up to a max of 6 months Fixed Remuneration
Peter Trout Chief Operating Officer	25-Nov-19	Open	6 months	6 months	Up to a max of 12 months base salary*
Ian Pool Chief Financial Officer & Company Secretary	12 May 20	Open	3 months	3 months	Up to a max of 6 months base salary

* The Service Agreement related to the new Chief Operating Officer was negotiated in order to secure his services, and is limited to those that can be lawfully paid under the Corporations Act. Following the 2019 AGM and the 'First Strike', the Company has limited termination payments in subsequent services agreements to a maximum of six months, including the recently appointed Chief Financial Officer as well other recent executive appointments as part of the building the new leadership team.

7. HOW PERFORMANCE IS LINKED TO THE VARIABLE REMUNERATION FOR THE MANAGING DIRECTOR AND OTHER EXECUTIVE KMP

The objective of variable remuneration is to deliver superior shareholder return through the alignment of KMP to the short term and long-term goals of the Company through the Short-term Incentive Plan (STIP) and the Long Term Incentive Plan (LTIP).

An underlying objective of each of the Plans is to provide meaningful and tangible incentives to drive actions, behaviours and outcomes to deliver Company goals.

The Plans are founded upon a performance-based at-risk principle which are aimed towards attracting and retaining employees that actively contribute to the success of the Company.

The Board retains absolute discretion in relation to participation and award under the STIP and LTIP. The Board measures and considers the achievement of targets together with overall business performance, including individual performance (as relevant), when deciding on the actual payment or allocation of variable remuneration.

7.1. SHORT TERM INCENTIVE PLAN (“STIP”)

The award of an STI payment is assessed at the end of the financial year and, if applicable, is paid only after the Remuneration Committee has reviewed the assessment of achievement against applicable performance targets, businesses performance and individual performance and made recommendations to the Board.

7.1.1. FY20 STIP Outcomes

At the beginning of FY20, the Board determined that the following measures would be applicable to the FY20 STIP:

Measure	Target	Weighting/Award
1. Safety	Group TRIFR (Total Recordable Injury Frequency Rate) to be at least 15% better than the TRIFR at 30 June 2019, of 11.46	7.5%
	Award: Group TRIFR at 30 June 2020 was 21.88 = Nil award	0%
	Develop a program to reduce High Potential Incidents (HPIs)	7.5%
	Award considerations: Implementation of Aurelia Metals Safe Metals, Rollout of Rules to Live By, Introduced the Senior Management Taskforce For Significant Incidents, established a Lead Indicator Program and other safety initiatives to be prioritised in 2021.	7.5%
2. Unit Costs	All in Sustaining Costs (AISC) costs to be at or better than budget	15%
	Award: AISC were above budget = Nil award	0%
3. Metal or Gold Equivalent Production	Production to be at or better than budget	
4. Enhance Reserves	Growth in Ore Reserve life at Hera and Peak and achievement of a successful exploration program	15%
	Award considerations: Growth in reserve life was achieved, with the Group Ore Reserve total growing by 3% to 4.53Mt after depletion of 0.97Mt. The total addition of Reserves in FY20 was 1.09Mt, and the net growth in reserves was 0.12Mt. A successful exploration program is supported by: - High-grade intercepts from multiple areas announced in seven ASX releases - New high-grade discoveries at Federation, Kairos and Peak North announced - Delineation of material high-grade resources at Kairos - Conversion of significant tonnages of high value resources in Kairos and Chronos to reserves - Maiden resource estimate for Federation announced - A pipe-line of new near-mine and regional targets established	15%
5. Peak Pb/Zn Upgrade	The upgrade to the Peak process plant for the lead/zinc circuit to be completed on time and on budget	10%
	Award considerations: The upgrade was completed on time and in line with guidance	10%
6. Individual Performance	Discretionary component to be awarded by the Board	30%
	Award considerations: Performance assessment completed with consideration to key business objectives and accomplishments during the performance period. This included: relocation of the Corporate office from Orange NSW to Brisbane QLD; securing the future of the Company through exploration success; the building of a new leadership team and improved internal capabilities to ensure appropriate resourcing to support operational improvement and growth; and improved governance, standards and systems with focus on all key pillars of the organisation.	

7.1.1. FY20 STIP Outcomes (continued)

Upon the completion of the assessment related to the above quantitative and qualitative hurdles, the Board has determined and approved the award of a FY20 STIP to the Company's KMP, as outlined below:

FY20	% of Maximum STIP awarded	% of Maximum STIP awarded	% of Maximum STIP forfeited
Executive Director			
Daniel Clifford	\$147,917	62.5%	37.5%
Other Executive KMP			
Peter Trout	\$62,500	62.5%	37.5%
Tim Churcher	\$0	0.0%	100.0%

The above FY20 STIP awards are payable in FY21.

7.1.2. FY19 STIP Outcomes

At the beginning of FY19, the Board determined that the following measures would be applicable to the FY19 STIP:

Measure	Target	Weighting
1. Safety	Group TRIFR (Total Recordable Injury Frequency Rate) to be less than FY18 TRIFR	10%
2. Human Resources	Approved Site Management Teams implemented and assessed to Board's satisfaction	40%
3. Unit Costs	Meet budgeted Hera unit cost (\$/t) and Peak unit costs to show significant reduction	20%
4. Mine Inventories	Develop optimal underground mining inventories to ensure production flexibility	10%
5. Peak Pb/Zn Upgrade	Deliver the Peak Pb/Zn upgrade on time and budget	10%
6. Resource Inventory	Focus on replacing high value inventory to the Peak mine plan	10%

With consideration to the above performance hurdles, the Board noted that performance had not exceeded all targeted levels and was impacted as a result of a difficult transition to contract mining at Peak, which was offset somewhat by the steady performance of the Hera operation. Countering this performance was the significant value created through the execution of a successful exploration program at Hera (the Federation discovery) and Peak (the Kairos discovery).

7.1.2. FY19 STIP Outcomes (continued)

The Board determined that for FY19, taking into consideration the performance in financial and operating metrics, below target STIP payments were justified:

FY19	% of Maximum STIP awarded	% of Maximum STIP awarded	% of Maximum STIP forfeited
Executive Director			
James Simpson	\$355,875	100%	0%
Other Executive KMP			
Tim Churcher	\$65,700	50%	50%

7.2. LONG TERM INCENTIVE PLAN (“LTIP”)

The LTIP is provided by way of allocation of Performance Rights which carry an entitlement to a share subject to satisfaction of performance criteria and/or vesting conditions (as applicable). To the extent performance criteria and/or vesting conditions are satisfied, the Performance Rights are taken to have vested and been exercised at nil exercise price and the number of ordinary shares equal to the number of vested Performance Rights is issued.

Performance Rights under the LTIP are generally granted each year. The LTIP hurdles are agreed prior to the commencement of a new financial year, or as close to the end of the year as practical. The LTIP hurdles are determined at the discretion of the Board. The test date for each issue of Performance Rights is typically three years from commencement of the performance period.

In accordance with the Company’s Remuneration Strategy and standard industry practice, the number of Performance Rights granted to the Managing Director and other executive KMP is based on a multiple of the individual’s Total Fixed Remuneration divided by the 30-day VWAP of shares in the Company at a date determined by the Remuneration Committee.

Subject to the Rules of the Performance Rights Plan, Performance Rights will only vest on a relevant date if the participant remains an employee of the Company, up to and including the relevant date.

Over the course of the coming year, the Company intends to undertake a review of the at risk long term incentive framework in preparation for the FY2021 Long Term Incentive Cycle. This will be in keeping with the Company’s remuneration philosophy and will be focused on ensuring total alignment with the Company’s strategy and both shareholder and stakeholder expectations.

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7.2.1. LTIP Performance Rights Issued FY20

During FY20, a total of 5,654,001 Performance Rights were granted to Managing Director and other executive KMP. The grants provided for three separate tranches, as detailed below:

- i. A total of 2,523,599 Performance Rights were granted to KMP under the Company's LTIP (Class 19 Performance Rights), and will be assessed against the performance measures as set out below:

LTIP Scorecard	Threshold	Pro-Rata	Target
Vesting % guide	Nil	50%	100%
Absolute TSR*	15%	15-30%	30%
Relative TSR*	>50%tile	75%tile	100%tile
Ore Reserves	5 years Reserves at each operation		
Growth	Board discretion (exploration, replacement of high value resources and/or value adding transaction)		

*30 day VWAP prior to test date.

Class 19 Performance Rights will be tested at 30 June 2022. The vesting conditions under the Plan remain at the discretion of the Board.

Compensation for incentives foregone

- ii. Being applicable to the incumbent Managing Director only, in recognition of previous equity incentives foregone, a total of 1,565,201 Performance Rights will vest on the 12 month anniversary of the start of employment with the Company. The Managing Director must remain an employee of a Group entity as at the Testing Date. The shares issued upon the vesting of the Performance Rights will be subject to a 12 month holding lock.
- iii. Being applicable to the incumbent Managing Director only, in recognition of previous equity incentives foregone, a total of 1,565,201 Performance Rights will vest on the 24 month anniversary of the start of employment with the Company. The Managing Director must remain an employee of a Group entity as at the Testing Date.

The issue of the above noted Performance Rights were approved by Shareholders at the Annual General Meeting held on 29 November 2019.

7.2.2. LTIP Outcomes during FY20

During the year, two separate LTIP grants had a performance period ending 30 June 2020. The LTIP outcomes are detailed below:

Class 2018A:

The performance period of Class 2018A Performance Rights was from 1 December 2018 to 30 June 2020. A total of 508,393 Class 2018A Performance Rights were tested against the applicable vesting conditions.

The performance hurdles were:

Measure	Weighting	Outcome
1. Absolute TSR	20%	Nil award. Absolute TSR of -20%, against a target of +35%.
2. Relative TSR	20%	Nil award. Relative TSR achieved was within the 50%tile.
3. Peak Average Site Unit Cost	20%	Nil award. Target related to Peak's average Site Unit Cost not achieved.
4. Peak Processing Rate	20%	Nil award. Target for Peak's processing rate not achieved.
5. Peak Ore Reserves	20%	Nil award. Target for Peak's Ore Reserves was exceeded.

The vesting conditions were reviewed and determined by the Board with reference to the above measures and the outcomes achieved. No performance rights satisfied the vesting conditions and were eligible for conversion into ordinary shares.

Class 2016C:

Following the completion of the three-year performance period from 1 July 2017 to 30 June 2020, there were a total of 750,000 Class 16C Performance Rights. No Class 16C Performance Rights were vested under the plan rules.

7.2.3. LTIP Performance Rights which remain untested

The total number of Performance Rights granted to Managing Director and other executive KMP that are yet to vest as at 30 June 2020 are detailed below:

Performance Rights Tranches	Total Number Issued	Relevant Date or Testing Date
2019 LTIP - Class 19A	1,970,678	30-Jun-22
2019 LTIP - Class 19B	1,565,201	30-Nov-20
2019 LTIP - Class 19C	1,565,201	30-Nov-21
Total KMP Performance Rights	5,101,080	

Further to the above, the following Performance Rights issued to Mr Churcher lapsed upon his termination of employment:

Performance Rights Tranches	Total Number Issued	Relevant Date or Testing Date
2019 LTIP - Class 19A	508,393	30-Jun-21
2018 LTIP - Class 18A	552,921	30-Jun-22

7.2.4. Summary of movements in Performance Rights during the year

A summary of movements of Performance Rights within the various plans are tabulated below:

Grant	Grant Date	Expiry or Test Date	Exercise Price	Balance at start of year	Granted during year	Vested during year	Expired during year	Balance at year end
Class 16B	28-11-16	30-06-19	Nil	2,250,000	-	(2,062,500)	(187,500)	-
Class 16C*	28-11-16	30-06-20	Nil	2,250,000	-	(1,500,000)	-	750,000
Class 18A*	04-12-18	30-06-20	Nil	2,041,875	-	(1,270,982)	-	770,893
Class 18B	04-12-18	30-06-21	Nil	2,655,296	-	(1,270,982)	(770,893)	613,421
Class 19A	29-11-19	30-06-22	Nil	-	3,737,775	-	(925,079)	2,812,696
Class 19B	29-11-19	30-11-20	Nil	-	1,565,201	-	-	1,565,201
Class 19C	29-11-19	30-11-21	Nil	-	1,565,201	-	-	1,565,201
Total				9,197,171	6,868,177	(6,104,464)	(1,883,472)	8,077,412
Total KMP Performance Rights				8,058,750	5,654,001	(6,104,464)	(1,248,814)	6,359,473
Total Non-KMP Performance Rights				1,138,421	1,214,176	-	(634,658)	1,717,939
Total				9,197,171	6,868,177	(6,104,464)	(1,883,472)	8,077,412

* As noted in Section 7.3, the outcomes of the Class 2016C and Class 2018A were determined after year end. Therefore, the movement related to a total of 1,520,893 Performance Rights will be recorded in the next reporting period.

7.3. DETAILS OF SHARE BASED COMPENSATION TO THE MANAGING DIRECTOR AND OTHER EXECUTIVE KMP

Details on Rights over ordinary shares in the Company that were granted as compensation to members of the Key Management Personnel and details on Rights that vested during the reporting period are as follows:

Class*	Test Date	Number of Rights Granted	Grant date	Fair Value at Grant \$/Right	Fair Value at Vesting \$/Right	Number of Rights Vested	Number of Rights Lapsed	Balance at year end
Executive Director								
Daniel Clifford								
Class 19A	30-06-22	1,351,866	29-11-19	0.31	-	-	-	1,351,866
Class 19B	30-11-20	1,565,201	29-11-19	0.40	-	-	-	1,565,201
Class 19C	30-11-21	1,565,201	29-11-19	0.40	-	-	-	1,565,201
		4,482,268			-	-	-	4,482,268
Other Executive KMP								
Peter Trout								
Class 19A	30-06-22	618,812	29-11-19	0.29	-	-	-	618,812
Tim Churcher**								
Class 16B	30-06-19	750,000	20-12-16	0.15	0.52	(562,500)	(187,500)	-
Class 16C	30-06-20	750,000	20-12-16	0.15	-	-	-	750,000
Class 18A	30-06-20	508,393	04-12-18	0.21	-	-	-	508,393
Class 18B	30-06-21	508,393	04-12-18	0.30	-	-	(508,393)	-
Class 19A	30-06-22	552,921	29-11-19	0.35	-	-	(552,921)	-
		3,688,519				(562,500)	(1,248,814)	1,877,205

* All classes of Performance Rights that vest into fully paid ordinary shares, vest at a nil exercise price.

** Mr Tim Churcher's employment with the Company ended on 1 July 2020. The outcomes of the Class 2016C and Class 2018A were determined after year end and no rights vested.

As part of the former Managing Director & CEO's termination conditions, the following performance rights vested on 31 August 2019:

Class	Number of Rights Granted	Grant date	Fair Value at Grant \$/Right	Fair Value at Vesting \$/Right	Number of Rights Vested	Balance at year end
James Simpson						
Class 16B	1,500,000	28-11-16	0.15	0.52	1,500,000	-
Class 16C	1,500,000	28-11-16	0.15	0.52	1,500,000	-
Class 18A*	1,270,982	04-12-18	0.21	0.52	1,270,982	-
Class 18B*	1,270,982	04-12-18	0.30	0.52	1,270,982	-
	5,541,964				5,541,964	

* The ordinary shares granted upon vesting the vesting of the Performance Rights related to Class 18A and 18B remain restricted. The holding lock on these shares will be released on 31 August 2020.

8. NON-EXECUTIVE DIRECTORS' REMUNERATION

The Company's remuneration strategy and objective for Non-Executive Directors is to remunerate at a level which attracts and retains non-executive Directors of the requisite expertise and experience at a market rate which is comparable to other similar size companies and takes into account the time, commitment and responsibilities involved in being a Director of Aurelia.

The Remuneration Committee is responsible for reviewing and advising the Board on Director remuneration. Guidance is obtained as required from independent industry surveys and other sources to ensure that Directors' fees are appropriate and in line with the market.

Structure

The total aggregate amount of Directors' fees which may be paid to the Company's non-executive directors, as approved by shareholders at the Company's 2018 Annual General Meeting, is \$750,000 per year.

The annual fee for Non-Executive Directors, inclusive of statutory superannuation contributions, is \$100,000 and for the Chairman \$160,000. The Chairman's fees reflect the additional responsibilities of the role and are based on comparative positions in the industry.

No additional fees are paid for membership of a Board Committee.

Interim arrangement during leadership transition

Following the departure of the former Managing Director, Mr Simpson during FY 2019, interim executive roles within the business were performed by Mr Johnstone and Mr Menzies in order to provide for a smooth recruitment and transition to the current Managing Director, Mr Clifford, and current Chief Operating Officer Mr Trout. Both Mr Clifford and Mr Trout commenced employment with Aurelia on 25 November 2019.

Due to the interim executive roles performed Mr Johnstone and Mr Menzies, the Board's Remuneration Committee was reconstituted on 1 May 2019 to comprise solely of three independent Non-Executive Directors: Paul Espie (Committee Chair), Susan Corlett and Paul Harris. The Board of Directors, with the assistance of the reconstituted Remuneration Committee, finalised the remuneration arrangements for the interim executive appointments.

The details for the interim executive arrangement are detailed below:

Mr Johnstone – Interim Executive Chairman & CEO, for the period 2 May 2019 to 24 November 2019

Mr Johnstone received a monthly salary of \$59,167 (inclusive of compulsory superannuation payments) in addition to his usual Director fees. He was not entitled to participate in the Company's variable incentive plans.

Mr Menzies – Interim Executive Director & Chief Operating Officer, in the period 2 May 2019 to 23 October 2019

Mr Menzies received an equivalent monthly salary of \$40,000 (inclusive of compulsory superannuation payments, on a pro-rata basis for hours worked) in addition to his usual Director fees. He was not entitled to participate in the Company's variable incentive plans. Mr Menzies received \$137,000 in fees for executive services during this period.

9. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following table details the remuneration received by Directors and KMP of the Company during FY20.

FY20	Short Term					Post-Employment	Share-based payment	Total \$	'at-risk' %
	Base Salary/ Directors Fees \$	Fees for executive services	Non- monetary Benefits	Termination and accrued leave paid	STIP Payment \$ *	Superannuation \$	'at-risk' %		
Non-Executive Directors									
Colin Johnstone ⁽ⁱ⁾	160,000	284,000	-	-	-	-	-	444,000	0%
Michael Menzies ⁽ⁱⁱ⁾	100,000	57,000	-	-	-	-	-	157,000	0%
Lawrence Conway	95,662	-	-	-	-	4,338	-	100,000	0%
Susan Corlett ⁽ⁱⁱⁱ⁾	91,324	111,150	-	-	-	8,676	-	211,150	0%
Paul Harris ^(iv)	100,000	55,688	-	-	-	-	-	155,688	0%
Paul Espie ^(v)	45,662	-	-	-	-	4,338	-	50,000	0%
Sub-total	592,648	507,838	-	-	-	17,352	-	1,117,838	0%
Managing Director									
Daniel Clifford ^(vi)	412,363	-	-	-	147,917	14,583	661,072	1,235,935	65%
Other executive KMP									
Peter Trout ^(vii)	284,327	-	-	-	62,500	14,583	40,416	401,826	26%
Tim Churcher ^(viii)	410,198	-	9,301	531,980	-	25,000	116,915	1,093,394	11%
Sub-total	1,106,888	-	9,301	531,980	210,417	54,166	818,403	2,731,155	38%
Total	1,699,536	507,838	9,301	531,980	210,417	71,518	818,403	3,848,993	27%

(i) Mr Colin Johnstone fulfilled duties as Interim Executive Chairman & CEO from 2 May 2019 to 24 November 2019.

(ii) Mr Michael Menzies fulfilled duties as Interim Executive Director & COO in period 2 May 2019 to 23 October 2019.

(iii) Ms Susan Corlett provided services in an executive capacity in the areas of geology, greenfield and brownfield exploration, resources, reserves and mine planning during the leadership transition period from April to November 2019.

(iv) Mr Paul Harris provided services in an executive capacity in the area of investor relations during the leadership transition period from April to November 2019. Mr Harris was the Lead Independent Director from 2 May 2019 to 24 November 2019.

(v) Mr Paul Espie resigned on 29 November 2019.

(vi) Mr Daniel Clifford appointed as Managing Director and CEO on 25 November 2019.

(vii) Mr Peter Trout was appointed as Chief Operating Officer on 25 November 2019.

(viii) Mr Tim Churcher's termination date is 1 July 2020. The termination payment of \$395,928 represents the average 12 months base salary for the 3 years prior. The accrued leave paid totalled \$136,052. The amounts were provided for in FY20 and were paid in July 2020.

* STIP payments related to the 2020 STI Plan will be paid in FY21.

9. REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

The following tables show details of the remuneration received by Directors and KMP of the Company during FY19.

FY19	Short Term					Post-Employment	Share-based payment	Total \$	'at-risk' %
	Base Salary/ Directors Fees \$	Fees for executive services	Non- monetary Benefits	Termination and accrued leave paid	STIP Payment \$ *	Total \$	'at-risk' %		
Directors									
Colin Johnstone ⁽ⁱ⁾	134,750	118,333	-	-	-	-	-	253,083	0%
Michael Menzies ⁽ⁱⁱ⁾	85,588	80,000	-	-	-	-	-	165,588	0%
Lawrence Conway	78,163	-	-	-	-	7,425	-	85,588	0%
Susan Corlett ⁽ⁱⁱⁱ⁾	61,912	-	-	-	-	5,882	-	67,794	0%
Paul Harris ^(iv)	52,966	48,000	-	-	-	-	-	100,966	0%
Paul Espie	79,706	-	-	-	-	5,882	-	85,588	0%
Clifford Tuck ^(v)	17,794	-	-	-	-	-	-	17,794	0%
Sub-total	510,879	246,333	-	-	-	19,189	-	776,401	0%
Managing Director									
James Simpson ^(vi)	686,750	-	20,393	533,957	355,875	45,833	2,183,322	3,826,130	66%
Other KMP									
Tim Churcher	413,000	-	13,951	-	65,700	25,000	129,645	647,296	30%
Sub-total	1,099,750	-	34,344	533,957	421,575	70,833	2,312,967	4,473,426	61%
Total	1,610,629	246,333	34,344	533,957	421,575	90,022	2,312,967	5,249,827	52%

(i) Mr Colin Johnstone was appointed as Interim Executive Chairman and CEO, to assist with the leadership transition, from 2 May 2019.

(ii) Mr Michael Menzies was appointed as Interim Executive Director and COO, to assist with the leadership transition, from 2 May 2019.

(iii) Ms Susan Corlett was appointed as a Director on 3 October 2018.

(iv) Mr Paul Harris was appointed as a Director on 17 December 2018 and provided services in an executive capacity in the area of investor relations. Mr Harris was the lead Independent Director from 2 May 2019.

(v) Mr Clifford Tuck resigned as a Director of the Board on 30 September 2018 and then provided executive advisory services from 1 October 2018.

(vi) Mr James Simpson resigned on 22 May 2019.

*The termination payment was provided for in FY19 and paid on 31 August 2019.

** STIP Payments related to the 2019 STI Plan were paid in FY20.

10. SHAREHOLDINGS OF DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The shareholdings of Directors and other KMPs presented below include shares held directly, indirectly, and beneficially by the Directors and other KMPs.

FY20	Balance start of year	Performance Rights vested	Other changes during year	Balance end of year
Directors				
Colin Johnstone	1,000,001	-	249,999	1,250,000
Daniel Clifford ⁽ⁱ⁾	-	-	-	-
Lawrence Conway	171,429	-	-	171,429
Susan Corlett	33,731	-	-	33,731
Paul Espie ⁽ⁱⁱ⁾	150,000	-	(150,000)	-
Paul Harris	-	-	-	-
Michael Menzies	633,929	-	200,000	833,929
James Simpson ⁽ⁱⁱⁱ⁾	-	5,541,964	(5,541,964)	-
Executives				
Peter Trout ^(iv)	-	-	-	-
Tim Churcher	-	562,500	-	562,500
Total	1,989,090	6,104,464	(5,241,965)	2,851,589

(i) Appointed 25 November 2019.

(ii) Resigned on 29 November 2019.

(iii) Mr Simpson resigned 22 May 2019. A total of 2,541,964 shares remain subject to a holding lock until 31 August 2020.

(iv) Appointed 25 November 2019.

FY19	Balance start of year	Performance Rights vested	Other changes during year	Balance end of year
Directors				
Colin Johnstone	1,000,001	-	-	1,000,001
James Simpson	602,429	1,500,000	(2,102,429)	-
Lawrence Conway	171,429	-	-	171,429
Susan Corlett	-	-	33,731	33,731
Paul Espie	-	-	150,000	150,000
Paul Harris	-	-	-	-
Michael Menzies	533,929	-	100,000	633,929
Executives				
Tim Churcher	371,429	500,000	(871,429)	-
Total	2,679,217	2,000,000	(2,690,127)	1,989,090

All equity transactions with KMPs other than those arising from exercise of remuneration options and performance rights have been entered into under terms and agreements no more favourable than those the Company would have adopted if dealing at arm's length.

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AUDITOR'S INDEPENDENCE DECLARATION



Building a better
working world

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Auditor's Independence Declaration to the Directors of Aurelia Metals Limited

As lead auditor for the audit of the financial report of Aurelia Metals Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aurelia Metals Limited and the entities it controlled during the financial year.

Ernst & Young

Scott Jarrett
Partner
25 August 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020			2020 \$000	2019 \$000
	Note			
Sales Revenue	4		331,819	295,002
Cost of sales	5		(259,845)	(215,024)
Gross Profit			71,974	79,978
Commodity derivatives loss	5		(14,360)	(16,884)
Corporate administration expenses	5		(9,240)	(6,874)
Exploration and evaluation expenditure written off	12		(2,600)	(2,473)
Share based expense	20		(1,351)	(2,397)
Other expenses	5		(4,259)	(718)
Other income	4		6,618	458
Profit before income tax and net finance expenses			46,782	51,090
Finance income	4		795	1,634
Finance costs	5		(2,370)	(1,706)
Profit before income tax expense			45,207	51,018
Income tax expense	6		(15,765)	(15,001)
Profit after income tax expense			29,442	36,017
Total comprehensive profit for the year			29,442	36,017
Earnings per share for Profit attributable to the ordinary equity holders of the parent				
Basic earnings per share (cents per share)	19		3.37	4.16
Diluted earnings per share (cents per share)	19		3.34	4.13

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2020			2020 \$'000	2019 \$'000
	Note			
Assets				
Current Assets				
Cash and cash equivalents			79,103	104,302
Trade and other receivables	7		6,768	7,285
Inventories	8		24,763	23,316
Prepayments			1,498	1,445
Total current assets			112,132	136,348
Non-current assets				
Property, plant and equipment	10		104,538	85,351
Mine properties	11		92,337	87,748
Exploration and evaluation assets	12		15,610	5,878
Right of use assets	15		13,209	-
Financial assets	9		4,787	700
Deferred tax assets	6		1,163	5,123
Total non-current assets			231,644	184,800
Total assets			343,776	321,148
Liabilities				
Current Liabilities				
Trade and other payables	13		28,682	29,789
Provisions	14		10,573	10,029
Lease liabilities	15		6,318	-
Current tax liabilities			3,568	-
Derivative financial instruments			-	12,041
Total current liabilities			49,141	51,859
Non-current liabilities				
Provisions	14		52,514	47,710
Lease liabilities	15		7,217	-
Total non-current liabilities			59,731	47,710
Total liabilities			108,872	99,569
Net assets			234,904	221,579
Equity				
Contributed equity	16		185,878	185,878
Reserves	17		10,406	9,055
Retained earnings	18		38,620	26,646
Total equity			234,904	221,579

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Issued share capital \$'000	Share based payments reserve \$'000	Retained earnings/ accumulated losses \$'000	Total \$'000
Balance at 1 July 2018		185,753	6,658	(9,371)	183,040
Total profit for the period		-	-	36,017	36,017
Transactions with owners in their capacity as owners					
Shares issued for the period	16	125	-	-	125
Share-based payments	20	-	2,397	-	2,397
Balance at 30 June 2019		185,878	9,055	26,646	221,579
Balance at 1 July 2019		185,878	9,055	26,646	221,579
Total profit for the period		-	-	29,442	29,442
Transactions with owners in their capacity as owners					
Share-based payments	20	-	1,351	-	1,351
Dividend payments	16	-	-	(17,468)	(17,468)
Balance at 30 June 2020		185,878	10,406	38,620	234,904

The above Statement should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the year ended 30 June 2020		2020	2019
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		332,726	295,945
Payments to suppliers and employees		(217,032)	(172,367)
Interest received		794	1,634
Interest paid		(2,027)	(1,159)
Income tax paid, net		(3,930)	(17,270)
Net cash flows from operating activities	22	110,531	106,783
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		(40,146)	(22,648)
Payments for mine capital expenditure		(33,321)	(37,101)
Payments on settlement of gold forwards		(26,402)	(3,648)
Payments for exploration and evaluation		(12,157)	(6,855)
Proceeds from the sale of property, plant and equipment		2,969	4,839
Payments for deferred acquisition costs (Hera Mine)		(2,611)	(3,592)
Payment for equity investment		(200)	-
Proceeds on foreign exchange		(173)	997
Payments of stamp duty on business acquisition		-	(5,387)
Release of security deposits		-	4,742
Net cash flows used in investing activities		(112,041)	(68,653)
Cash flows from financing activities			
Dividend payment to shareholders	16	(17,468)	-
Principal element of lease payments		(6,221)	-
Proceeds from issue of shares	16	-	125
Repayment of other borrowings		-	(878)
Net cash flows used in financing activities		(23,689)	(753)
Net (decrease)/increase in cash and cash equivalents		(25,199)	37,377
Cash and cash equivalents at beginning of the year		104,302	66,925
Cash and cash equivalents at end of the year		79,103	104,302

The above Statement should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Aurelia Metals Limited is a company limited by shares, incorporated, and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

Aurelia has the following wholly owned subsidiaries incorporated in Australia:

- Defiance Resources Pty Ltd, incorporated 15 May 2007
- Hera Resources Pty Ltd, incorporated 20 August 2009
- Nymagee Resources Pty Ltd, incorporated 7 November 2011
- Peak Gold Asia Pacific Ltd, incorporated 26 February 2003
- Peak Gold Mines Pty Ltd, incorporated 31 October 1977

The nature of the operations and principal activities of the consolidated group are gold, copper, lead and zinc production and mineral exploration.

The financial report of Aurelia Metals Limited and its subsidiaries for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 25 August 2020.

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report also complies with the International Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for investments, derivative instruments and deferred acquisition costs which are measured at fair value.

The financial report has been presented in Australian dollars, which is the functional currency of the Company.

Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Aurelia Metals Limited and its subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns
- when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
 - the contractual arrangement with the other vote holders of the investee
 - rights arising from other contractual arrangements; and
 - the Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

1. CORPORATE INFORMATION (CONTINUED)

Foreign currency and translation

Functional and Presentation Currency

Both the functional and presentation currency of Aurelia Metals Limited and its controlled entities is Australian Dollars (\$ or A\$).

Transactions and Balances

Transactions in foreign currency are initially recorded in the foreign currency at the exchange rates ruling at the date of transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date. All exchange differences in the consolidated financial statements are taken to the Income Statement as gain or loss on exchange.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

2. OPERATING SEGMENTS AND PERFORMANCE

2.1. IDENTIFICATION AND DESCRIPTION OF SEGMENTS

The consolidated entity applies AASB 8 Operating Segments which requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes.

An operating segment is a component of an entity that engages in business activities from which it may earn income and incur expenses (including income and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Makers (CODM), to determine how resources are to be allocated to the segment, and assess its performance. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the Board of Directors (the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

The Consolidated Entity operates entirely in the industry of exploration, development, and mining of minerals in Australia. The reportable segments are split between the Hera Mine, the Peak Mine, and corporate and administrative activities. Financial information about each of these segments is reported to the Managing Director and Board of Directors monthly.

Corporate and administrative activities are not allocated to operating segments and form part of the reconciliation to net profit after tax and includes share-based expenses and other administrative expenditures incurred to support the business during the period.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA).

2.2. ACCOUNTING POLICIES ADOPTED

Unless otherwise stated, all amounts reported to the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the consolidated entity.

2.3. SEGMENT REVENUE

The revenue from external parties reported to the CODM is measured in a manner consistent with that of the statement of comprehensive income.

Revenues from external customers are derived from the sale of metal in concentrate and gold doré from the Peak Mine and Hera Mine.

The revenue from gold doré sales is attributable to one single gold refinery customer based in Perth, which accounts for 68% of total sales revenue.

The concentrate revenue arises from sales to various customers, with the largest customer accounting for 22% of total sales revenue.

2.4. SEGMENT ASSETS AND LIABILITIES

Where an asset is used across multiple segments the asset is allocated to the segment that receives most of the economic value from the asset. In most instances, segment assets are clearly identifiable based on their nature and physical location.

Liabilities are allocated to segments where there is a direct nexus between the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the whole consolidated entity and are not allocated.

2. OPERATING SEGMENTS AND PERFORMANCE (CONTINUED)

2.4. SEGMENT ASSETS AND LIABILITIES (CONTINUED)

Segment liabilities include trade and other payables and other certain direct borrowings.

Unallocated items

The following items are not allocated to operating segments, as they are not considered part of the core operations of any segment:

- Interest and other income;
- Share based payment expense; and
- Foreign exchange, commodity derivative transactions, investment revaluations, debt restructuring and gain/loss on the sale of financial assets.

2.5. SEGMENT INFORMATION

The segment information for the reportable segments is as follows:

Year ended 30 June 2020					
	Note	Peak Mine \$'000	Hera Mine \$'000	Corporate & Elimination \$'000	Total \$'000
Revenue	4	185,366	146,453	-	331,819
Site EBITDA		60,214	68,097	-	128,311
Reconciliation of profit before tax expense:					
Depreciation and amortisation expense					(56,665)
Corporate costs					(8,912)
Interest income and expense, net					(1,575)
Share based expenses	17				(1,351)
Exploration costs expensed					(2,600)
Other income and expenses, net					2,359
Loss on commodity derivatives					(14,360)
Income tax expense	6				(15,765)
Profit after income tax					29,442
Segment assets and liabilities					
Total assets		203,562	72,846	67,368	343,776
Total liabilities		(71,914)	(30,560)	(6,398)	(108,872)

2. OPERATING SEGMENTS AND PERFORMANCE (CONTINUED)

2.5. SEGMENT INFORMATION (CONTINUED)

Year ended 30 June 2019					
	Note	Peak Mine \$'000	Hera Mine \$'000	Corporate & Elimination \$'000	Total \$'000
Revenue	4	161,109	133,893	-	295,002
Site EBITDA		68,095	61,635	-	129,730
Reconciliation of profit before tax expense					
Depreciation and amortisation expense					(51,973)
Corporate costs					(6,753)
Interest income and expense, net					(72)
Share based expenses	17				(2,397)
Exploration costs expensed					(2,473)
Other income and expenses, net					843
Loss on commodity derivatives and foreign exchange					(15,887)
Income tax expense	6				(15,001)
Profit after income tax					36,017
Segment assets and liabilities					
Total assets		182,029	66,652	72,467	321,148
Total liabilities		(60,861)	(31,282)	(7,426)	(99,569)

The Group applied the modified retrospective approach on adoption of AASB 16 Leases therefore the site EBITDA for the year ended 30 June 2019 is not entirely comparable to current year disclosure.

3. SIGNIFICANT ITEMS

Significant items are those items where their nature or amount is considered material to the financial report.

3.1. GOLD FORWARD CONTRACTS

The Company had entered into derivative commodity contracts for the forward sale of gold. The gold forward contracts were progressively settled throughout the year ended. All gold forward contracts have been settled and the Company had no future gold forward commitments at 30 June 2020.

The Company's financial results for the year include a realised loss from gold forward trading \$14.4 million (2019: realised loss \$4.9 million, unrealised loss \$12.0 million) due to the significant gold price increase in comparison to the contract price. The gold forward contracts related to 56,000 ounces at an average price of \$1,809 per ounce of gold.

The Company's gold forward trading activity did not meet the definition of hedging under AASB 9: Financial Instruments, and is accounted for as a derivative financial instrument, with all realised and unrealised gains and losses on forwards taken to the profit and loss statement.

4. SALES REVENUE AND OTHER INCOME

Profit before income tax includes the following revenues, other income and expenses whose disclosure is relevant in explaining the performance of the Group.

	2020 \$000	2019 \$000
Sales revenue		
Gold	216,521	197,570
Copper	41,972	29,921
Lead	38,277	39,823
Zinc	25,960	22,851
Silver	9,089	4,837
Total sales revenue from contracts with customers	331,819	295,002

	2020 \$000	2019 \$000
Other income		
Sundry income	2,732	458
Fair value adjustments of financial assets	3,886	-
	6,618	458
Finance income	795	1,634
Total finance income	795	1,634

Gold and silver bullion sales

Revenue from gold and silver bullion sales is recognised when control has been transferred to the refinery (which is at the point where the doré leaves the gold room at the mine site, or when the gold metal credits are transferred to the customer's account) and once the quantity of the gold and silver and the selling prices are known or have been reasonably determined.

Zinc, lead, copper and silver in concentrate sales

Recognition of revenue from metal in concentrate sales contracts with customers is dependent upon the individual contracts with each customer, for each mine site. Contracts with customers are generally based on Cost, Insurance and Freight (CIF) Incoterms for the Hera mine, and on Carriage and Insurance Paid (CIP) Incoterms for the Peak mine.

The Group generates concentrate sales revenue primarily from the obligation to transfer concentrate to the customer. As the Group sells concentrate on CIF and CIP Incoterms, the freight/shipping services provided (as principal) under these contracts with customers to facilitate the sale of concentrate represent a secondary performance obligation.

Revenue is allocated between the performance obligations and recognised as each performance obligation is met, which for the primary obligation occurs when the concentrate is delivered to a vessel or location, and for the secondary obligation, if applicable, when the concentrate is delivered to the location specified by the customer. Revenue arising from the secondary obligation, if assessed as immaterial to the Group, is aggregated with the primary performance obligation for disclosure purposes.

Quotation period

As is industry practice, the terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is determined based on the market price prevailing at a future date (quotation period). Revenue for the primary performance obligation is measured based on the fair value of the consideration specified in a contract with the customer at the time of settling the performance obligation and is determined by reference to forward market prices. Provisional pricing adjustments, which occur between the fair value at the time of settling the primary performance obligation and the final price, have been assessed and are recorded within revenue from concentrate sales.

Freight services performance obligation

The freight service on export concentrate shipments represents a separate performance obligation as defined under AASB 15 Revenue from Contracts with Customers. This means a portion of the revenue earned under these contracts proportionate to the cost of freight services has been deferred and will be recognised at the time the obligation is fulfilled, that is, when the concentrate reaches its final destination. For the year ended 30 June 2020, the amount of deferred revenue is \$0.5 million.

Fair value adjustment of financial asset

Financial assets at fair value through profit and loss comprise an investment in the ordinary capital of Sky Metals Limited, an entity listed on the Australian Securities Exchange (ASX). The fair value adjustment was determined based on the quoted market price of Sky Metals Limited as at 30 June 2020.

5. COST OF SALES AND OTHER EXPENSES

	Note	2020 \$'000	2019 \$'000
Cost of sales			
Site production costs		178,964	147,819
Transport and refining		15,719	12,567
Royalty		9,439	9,135
Inventory movement		(615)	(6,348)
		203,507	163,173
Depreciation and amortisation		56,338	51,851
Total cost of sales		259,845	215,024
Corporate administration expenses			
Corporate administration expenses		8,913	6,753
Corporate depreciation		327	121
Total corporate administration expenses		9,240	6,874
Commodity derivative loss			
Loss on gold forward contracts (i)		14,360	16,884
Total loss on commodity derivatives		14,360	16,884
Other expenses			
Loss on disposal of fixed assets		4,143	2,335
Unrealised foreign exchange loss/(gain)		177	(975)
Realised foreign exchange gain		(61)	(22)
Gain on sale of investments		-	(620)
Total other expenses		4,259	718
Finance costs			
Interest expense		1,108	932
Interest on lease liabilities		774	-
Unwinding of discount	14	488	774
Total finance costs		2,370	1,706

(i) Further information on the loss on gold forward contracts has been disclosed under Note 3 Significant Items.

Interest expense includes facility fees for the Syndicated Credit Facility of \$50 million (with a total of \$43.1 million utilised at 30 June 2020), interest on concentrate prepayments and other interest expenses.

6. INCOME TAX

The Group is a tax consolidated group at balance date.

The major components of income tax expense for the years ended 30 June 2020 and 2019 are:

6.1. INCOME TAX EXPENSE

	2020	2019
	\$000	\$000
Current income tax		
Current tax on profits for the year	10,005	13,612
Adjustments in respect of current income tax of previous year	1,800	(1,053)
Deferred tax:		
Deferred tax movements for the year	3,960	2,442
Income tax expense reported in the statement of comprehensive income	15,765	15,001

6.2. NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	2020	2019
	\$000	\$000
Accounting profit before income tax	45,207	51,018
Prima facie income tax expense @ 30%	13,562	15,305
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Share based payments and other non-assessable items	403	749
Prior year under provisions	1,800	(1,053)
Income tax expense	15,765	15,001

6.3. DEFERRED TAX BALANCES

The net deferred tax asset of \$1.2 million (2019: \$5.1 million), relates to the following:

	Balance 1 July 2019	Recognised in profit loss	Balance 30 June 2020
	\$000	\$000	\$000
Movement in deferred tax			
Provisions	16,423	2,908	19,331
Mine properties	(13,892)	651	(13,241)
Inventories	(1,606)	(122)	(1,728)
Exploration and evaluation expenditure	(1,589)	(3,028)	(4,617)
Other	5,470	(8,594)	(3,124)
Property, plant and equipment	317	4,225	4,542
Net deferred tax asset	5,123	(3,960)	1,163

Recognition and measurement

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

6. INCOME TAX (CONTINUED)

6.3. DEFERRED TAX BALANCES (CONTINUED)

Recognition and measurement (Continued)

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

7. TRADE AND OTHER RECEIVABLES

	2020 \$000	2019 \$000
Trade receivables	4,073	1,445
GST receivable	2,579	5,068
Other receivables	116	772
	6,768	7,285

Recognition and measurement

All of the above are non-interest bearing and generally receivable on 30-90 day terms. At balance date, no material amount of trade receivables were past due or impaired.

Trade receivables comprising base metal concentrates and gold bullion awaiting settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there has been a passing of control to the customer. Collectability of debtors is reviewed in line with a forward-looking expected credit loss (ECL) approach. The Group has adopted AASB 9's simplified approach and calculates ECL's based on lifetime expected credit losses, and takes into consideration any historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Trade receivables (subject to provisional pricing) are exposed to future commodity price movements over the quotational period (QP) and are measured at fair value up until the date of settlement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These trade receivables are initially measured at the amount which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP. The QP is typically for a between one and three months post-shipment, and final payment is due within 30 days from the end of the QP.

8. INVENTORIES

	2020	2019
	\$000	\$000
Stores inventory	7,323	6,491
Ore stockpiles	8,785	4,599
Metal in circuit	2,615	3,907
Finished concentrate	4,211	4,063
Finished gold doré	1,829	4,256
Total current inventory	24,763	23,316

Recognition and measurement

Stores inventory is valued at the lower of cost and net realisable value. Net realisable value is the estimate selling price in the ordinary course of business, less the estimate costs of completion and selling expenses. An allowance for obsolescence is determined with reference to the stores inventory items identified.

Ore stockpiles, gold in circuit, bullion and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Any ore stockpiles which are not scheduled to be processed in the twelve months after the reporting date are classified as non-current asset and the net realisable value is calculated on a discounted cash flow basis. The Group believes the processing of such stockpiles will have a future economic benefit to the Group and accordingly values these stockpiles at the lower of cost and net realisable value.

KEY JUDGEMENTS – NET REALISABLE VALUE

The computation of net realisable value for ore stockpiles involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, foreign exchange rates, recoveries and the timing of sale of the bullion and concentrate produced. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying value of ore stockpiles. Separately identifiable costs of conversion of each metal are specifically allocated.

9. FINANCIAL ASSETS

	2020	2019
	\$000	\$000
Movement in carrying value of listed equity investment		
Opening balance	700	80
Purchase of shares	200	700
Fair value adjustment	3,887	-
Sale of investments	-	(80)
Closing balance	4,787	700

At 30 June the Company held 18,410,000 shares (2019: 17,500,000 shares) in Sky Metals Limited (ASX: SKY). As part of a capital raise undertaken by Sky Metals Limited during the financial year, the Company acquired an additional 910,000 shares at a share price of \$0.22 per share. The fair value adjustment at 30 June 2020 was determined based on the quoted market share price of Sky Metals Limited as at 30 June 2020.

Recognition and measurement

Investments are classified as financial assets and comprise of quoted equity instruments which the Group intends to hold for the foreseeable future. The equity instruments are not held for trading but rather intended to be held over the long-term as a strategic investment. The Group elects to measure investments at either fair value through the profit and loss or fair value through other comprehensive income on an investment by investment basis.

10. PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$000	\$000
Plant and equipment at cost	171,943	137,645
Property at cost	764	764
Accumulated depreciation	(68,169)	(53,058)
	104,538	85,351

	2020	2019
	\$000	\$000
Movement in property, plant and equipment		
Carrying value at the beginning of the year	85,351	91,504
Additions/expenditure during the year	44,727	23,325
Depreciation for the year	(16,909)	(19,904)
Assets written off	(1,502)	(2,342)
Assets disposed or sold	(7,129)	(5,170)
Reclassified as assets for sale	-	(2,062)
Closing balance	104,538	85,351

Recognition and measurement

Property, plant and equipment is carried at cost, less accumulated depreciation, amortisation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Derecognition

Items of property, plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss from derecognising the asset is included in the statement of profit or loss in the period the item is derecognised.

When an asset is surplus to requirements the carrying amount of the asset is reviewed and is written down to its recoverable amount or derecognised.

Depreciation and amortisation

Items of plant and equipment and mine development are depreciated over their estimated useful lives.

The Group uses the units of production basis when depreciating mine specific assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production.

Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

For the remainder of assets, the straight-line method is used. The rates for the straight-line method vary between 10% and 33% per annum.

KEY JUDGEMENTS – USEFUL LIVES, RESIDUAL VALUES AND DEPRECIATION METHODS

The process of estimating the remaining useful lives, residual values and depreciation methods involve significant judgement. These estimates are reviewed annually for all major items of plant and equipment. Any changes are accounted for prospectively from the date of reassessment to the end of the revised useful life.

11. MINE PROPERTIES

	2020	2019
	\$000	\$000
Mine properties at cost	310,523	167,342
Accumulated depreciation and impairment	(218,186)	(79,594)
	92,337	87,748
Movement in mine properties		
Carrying value at the beginning of the year	87,748	68,310
Development expenditure during the year	36,308	50,047
Amortisation for the year	(31,719)	(32,068)
Transfer from exploration and evaluation assets	-	74
Transfer from property, plant and equipment	-	1,385
Closing balance	92,337	87,748

Recognition and measurement

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition.

11. MINE PROPERTIES (CONTINUED)

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation and amortisation

Accumulated mine development costs are depreciated/amortised on a unit-of-production basis over the economically recoverable reserves and the portion of mineral resources considered to be probable of economic extraction, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied.

Assessment of impairment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Indicators reviewed include, but are not limited to, the operating performance of the Cash Generating Unit ("CGU"), future business plans, assumptions around future commodity prices, exchange rates, production rates and production costs. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and the impairment loss recognised in the Statement of Profit or Loss.

The recoverable amount is the greater of fair value less costs to sell (FVLCD) and value in use (VIU). It is determined for an individual asset, unless the asset's VIU cannot be estimated to be close to its FVLCD and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The Group considers each of its mine sites to be a separate CGU.

The FVLCD for each CGU is estimated based on discounted future estimated cash flows (expressed in real terms) expected to be generated from the continued use of the CGUs, using market-based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, including expansion projects, based on the latest life of mine plans. These cash flows are discounted using a real post-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the CGU.

The determination of FVLCD for each CGU are Level 3 fair value measurements, as they are derived from valuation techniques that include inputs that are not based on observable market data. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

KEY JUDGEMENTS – DEPRECIATION AND IMPAIRMENT ASSESSMENT OF MINE PROPERTIES

Units of production method of depreciation and amortisation

The Company uses the unit-of-production basis where depreciating/amortising specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production.

Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

Impairment

The Company assesses each Cash-Generating Unit (CGU), at each reporting period to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value costs of disposal and value in use.

These assessments require the use of estimates and assumptions which could change over time and are impacted by various economic factors such as discount rates, exchange rates, commodity prices, gold multiple values, future operating development and sustaining capital requirements and operating performance. A change in one or more of these assumptions used to determine the value in use or fair value less costs of disposal could result in a material adjustment in a CGU's recoverable amount.

The Group has considered whether past impairment losses recorded at the Hera mine should be reversed. Management's assessment included analysis of the following aspects of the CGU:

- expanded life of mine plan forecast versus actual data
- capital development plan at the time of impairment versus current view
- depreciation of mine capital

Based on the assessment it was concluded that any reversal would essentially require the re-instatement of an asset that is fully depreciated as at 30 June 2020. As the asset is no longer in existence due to the passage of time and the consumption of the asset, a reversal of past impairment losses is not appropriate. Reversal would essentially require the re-instatement of an asset that is fully depreciated as at 30 June 2020. As the asset is no longer in existence due to the passage of time and the consumption of the asset, a reversal of past impairment losses is not appropriate.

12. EXPLORATION AND EVALUATION ASSETS

	2020	2019
	\$000	\$000
Exploration and evaluation assets at cost	40,271	33,288
Accumulated exploration and evaluation written off	(24,661)	(27,410)
	15,610	5,878
Movement in exploration and evaluation assets		
Carrying value at the beginning of the year	5,878	289
Expenditure during the year	12,332	7,459
Expenditure written off during the year	(2,600)	(2,473)
Reclassification	-	603
Closing balance	15,610	5,878

Recognition and measurement

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Such expenditure consists of an accumulation of acquisition costs, direct exploration and evaluation costs incurred, together with an appropriate portion of directly related overhead expenditure.

A regular review is undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to an area of interest. The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount. During the year, an impairment charge of \$2.6 million was recognised (2019: \$2.5 million).

KEY JUDGEMENTS – IMPAIRMENT

The consolidated entity performs impairment testing on specific exploration assets as required in AASB 6 para 20. Significant judgement is applied during the review and assessment of the carried forward costs and the extent to which the costs are expected to be recouped through the successful future development of the area of interest.

13. TRADE AND OTHER PAYABLES

	2020	2019
	\$000	\$000
Trade payables and accruals	24,563	26,773
Other payables	4,119	3,016
	28,682	29,789

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid.

Trade payables are unsecured, non-interest bearing and generally payable on 7 to 30-day terms. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. No assets of the Group have been pledged as security for the trade and other payables.

14. PROVISIONS

	2020	2019
	\$000	\$000
Current		
Deferred acquisition costs	2,630	1,995
Employee	7,305	7,307
Other	638	727
Total current provisions	10,573	10,029
Non-Current		
Rehabilitation	49,986	43,701
Deferred acquisition costs	2,166	3,539
Employee	362	470
Total non-current provisions	52,514	47,710
Total provisions	63,087	57,739

At 30 June 2020

	Rehabilitation	Deferred acquisition	Employee	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	43,701	5,534	7,777	727	57,739
Re-measurement of provision	5,834	1,836	2,895	1,656	12,221
Discount unwind charged to Income Statement	451	37	-	-	488
Paid/utilised during the year	-	(2,611)	(3,005)	(1,745)	(7,361)
Closing balance	49,986	4,796	7,667	638	63,087

At 30 June 2019

	Rehabilitation	Deferred acquisition	Employee	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	32,665	7,860	11,352	-	51,877
Re-measurement of provision	10,357	1,196	3,097	727	15,377
Discount unwind charged to Income Statement	703	70	-	-	773
Paid/utilised during the year	(24)	(3,592)	(6,672)	-	(10,288)
Closing balance	43,701	5,534	7,777	727	57,739

14. PROVISIONS (CONTINUED)

Mine rehabilitation

The nature of site restoration costs includes the dismantling and removal of mining plant, equipment and building structures, waste removal and restoration, reclamation, and re-vegetation of affected areas of the site in accordance with the requirements of the mining permits.

The Group has a \$50 million Credit Facility which covers the environmental guarantee obligation. At 30 June 2020, Letters of Credit with an aggregate value of \$43.1 million have been drawn with no cash-backing requirement (\$32.3 million for Peak, and \$10.8 million for Hera).

Deferred acquisition costs

This relates to deferred acquisition costs on the purchase of Hera Mine. The Group records deferred acquisition costs at fair value using the discounted cash flow methodology based on the three-year Australian government bond rate of 0.39%.

Employee benefits

The provision for employee benefits represent annual leave and long service leave entitlements for current employees, and also includes the annual leave and long service leave balance due to ex-employees who transferred from Aurelia to PYBAR as a result of the transition to contract mining from 1 February 2019.

Aurelia remains liable for the benefits earned by these employees up to the date of transfer (1 February 2019).

Other provisions

Other provisions relate to electricity provisions.

Recognition and measurement

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement.

Mine rehabilitation

The rehabilitation provision represents the present value of the estimated future rehabilitation costs relating to mine sites. The discount rate used to determine the present value is a pre-tax rate reflecting the current market assessments.

The unwinding of discounting the provision is included in finance costs in the profit or loss.

When the liability is initially recorded, the present value of the estimated cost is capitalised as part of the carrying value of mine properties, which is amortised on a units of use basis. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

Deferred acquisition costs in relation to Hera

The Company measures the deferred acquisition costs by reference to the fair value of net present value of future cash outflows. The following assumptions have been taken into account: risk free bond rate, gold price, timing and possibility of payment.

Employee benefits

Annual leave liabilities are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave liabilities are measured at the present value of the estimated future cash outflows, discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the statement of profit or loss.

Other provisions

The provision for electricity represents the total estimated liability at year end. The liability is settled using electricity certificates bought in advance and included in current assets (prepayments).

14. PROVISIONS (CONTINUED)

KEY JUDGEMENTS – DEFERRED ACQUISITION COSTS, REHABILITATION PROVISION AND EMPLOYEE BENEFITS

Rehabilitation

Significant estimates and assumptions are required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Changes in technology, regulations, price increases, changes in timing of cash flows which are based on life of mine plan and changes in discount rates affect this liability. These factors will impact the mine rehabilitation provision in the period in which they change or become known.

An increase/(decrease) in CPI by 50 basis points will result in a \$2.5 million increase/(decrease) in the profit or loss and equity.

Deferred acquisition costs in relation to Hera

The deferred acquisition costs are related to the acquisition of the Hera Mine. On 18 June 2009, the Company reached agreement to purchase a 100% interest in the Hera Project and an 80% interest in the adjacent Nymagee Joint Venture from CBH Resources Limited (CBH). The total cost of the acquisition was an initial cash purchase price of \$12,000,000 and a 5% gold royalty on gravity gold dore production from the Hera deposit, capped at 250,000 ounces gold. The royalty was commercially negotiated post acquisition down to 4.5%.

The Consolidated Entity has recorded deferred consideration of \$4.8 million (2019: \$5.5 million) representing the net present value of projected royalty payments due under the revised terms of the acquisition, calculated based on information available as at 30 June 2020. The deferred consideration is revalued at each reporting date through the carrying value of the asset (mine properties) in accordance with the transitional requirements of AASB 3 Business combinations.

Assumptions based on the current economic environment and updated life of mine plans, have been made by management. These estimates are reviewed regularly, and factors considered include gold price, discount rates, timing of cash flows and forecast gold production.

Employee benefits

Management judgement is required in determining the future probability of employee departures and period of service used in the calculation of long service leave.

15. LEASES

The Company has lease contracts for mining, property, plant, machinery, and other equipment used in its operations. The leases have terms between 2 and 5 years. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right of use assets	2020 \$000
Carrying value at the beginning of the year	16,945
Additions	2,800
Depreciation expense	(6,536)
Carrying value at the end of the year	13,209

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities	2020 \$000
Current	6,318
Non-current	7,217
Closing balance	13,535

Movement in lease liabilities	2020 \$000
Carrying value at the beginning of the year	16,945
Additions	2,799
Interest expense	774
Payments	(6,983)
Carrying value at the end of the year	13,535

The lease liabilities at 1 July 2019 can be reconciled to the operating commitments as of 30 June 2019 as follows:

	30 June 2019
Operating Lease Commitments	16,507
Weighted average incremental borrowing rate at 1 July 2019	5%
Discounted operating lease commitments at 1 July 2019	14,861
<i>Less:</i>	
Commitments relating to short-term leases	(40)
Variable contract payments and contracts not captured by AASB 16	(976)
Payments in optional extension periods not recognised at 30 June 2019	3,100
Lease liability recognised on adoption 1 July 2019	16,945

15. LEASES (CONTINUED)

KEY JUDGEMENTS

The contractual arrangements between the Company and the mining contractor, engaged to undertake contact mining at both Hera and Peak Mines, are complex and require significant judgement during the assessment of the implications of AASB 16 Leases.

Contracts that contain variable payment terms that are linked to performance by the supplier, the including contract mining contacts for both Peak and Hera Mines, are recognised in the profit or loss in the period in which the condition that triggers those payments occurs.

The following are the amounts recognised in profit or loss	2020 \$000
Depreciation expense of right-of-use assets	6,536
Interest expense on lease liabilities	774
Expense relating variable lease payments (included in cost of sales)	109,417
Expense relating to short term leases (included in cost of sales)	51
	116,778

16. CONTRIBUTED EQUITY

16.1. MOVEMENTS IN ORDINARY SHARES ON ISSUE

2020		Date	Number	\$000
Opening balance			867,879,333	185,878
Shares issued on vesting of performance rights	(i)	30-Aug-19	5,541,964	-
Shares issued on vesting of performance rights	(ii)	11-Feb-20	562,500	-
Closing balance			873,983,797	185,878

2019		Date	Number	\$000
Opening balance			855,879,333	185,753
Shares issued upon exercise of options	(iii)	18-Sep-18	10,000,000	125
Shares issued on vesting of performance rights	(iv)	30-Oct-18	2,000,000	-
Closing balance			867,879,333	185,878

(i) Vesting of employee Performance Rights (Class 16B, Class 16C, Class 18A). A total of 2,541,964 shares are restricted from trading for a period of 12 months from 31 August 2019.

(ii) Vesting of employee performance rights (Class 16B).

(iii) Exercise of 10,000,000 options, exercisable at 1.25c/share by Pacific Road Capital Management Pty Ltd. at 30 June 2020 there are no remaining options on issue.

(iv) Vesting of employee performance rights (Class 16A).

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown directly in equity as a deduction, net of tax, from proceeds.

Ordinary shares which have no par value have the right to receive dividends as declared and, in the event of a winding up of the Parent, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

16. CONTRIBUTED EQUITY (CONTINUED)

16.2. DIVIDENDS MADE AND PROPOSED

Dividend Paid	2020 \$000	2019 \$000
Dividend paid	17,468	-
Total	17,468	-

A fully franked dividend of 2 cents per fully paid ordinary share was paid on 2 October 2019 related to the financial year ended 30 June 2019.

Subsequent to the end of the financial year ended 30 June 2020, the directors recommended the payment of a fully franked dividend of 1 cent per fully paid ordinary share. The dividend has not been recognised as a liability at 30 June 2020.

The franking account balance at the end of the financial year is \$37 million (2019: \$36 million). The Company currently does not have a share buy-back plan or a dividend reinvestment plan.

17. RESERVES

Movement in share base payments reserve	2020 \$000	2019 \$000
Opening balance	9,055	6,658
Share based payment expense	1,351	2,397
Closing balance	10,406	9,055

17.1. MOVEMENT IN RESERVES

The Company provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"), as issued under the Company's employee Performance Rights Plan. The plan forms part of the Company's remuneration framework, as detailed and explained in the Remuneration Report to these Financial Statements.

18. RETAINED EARNINGS/(LOSSES)

Movements in retained earnings	2020 \$000	2019 \$000
Opening balance	26,646	(9,371)
Profit for the year	29,442	36,017
Dividend paid	(17,468)	-
Closing balance	38,620	26,646

19. EARNINGS PER SHARE (EPS)

	2020 \$000	2019 \$000
Profit attributable to owners of Aurelia Limited used to calculate basic and diluted earnings	29,442	36,017
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	872,729	865,052
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	880,684	872,905
Basic earnings per share (cents per share)	3.37	4.16
Diluted earnings per share (cents per share)	3.34	4.13

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent company, by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

20. SHARE BASED PAYMENT ARRANGEMENTS

Share based payments expense	2020 \$000	2019 \$000
Expense from share-based payments to employees	1,351	2,397
Total	1,351	2,397

20.1. SHARE OPTION PLAN AND PERFORMANCE RIGHTS PLAN

The Company has established an employee Performance Rights Plan. The objective of these the plan is to assist in the recruitment, reward, retention, and motivation of employees of Aurelia. The plan is open to Directors and eligible employees.

The plan is provided by way of allocation of Performance Rights which carry an entitlement to a share subject to satisfaction of performance criteria and/or vesting conditions (as applicable). To the extent performance criteria and/or vesting conditions are satisfied, the Performance Rights are taken to have vested and been exercised at nil exercise price and the number of ordinary shares equal to the number of vested Performance Rights is issued.

Performance Rights are generally granted each year. The hurdles are agreed prior to the commencement of a new financial year, or as close to the end of the year as practical. The hurdles are determined at the discretion of the Board. The test date for each issue of Performance Rights is typically three years from Grant Date.

20. SHARE BASED PAYMENT ARRANGEMENTS (CONTINUED)

20.2. SUMMARY OF MOVEMENTS OF OPTIONS ON ISSUE

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options which were exercised during 2019:

Options on Issue	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Opening balance issued	-	-	10,000,000	1.25
Exercised in the year	-	-	(10,000,000)	1.25
Closing balance issued	-	-	-	-

20.3. SUMMARY OF MOVEMENTS OF PERFORMANCE RIGHTS ON ISSUE

The following table illustrates the number of, and movements in Performance Rights during the year. All Performance Rights have a zero weighted average exercise price.

Refer to the Remuneration Report (section 7.2) for the vesting conditions of the performance rights issued during the year.

Performance rights on issue	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Opening balance issued	9,197,171	-	6,500,000	-
Granted during the year	6,868,177	-	4,697,171	-
Vested during the year	(6,104,464)	-	(2,000,000)	-
Lapsed during the year	(1,883,472)	-	-	-
Closing balance issued	8,077,412	-	9,197,171	-

Performance rights	2020 Number	2019 Number	
2016 Class 16B	-	2,250,000	Unvested
2016 Class 16C	750,000	2,250,000	Unvested
2018 Class 18A	770,893	2,041,875	Unvested
2018 Class 18B	613,421	2,655,296	Unvested
2019 Class 19A	2,812,696	-	Unvested
2019 Class 19B	1,565,201	-	Unvested
2019 Class 19C	1,565,201	-	Unvested
Total	8,077,412	9,197,171	

Subsequent to balance sheet date, the LTIP outcomes for Performance Rights under Class 16C and Class 18A were determined. The movement will be displayed in the next reporting period.

20. SHARE BASED PAYMENT ARRANGEMENTS (CONTINUED)

20.4. FAIR VALUE DETERMINATION

During the year, the company issued a total of 6,868,177 rights under its employee Performance Rights plan. This comprised of three separate tranches.

Each grant under the employee Performance Rights plan will have a fair value calculated under the accounting standards, which is calculated as at the date of grant. An independent expert provider is engaged to calculate the estimated fair value of each grant using the Monte Carlo simulation method, which is applied in conjunction with assumed probabilities for the achievement of specific performance hurdles as define for each grant.

20.5. RECOGNITION AND MEASUREMENT

The Company provides benefits to employees in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external independent valuation using the Monte Carlo simulation.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the number of awards that will ultimately vest.

This opinion is formed based on the best available information at balance date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

In limited circumstance where the terms of an equity-settled award are modified (such as a change of control event, or as part of an agreed termination benefit), a minimum an

expense is recognised as if the terms had not been modified. The expense recognised reflects any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of the outstanding Performance Rights is reflected as additional share dilution in the computation of earnings per share.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In common with all other businesses, the Company is exposed to risks that arise during the course of business and its use of financial instruments. This note describes the consolidated entity's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Company's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and a deferred consideration related to the acquisition of the Hera Mine.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's managerial team. The Company's risk management policies and practices are designed to minimise and reduce risk as far as possible and to ensure cash flows are sufficient to:

- withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due; and
- maintain the capacity to fund project development, exploration, and acquisition strategies.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group holds the following financial instruments:

	Notes	2020 \$'000	2019 \$'000
Financial assets			
Cash at bank		79,103	104,302
Trade and other receivables	7	6,768	7,285
Listed equity investments	9	4,787	700
Balance at year end		90,658	112,287
Financial liabilities			
Trade and other payables	13	28,682	29,789
Lease liabilities	15	13,535	-
Deferred acquisition royalty	14	4,796	5,534
Derivative financial instruments		-	12,041
Balance at year end		47,013	47,364

Financial assets and liabilities

The Group enters into derivative financial instruments (commodity contracts) with financial institutions with investment-grade credit ratings. It measures financial instruments, such as derivatives and provisionally priced trade receivables, at fair value at each reporting date.

The Group's principal financial assets, other than derivatives and provisionally priced trade receivables, comprise other receivables, cash and short-term deposits that arise directly from its operations, as well as investments.

The Group's principal financial liabilities other than derivatives, comprise trade and other payables, and deferred acquisition royalty.

Accounting policies in respect of these financial assets and liabilities are documented within the relevant notes to the financial statements.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

21.1. DERIVATIVES

The Group had entered into derivative commodity contracts for the forward sale of gold that had not been designated as hedge. The gold forward contracts were progressively settled, with all contracts settled as at 30 June 2020.

The gold ounces and fair value as at 30 June 2019 are detail below:

Gold Forwards		2020	2019
Gold forwards contracts at 30 June	oz	-	56,000
Gold forward contracts at fair value	\$'000	-	12,041

The realised loss from the gold forward trading of \$14.4 million was recognised in the Income Statement (2019: realised loss \$4.9 million, unrealised loss \$12.0 million).

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.2. LIQUIDITY RISK

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

At 30 June 2020, the Company had no debt (2019: nil) and held \$79.1million (2019: \$104.3 million) of available cash.

21.3. MATURITY OF FINANCIAL LIABILITIES

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances which are due within 12 months equal their carrying balances as the impact of discounting is not significant.

2020	<1 Yr	1-2 Yrs	2-3 Yrs	3-4 Yrs	>4 Yrs	Contracted cash flow of liability	Carrying value of liability
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Lease liabilities	6,318	3,937	2,134	1,342	222	13,953	13,535
Deferred acquisition costs	2,633	1,120	643	419	-	4,815	4,796
Trade and other payables	28,682	-	-	-	-	28,682	28,682
Total	37,633	5,057	2,777	1,761	222	47,450	47,013

There are no contracted cash flow liabilities relating to leases payable in period greater 5 years.

2019	<1 Yr	1-2 Yrs	2-3 Yrs	3-4 Yrs	>4 Yrs	Contracted cash flow of liability	Carrying value of liability
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Deferred acquisition costs	2,467	1,496	1,252	386	-	5,601	5,534
Derivative financial instruments	12,041	-	-	-	-	12,041	12,041
Trade and other payables	29,789	-	-	-	-	29,789	29,789
Total	44,297	1,496	1,252	386	-	47,431	47,364

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.4. CREDIT RISK EXPOSURES

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. At balance date, there were no significant concentrations of credit risk given the sound credit worthiness of customers and bank used having investment grade credit ratings.

The total trade and other receivables outstanding as at 30 June 2020 was \$6.8 million (2019: \$7.3 million). No receivables are considered past due or impaired. Cash and cash equivalents at 30 June 2020 was \$79.1 million (2019: 104.3 million).

21.5. MARKET RISK EXPOSURES

21.5.1. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities specifically revenue and expenses are denominated in a foreign currency.

The group considers the effects of foreign currency risk on its financial position and financial performance and assesses its option to hedge based on current economic conditions and available market data.

The Group manages its foreign currency risk by converting foreign currency receipts to AUD upon receipt and only maintaining a minimal USD balance for foreign currency denominated commitments. The foreign currency exposure to revenue not converted at time of sale in the period to a 5% change in US\$ exchange rate was an approximately \$0.3 million (2019: \$0.3 million) sensitivity in profit/loss and equity.

The cash balance at year end includes US\$4.4 million (2019: US\$4.4 million) held in US\$ bank accounts. An increase/decrease in AUD: USD foreign exchange rates of 5% will result in \$0.3 million (2019: \$0.3 million) increase/decrease in US\$ currency bank account balances.

21.5.2. Commodity price risk

The Group is affected by the price volatility of certain commodities. Price risk relates to the risk that the fair value of future cash flows of commodity sales will fluctuate because of changes in market prices largely due to supply

and demand factors for commodities. The Group is exposed to commodity price risk related to the sale of gold, lead, zinc, and copper on physical prices determined by the market at the time of sale.

Commodity price risk may be managed, from time to time and as required and deemed appropriate by the Board, with the use of hedging strategies through the purchase of commodity hedge contracts. These contracts can establish a minimum commodity price denominated in either US\$ or A\$ over part of the group's future metal production.

The Group's management has developed and enacted a hedging policy focused on the management of commodity risk. During the year all remaining gold forward contracts were settled and no commodity hedge contracts were in place at 30 June 2020 (2019: gold forward contracts for 56,000 ounces at an average price of \$1,809/oz).

During the financial year, gold and gold in concentrate sales were 93,174 ounces (2019: 113,142 ounces). The effect on the income statement with an A\$50/oz increase/decrease in gold price would have resulted in an increase/decrease in profit/loss and equity of \$4.7 million (2019: \$5.7 million).

During the financial year, the company sold bulk concentrate containing payable lead of 18,390 tonnes (2019: 15,801 tonnes), payable zinc of 12,783 tonnes (2019: 8,321 tonnes) and payable copper of 5,306 tonnes (2019: 3,832 tonnes). An increase/decrease of US\$50/t in the price of lead, zinc and copper would have resulted in an increase/decrease profit/loss and equity by \$2.7 million (2019: \$2 million).

21.5.3. Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date where a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

During the year, the Group incurred Guarantee Facility fees totalling \$0.9 million (2019: \$0.7 million). The Group also holds cash and short-term deposits on which it receives interest. An increase/(decrease) in interest rates by 50 basis points will result in a \$0.3 million increase/(decrease) in the profit or loss and equity.

The Group continually analyses its exposure to interest rate risk. Consideration is given to alternative financing options, potential renewal of existing positions, alternative investments, and the mix of fixed and variable interest rates.

21.5.4. Equity price risk

The Group's listed equity investment in Sky Metals Limited is susceptible to market price risk arising from uncertainties about future value of the investment security. An increase/(decrease) of 5% in the share price would result in a \$0.2 million (2019: \$0.04 million) change in the investment.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

21.5.5. Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern, so as to maintain a strong capital base to support the Company's growth objectives and to maximise shareholder value. As at 30 June 2020, the Company had no debt and had an available cash balance of \$79.1 million (30 June 2019: \$104.3 million).

The Company continuously monitors the capital risks of the business by assessing the financial risks and adjusting the capital structure in response to changes in those risks. The Company is continually evaluating its sources and uses of capital.

Environmental Bond Facility covenants

The Company has an established Environmental Bond Facility which provides for covenants which includes a Cash

Cover Ratio, a Forward Cover Ratio, and a minimum cash balance. During the year, the Company has complied with and satisfied the covenant obligations.

The Group continues to monitor the capital by assessing the financial risks and adjusting the capital structure in response to changes in those risks. The Group is continually evaluating its sources and uses of capital. The Group is not subject to any externally imposed capital requirements.

The Directors consider the carrying values of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

21.5.6. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities. The following financial instruments are carried at fair value in the statement of financial position and measured at fair value through profit or loss.

2020	Quoted prices in	Significant	Significant
	active markets	observable inputs	unobservable inputs
	Level 1	Level 2	Level 3
	\$000	\$000	\$000
2020			
Assets			
Listed equity investments	4,787	-	-
Liabilities			
Deferred acquisition costs	-	-	(4,796)
2019			
Assets			
Listed equity investments	700	-	-
Liabilities			
Deferred acquisition costs	-	-	(5,534)
Derivative financial instruments	(12,041)	-	-

The techniques and inputs used to value the financial assets and liabilities are as follows:

- Investments: Fair value based on quoted market price at 30 June 2020.
- Deferred acquisition costs: are revalued at each reporting period to fair value by using the discounted cash flow methodology. Inputs include forecast gravity gold production applicable to the royalty of 33,026 ounces (2019: 68,000 ounces). Future royalty revenue is estimated using an assumed future average gold price of A\$2,321/oz (2019: A\$1,650/oz). The discount rate used was the five-year government bond rate of 0.39% (2019:0.893%).
- Derivative financial instruments (Gold Forward Contracts): are marked-to-market value based on spot gold prices at balance date and future delivery prices and volumes, as provided by trade counterparty.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

In common with all other businesses, the Company is exposed to risks that arise during the course of business and its use of financial instruments. This note describes the consolidated entity's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Company's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and a deferred consideration related to the acquisition of the Hera mine.

22. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS

Reconciliation of profit after tax to net cash flows used in operating activities	2020 \$000	2019 \$000
Net profit after tax	29,442	36,017
Adjustments for:		
Depreciation and amortisation	56,665	51,973
Loss on revaluation of commodity derivatives and foreign ex-change differences	14,476	15,886
Loss on scrapping of plant and equipment	4,143	2,368
Fair value adjustment of financial assets	(3,887)	-
Deferred tax recognised to income statement	1,796	(2,270)
Exploration and evaluation assets written off	2,600	2,473
Share based payments	1,351	2,397
Gain on sale of investments	-	(620)
Interest and amortisation of borrowing costs	488	774
Changes in assets and liabilities		
Increase/(decrease) in provisions	5,635	(2,847)
Increase in inventories	(1,447)	(4,971)
(Decrease)/increase in trade and other payables	(1,194)	5,120
Decrease in receivables	517	549
Increase in prepayments	(54)	(66)
Net cash flows from operating activities	110,531	106,783

23. AUDITORS REMUNERATION

The auditor of Aurelia Metals Limited is Ernst & Young.

Audit Services	2020 \$000	2019 \$000
Amounts paid/payable to Ernst & Young for audit or review of the financial statements for the consolidated entity	556	414
Non-audit services		
Amounts paid/payable to Ernst & Young for tax compliance services performed for the consolidated entity	78	58
Amounts paid/payable to Ernst & Young for tax advisory services performed for the consolidated entity	95	23
Total audit and non-audit services	729	495

There were no other services provided by Ernst & Young other than as disclosed above.

24. PARENT COMPANY INFORMATION

The financial information for the parent entity, Aurelia Metals Limited has been prepared on the same basis as the consolidated financial statements.

	2020 \$000	2019 \$000
Current assets	99,005	94,775
Non-current assets	7,346	8,400
Total assets	106,351	103,175
Current liabilities	78,055	75,641
Non-current liabilities	819	68
Total liabilities	78,874	75,709
Net assets	27,477	27,466
Issued capital	185,878	185,878
Reserves	10,406	9,055
Accumulated losses	(168,807)	(167,467)
Total shareholders' equity	27,477	27,466
Loss for the year	(1,340)	(38,547)
Total comprehensive income for the year	(1,340)	(38,547)

Commitments

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

	Parent 2020 \$000	Parent 2019 \$000
Within one year	-	48
After one year but not longer than five years	-	12
Total assets	-	60

The parent company has no contingent liabilities.

25. COMMITMENTS AND CONTINGENCIES

25.1. CAPITAL COMMITMENTS

The commitments to be undertaken are as follows:

	2020 \$000	2019 \$000
Payable not later than 12 months	1,299	38,245

The decrease in the capital commitments is due to completion of the Peak process plant upgrade which was completed and commissioned in February 2020.

25.2. EXPLORATION AND MINING

The commitments to be undertaken are as follows:

	2020 \$000	2019 \$000
Payable not later than 12 months	4,363	4,185

The commitments relate to exploration/mining lease minimum annual expenditures.

25.3. GUARANTEES

The Group has a \$50 million Syndicated Credit Facility which covers the environmental guarantee obligation. At 30 June 2020, Letters of Credit with an aggregate value of \$43.1 million (\$32.3 million for Peak, and \$10.8 million for Hera) have been drawn with no cash-backing requirement (2019: \$25.4 million for Peak, and \$4.6 million for Hera).

25.4. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

26. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

26.1. TRANSACTIONS WITH OTHER RELATED PARTIES

During the period, the following transactions with related parties occurred:

- Directors fees totalling \$160,000 and executive fees (related to the interim Executive Chairman and Acting CEO role for the period from 1 July 2019 to 25 November 2019) totalling \$284,000 were paid to Lazy 7 Pty Ltd, a company of which Colin Johnstone is a Director (2019: Directors fees \$134,750, Executive fees \$118,333).

- Directors fees totalling \$100,000 and executive fees (related to the interim Executive Chief Operating Officer role for the period from 1 July 2019 to 23 October 2019) totalling \$57,000 were paid to Kilorin Pty Ltd, a company of which Michael Menzies is a Director (2019: Directors fees \$85,588, Executive fees \$80,000).
- Directors fees totalling \$100,000 and advisory fees totalling \$55,688 were paid to Hollach Services Pty Ltd, a company of which Paul Harris is a Director (2019: Directors fees \$52,966, Executive fees \$48,000).

26.2. OTHER RELATED PARTY TRANSACTIONS

There were no other related party transactions during the year (2019: nil).

27. NEW ACCOUNTING POLICIES AND INTERPRETATIONS

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards applicable from 1 July 2019.

Several other amendments and interpretations apply for the first time from 1 July 2019, but do not have an impact on the consolidated financial statements of the Group.

27. NEW ACCOUNTING POLICIES AND INTERPRETATIONS (CONTINUED)

27.1. LEASES

AASB 117 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

AASB 16: Leases

The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases and required lessees to account for all leases under a single on-balance sheet model.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

No changes have been made in the comparative information presented in the financial statements with respect to the impact of AASB 16. Refer to note 15 Leases which outlines the impacts during the period.

Nature of the effect of adoption of AASB 16

The Group has supplier contracts for various items of plant, machinery, and other equipment. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. At the date of adoption of AASB 16, the Group had no lease contracts that were classified as finance leases, so there is no adjustment to equity required.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.0%. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

27. NEW ACCOUNTING POLICIES AND INTERPRETATIONS (CONTINUED)

27.1. LEASES (CONTINUED)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The depreciation for the mine site is disclosed under cost of sales whereas depreciation for the Corporate site is included in corporate administration expenses. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The lease interest expense is disclosed as finance costs in the Income Statement and is included as part of interest paid under cash flows from operating activities in the Cash Flow Statement.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is

not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000).

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group has the option, under some of its leases to lease the assets for additional terms of 1 to 2 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew that is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e. 1 to 2 years) and there will be a significant negative effect on production if a replacement is not readily available.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

27. NEW ACCOUNTING POLICIES AND INTERPRETATIONS (CONTINUED)

27.2. UNCERTAINTY OVER INCOME TAX TREATMENT

AASB Interpretation 23: Uncertainty over Income Tax Treatments

The interpretation provides new guidance on the application of AASB 112 Income Tax in situations where there is uncertainty over the appropriate income tax treatment of a transaction or class of transactions.

The Group applies significant judgement in identifying uncertainties over income tax treatments. The Group has determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation does not have an impact on the financial statements of the Group.

Accounting standards and interpretations issued but not yet effective

The following table sets out new Australian Accounting Standards and Interpretations that have been issued but are not yet mandatory and which have not been early adopted by the Company for the annual reporting period ending 30 June 2020.

Title	Application date of standard	Application date for Group
Definition of Material	1 January 2020	1 July 2020
Definition of a Business	1 January 2020	1 July 2020
References to the Conceptual Framework	1 January 2020	1 July 2020
Interest Rate Benchmark Reform	1 January 2020	1 July 2020
Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020	1 July 2020
Covid-19-Related Rent Concessions – Amendment to AASB16	1 January 2020	1 July 2020
Classification of Liabilities as Current or Non-current - Amendment to AASB 101	1 January 2022	1 July 2022
Reference to the Conceptual Framework – Amendments to AASB 3	1 January 2022	1 July 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 116	1 January 2022	1 July 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to AASB 137	1 January 2022	1 July 2022
AIP AASB 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022	1 July 2022

The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

28. COVID19 OUTBREAK

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

As a result of the outbreak, there is additional uncertainty in estimating the impact of the outbreak's near term and longer-term effects or Government's varying efforts to combat the outbreak and support businesses.

This being the case the value of certain assets and liabilities recorded in the Statement of Financial Position determined by reference to fair or market values at 30 June 2020 may have changed by the date of this report.

These include the recoverable amount of quoted investments.

As at the date of this report, such implications remain ongoing and evolving.

29. EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred after 30 June 2020:

- On 7 July 2020 the Company executed a \$30 million Syndicated Working Capital Facility to provide greater funding flexibility and balance sheet strength. As at the date of this report, the Facility remained undrawn.
- On 22 July 2020, the Company released its Mineral Resource & Ore Reserves Statement as at 30 June 2020.
- On 25 August 2020, the directors recommended the payment of a fully franked dividend of 1 cent per fully paid ordinary share. The proposed dividend (totalling approx. \$8.7 million) is subject to approval at the annual general meeting. The dividend has not been recognised at 30 June 2020.
- Mr Ian Poole was appointed as Company Secretary on 1 July 2020 and Chief Financial Officer on 6 July 2020.

There have been no other matters or events that have occurred after 30 June 2020 that have significantly affected or may significantly either the Group's operations or results of those operations of the Group's state of affairs.

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Aurelia Metals Limited, I state that:

In the opinion of the Directors:

The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

The Financial Statements and notes also comply with International Financial Reporting Standards as disclosed in the Notes to the Financial Statements and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2020.

On behalf of the Board,

Colin Johnstone
Non-Executive Chairman

25 August 2020

Daniel Clifford
Managing Director

AUDITOR'S REPORT



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Independent Auditor's Report to the Members of Aurelia Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aurelia Metals Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



Carrying value of Mine Properties and Property, Plant and Equipment

Why significant

At 30 June 2020, the Group's consolidated statement of financial position included \$197m of Mine Properties and Property, Plant and Equipment.

At the end of each reporting period, the Group exercises judgment in determining whether there is any indication of impairment of its cash-generating units (CGUs). If any such indicators exist, the Group estimates the recoverable amount of the non-current assets.

The Group determined there were no indicators of impairment at 30 June 2020 in respect of its Peak and Hera CGUs and for the year then ended.

Changes to key factors and assumptions or a failure to identify impairment indicators could lead the Group to incorrectly fail to test the recoverable amount of the CGUs at balance date. Accordingly, this was considered a key audit matter.

How our audit addressed the key audit matter

We considered the Group's process to identify indicators of impairment its non-current assets and CGUs at 30 June 2020.

In performing our procedures, we:

- ▶ Compared the Group's market capitalisation relative to its net assets.
- ▶ Considered the Group's process for identifying and considering external and internal information which may be an indicator and evaluated the completeness of the factors identified.
- ▶ We involved our valuation specialists to assess, through sensitivity analysis, whether changes in key assumptions such as commodity price, exchange rate and discount rate, used in the Group's life-of-mine (LOM) valuation models suggested contrary evidence to the Group's conclusion no impairment indicators were present at 30 June 2020.
- ▶ We compared future production forecasts in the Group's LOM models to published reserves and resources estimates and understood the Group's process for preparing those reserves and resources estimates, including the work of the Group's internal experts.
- ▶ We assessed the adequacy of the financial report disclosures contained in Note 10 and Note 11 of the financial report.



Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:



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- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 52 to 70 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Aurelia Metals Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'Ernst + Young', is positioned above the printed name.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Scott Jarrett', is positioned above the printed name.

Scott Jarrett
Partner
Sydney
25 August 2020

COMPETENT PERSONS STATEMENTS

HERA AND FEDERATION MINERAL RESOURCE ESTIMATES

Compilation of the drilling database, assay validation and geological interpretations for the Mineral Resource update for Hera and the maiden Mineral Resource Estimate for Federation were completed by Adam McKinnon, BSc (Hons), PhD, MAusIMM, who is a full time employee of Aurelia Metals Limited. The Mineral Resource Estimates for Hera and Federation were prepared by Rupert Osborn, BSc, MSc, MAIG, who is an employee of H&S Consultants Pty Ltd. Both Dr McKinnon and Mr Osborn have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr McKinnon and Mr Osborn consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

HERA ORE RESERVE ESTIMATE

The Ore Reserve Estimate was compiled by Givemore Kamupita, Senior Mining Engineer at Hera Mine. Mr Kamupita has worked at polymetallic mines including Olympic Dam. He has also worked at KCGM and several mines in Africa. Mr Kamupita is a mining engineer with a BE Mining Eng. obtained at the University of Newcastle Upon Tyne (UK), MSc Mining Engineering (UNSW), Master of Business Administration (UNISA) and is completing a Masters in Geostatistics with Adelaide University. Mr Kamupita has worked in underground hard rock mines since 1984 with 36 years' experience. Mr Kamupita has sufficient experience which is relevant to the style of mineralisation, type of deposit and mining method 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 Kamupita is a member of the AusIMM with whom he recently completed a Professional Certificate JORC Code Reporting course and also holds both NSW and WA Underground Mining Engineering Manager Certificates.

Anthony Allman, from ANTCIA Consulting Pty Ltd, has assisted Hera Mine in the preparation of the stope designs, mine designs, sensitivity analysis and scheduling of the 2020 Hera Mine Ore Reserve Estimate. Mr Allman is a mining engineer with a BE Min Eng. obtained at the University of NSW and has worked in underground hard rock mines for over 30 years. Mr Allman is a member of the AusIMM. The Ore Reserve Estimate was produced by Mr Kamupita, who is site based, with assistance from Mr Allman.

PEAK MINERAL RESOURCE ESTIMATE

Compilation of the drilling database, assay validation and geological interpretations for the Mineral Resource update were completed by Chris Powell, BSc, MAusIMM, who is a full time employee of Peak Gold Mines Pty Ltd. The Mineral Resource estimate has been prepared by Chris Powell and Arnold van der Heyden, who is the Director of H & S Consultants Pty Ltd. Both Mr Powell and Mr van der Heyden have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Powell and Mr van der Heyden consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

PEAK ORE RESERVE ESTIMATE

The Ore Reserve Estimate was compiled by Brett Fowler, who is a full time employee of Peak Gold Mines Pty Ltd. Mr Fowler has over +30 years' experience in both underground hard rock and surface mines since 1983 and has worked at underground operations including Nifty Copper Mine, Otter Juan, Coronet, Miiitel and Mariners Nickel mines and Higginsville Gold Mine and Kalgoorlie Consolidated Gold Mine in Western Australia. Mr Fowler is a dual qualified mining engineer and mining geologist with a Graduate Diploma (Mining) and a Bachelor of Applied Science (Mining Geology) obtained at Curtin University (WA School of Mines) and also holds a Graduate Diploma in Computing (Murdoch University) and Masters of Business Administration (Curtin University). Mr Fowler has sufficient experience which is relevant to the style of mineralisation, type of deposit and mining method 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 Fowler is a member of the AusIMM and also holds a WA First Class Mine Managers Certificate of Competency and a NSW Practising Certificate Engineering Manager Underground Mines.

Anthony Allman, from ANTICIA Consulting Pty Ltd, has assisted Peak Gold Mine in the preparation of the stope designs, mine designs, sensitivity analysis and scheduling of the 2020 Peak Gold Mine Ore Reserve Estimate. Mr Allman is a mining engineer with a BE Min Eng. obtained at the University of NSW and has worked in underground hard rock mines for over 30 years. Mr Allman is a member of the AusIMM. The Ore Reserve Estimate was produced by Mr Fowler, who is site based, with assistance from Mr Allman.

NYMAGEE MINERAL RESOURCE ESTIMATE

Compilation of the drilling database, assay validation and geological interpretations for the Mineral Resource update were completed by Adam McKinnon, BSc (Hons), PhD, MAusIMM, who is a full time employee of Aurelia Metals Limited. The Mineral Resource Estimate has been prepared by Arnold van der Heyden, BSc, MAusIMM (CPGeo), MAIG, who is an employee of H&S Consultants Pty Ltd. Both Dr McKinnon and Mr van der Heyden have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr McKinnon and Mr van der Heyden consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

SHAREHOLDER INFORMATION

ADDITIONAL ASX INFORMATION AS AT 30 SEPTEMBER 2020

TWENTY LARGEST SHAREHOLDERS OF ORDINARY SHARES

Name of Shareholder	Current Securities	% of Total Shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	173,718,108	19.88
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	162,932,403	18.64
CITICORP NOMINEES PTY LIMITED	123,122,814	14.09
NATIONAL NOMINEES LIMITED	67,257,420	7.70
BNP PARIBAS NOMS PTY LTD <DRP>	22,823,198	2.61
FEDERATION MINING PTY LTD	14,766,625	1.69
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	9,070,176	1.04
BRAZIL FARMING PTY LTD	8,050,000	0.92
JETOSEA PTY LTD	8,020,385	0.92
BRAZIL FARMING PTY LTD	6,897,968	0.79
JETOSEA PTY LTD	5,927,633	0.68
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	4,190,000	0.48
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,984,412	0.46
MR CARL ERIC HOLT & MRS LORRAINE HOLT <HOLT SUPER FUND A/C>	3,367,611	0.39
KURRABA INVESTMENTS PTY LIMITED	3,237,409	0.37
BRISLOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	2,761,502	0.32
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	2,541,964	0.29
UBS NOMINEES PTY LTD	2,500,000	0.29
KERONGA DEVELOPMENTS PTY LTD	2,029,363	0.23
AEGP SUPER PTY LTD <AEGP SUPERANNUATION FUND A/C>	1,910,000	0.22
JORDAN INVESTMENT GROUP PTY LTD	2,029,363	0.23
MR STEPHEN CANSDELL HIRST	1,910,000	0.22
Total	629,108,991	71.98
Balance of share register	244,874,806	28.02
Total issued capital	873,983,797	100.00

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Holding Ranges	Holders	Total Units	% Issued Share Capital
1- 1,000	564	260,335	0.03%
1,001 - 5,000	1,549	4,525,083	0.52%
5,001 - 10,000	1,032	8,511,152	0.97%
10,001 - 100,000	2,429	88,772,566	10.16%
Over 100,000	509	771,914,661	88.32%
Totals	6,083	873,983,797	100.00%

SUBSTANTIAL HOLDERS

Substantial shareholders as disclosed in the substantial holding notices given were as follows:

Holder Name	Number of Shares	% Issued Share Capital
J P Morgan Nominees Australia Pty Limited	173,718,108	19.88%
HSBC Custody Nominees (Australia) Limited	162,932,403	18.64%
Citicorp Nominees Pty Limited	123,122,814	14.09%
National Nominees Limited	67,257,420	7.70%
Total	527,030,745	60.30%

UNQUOTED PERFORMANCE RIGHTS

The only class of unquoted equity securities on issue is Performance Rights. The Performance Rights on issue have been issued under the Company's Long-Term Incentive Plan. The number of performance Rights on issue is set out in the table below:

Class	Number of Holders	Number of Performance Rights	Testing Dates
Class 16C	1	750,000	30-06-20
Class 18A	2	770,893	30-06-20
Class 18B	3	613,421	30-06-21
Class 19A	6	2,812,696	30-06-22
Class 19B	1	1,565,201	30-11-20
Class 19C	1	1,565,201	30-11-21
Total		8,077,412	

Voting rights

Ordinary shares on issue carry voting rights on a one for one basis. Performance Rights on issue do not carry voting rights.

Unmarketable parcels

There are 443 holders of less than a marketable parcel of ordinary shares based on the closing share price on 30 September 2020 of \$0.50.

Restricted Securities

There are no restricted securities or securities subject to voluntary escrow on issue.

SCHEDULE OF TENEMENT INTERESTS

Tenement	Name	Location	Holder	Expiry Date	Comments	Size (km ²)
EL4232	Nymagee	Nymagee; 90km south of Cobar; western NSW	Nymagee Resources Pty Ltd (Ausminex Pty Limited 5%)	17/03/2019	Renewal application submitted to Dept in Feb 2019, outcome pending.	14.5
EL4458	Nymagee Mine	Nymagee; 90km south of Cobar; western NSW	Nymagee Resources Pty Ltd (Ausminex Pty Limited 5%)	26/11/2018	Renewal application submitted to Dept in Nov 2018, outcome pending.	11.6
EL6162	Hera	Nymagee; 90km south of Cobar; western NSW	Hera Resources Pty Ltd	26/11/2024		130
EL7447	Box Creek	Nymagee; 90km south of Cobar; western NSW	Defiance Resources Pty Ltd	2/02/2020	Renewal application submitted to Dept in Jan 2020, outcome pending.	145
EL7524	Barrow	25km WNW of Nymagee	Defiance Resources Pty Ltd	3/05/2020	Renewal application submitted to Dept in April 2020, outcome pending.	60.9
EL7529	Lyell	20km west of Nymagee	Defiance Resources Pty Ltd	3/05/2020	Renewal application submitted to Dept in April 2020, outcome pending.	8.7
ML53	Nymagee Mine	Nymagee; 90km south of Cobar; western NSW	Nymagee Resources Pty Ltd	31/12/2021	Small leases over Historic Nymagee Mine. Renewal due Dec 2020.	0.05
ML90	Nymagee Mine	Nymagee; 90km south of Cobar; western NSW	Nymagee Resources Pty Ltd	31/12/2021	Small leases over Historic Nymagee Mine. Renewal due Dec 2020.	0.34
ML5295	Nymagee Mine	Nymagee; 90km south of Cobar; western NSW	Nymagee Resources Pty Ltd	31/12/2021	Small leases over Historic Nymagee Mine. Renewal due Dec 2020.	3.34
ML5828	Nymagee Mine	Nymagee; 90km south of Cobar; western NSW	Nymagee Resources Pty Ltd	31/12/2021	Small leases over Historic Nymagee Mine. Renewal due Dec 2020.	0.02
PLL847	Nymagee Mine	Nymagee; 90km south of Cobar; western NSW	Nymagee Resources Pty Ltd	31/12/2021	Small leases over Historic Nymagee Mine. Renewal due Dec 2020.	0.13
ML1686	Hera Mine	Nymagee; 90km south of Cobar; western NSW	Hera Resources Pty Ltd	16/05/2034	Active mine site-Hera. Excised from EL6162.	13.08
ML1746	HERA Extension	Nymagee; 90km south of Cobar; western NSW. North extension of ML1686	Hera Resources Pty Ltd	7/12/2037	Active mine site-Hera. Depth Restriction - Underground access only. 100m surface exclusion.	0.62
EL8060	Nymagee North	15km N of Nymagee, western NSW	Peak Gold Mines	20/02/2024		37.89
EL8523	Margaret Vale	7km NE of Cobar, western NSW	Peak Gold Mines	1/03/2023		46.86
EL8548	Narri	25km SE of Cobar, western NSW	Peak Gold Mines	3/04/2023		125.70
EL6401	Rookery East	50km SE of Cobar western NSW	Peak Gold Mines	5/04/2024		17.51
EL5933	Peak	Cobar, western NSW	Peak Gold Mines	16/04/2020	Renewal application submitted to Dept in April 2020, outcome pending.	277.47
EL8567	Kurrajong	15km N of Nymagee, western NSW	Peak Gold Mines	22/05/2023		61.21
EL7355	Nymagee East	15km E of Nymagee, western NSW	Peak Gold Mines	24/06/2021		72.75
EL6149	Mafeesh	55km S of Cobar, western NSW	Peak Gold Mines	16/11/2020	Renewal due in 2020	14.57
EL5982	Normavale	35km SW of Nymagee, western NSW	Peak Gold Mines & Zintoba P/L	29/08/2020	Letter agreement with Zintoba P/L, renewal due 2020. PGM holds 75% interest in the tenement.	52.32
EL6127	Rookery South	Cobar-Nymagee, western NSW	Peak Gold Mines & Lydail P/L	24/09/2023	Letter agreement with Lydail P/L. PGM holds 88.19% interest in the tenement.	286.01
CML6	Central Area	Cobar, western NSW	Peak Gold Mines	27/02/2034	Active mine site-New Cobar, Chesney. Some depth & surface restrictions	1.30
CML7	Coronation-Beechworth	Cobar, western NSW	Peak Gold Mines	28/06/2025	Some depth & surface restrictions. No active mining.	11.86
CML8	Peak-Occidental	Cobar, western NSW	Peak Gold Mines	16/09/2033	Active mine site-Peak, Peserverance. Some depth & surface restrictions	12.50
CML9	Queen Bee	Cobar, western NSW	Peak Gold Mines	26/09/2027	Some depth & surface restrictions. No active mining.	5.27
MPL854	The Dam	Cobar, western NSW	Peak Gold Mines	29/09/2022		0.04
ML1483		Cobar, western NSW	Peak Gold Mines	27/01/2029		0.48
ML1805	Spains Tank	Cobar, western NSW	Peak Gold Mines	14/05/2041	Granted for ancillary mining activities. Covers surface exemption in CML6 in the vicinity of Spains Tank	0.88

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COMPANY INFORMATION

AURELIA METALS LIMITED

ABN 37 108 476 384

DIRECTORS

Colin Johnstone, Chairman
Daniel Clifford, Managing Director
Lawrence Conway
Susan Corlett
Paul Harris

COMPANY SECRETARIES

Ian Poole
Gillian Nairn

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Aurelia Metals Limited
Level 17, 144 Edward Street, Brisbane QLD 4000
GPO Box 7, Brisbane QLD 4001
Telephone: (07) 3180 5000
Email: office@aureliametals.com.au

STOCK EXCHANGE LISTING

Aurelia Metals Limited shares are listed on the Australian Securities Exchange (ASX Code: AMI)

SHARE REGISTER

Automatic Group
Level 5, 126 Phillip Street, Sydney NSW 2000

Investor services: 1300 288 664
General enquiries: (02) 8072 1400
Email: hello@automatic.com.au

www.automicgroup.com.au

AUDITORS

Ernst & Young
200 George Street
Sydney NSW 2000

WEBSITE

www.aureliametals.com.au

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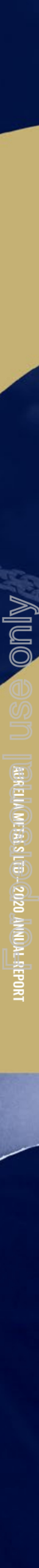


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