1. Company details

Name of entity:	Aeris Resources Limited
ABN:	30 147 131 977
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	89.7%	to	431,290
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)	up	352.8%	to	164,655
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	up	2600.0%	to	159,071
Profit from ordinary activities after tax attributable to the owners of Aeris Resources Limited	up	259.7%	to	61,240
Profit for the year attributable to the owners of Aeris Resources Limited	up	259.7%	to	61,240

Earnings per share

	Reporting period Cents	Previous period Cents
Basis earnings/(loss) per share	3.2	(7.4)
Diluted earnings/(loss) per share	3.1	(7.4)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the consolidated entity after providing for income tax amounted to $61,240,000 (30 June 2020: loss of $38,351,000). The loss recognised for the year ended 30 June 2020 included a non-cash impairment of $23,127,000 applied to mine properties.

3. Net tangible assets

	Reporting period Cents	**Previous period Cents**
Net tangible assets per ordinary security	8.3	4.8

4. Control gained over entities

On 1 July 2020, Aeris Resources Limited, through its wholly-owned subsidiary, Aeris Regional Holdings Pty Ltd, acquired 100% of the issued shares in Lion Mining Pty Ltd, owner and operator of the Cracow Gold Operations. Please refer to note 31 of the 30 June 2021 Annual Financial Report for additional information regarding this acquisition.

5. Loss of control over entities

During the year ended 30 June 2021, the following entities were deregistered or dissolved:

- Straits Indo Gold Pty Ltd: Deregistered 16 December 2020
- 7874987 Canada Inc.: Dissolved 13 March 2021
- Goldminco Corporation Limited: Deregistered on 13 October 2020
- Goldminco Resources Pty Ltd: Deregistered on 16 December 2020

During the year ended 30 June 2021, the following entity was sold:

- Straits Gold Pty Ltd: 13 January 2021

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Financial Report of Aeris Resources Limited for the year ended 30 June 2021 is attached.

Aeris Resources Limited

ABN 30 147 131 977

Annual Financial Report - 30 June 2021

Directors	Andre Labuschagne - Chairman and Managing Director Alastair Morrison - Non-executive Director Michele Muscillo - Non-executive Director Colin Moorhead - Non-executive Director
Company secretaries	Robert Brainsbury Dane van Heerden
Registered office and principal place of business	HQ South Tower Suite 2.2 Level 2 520 Wickham Street Fortitude Valley Brisbane QLD 4006 Phone: (07) 3034 6200
Share register	Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4000 Phone: 1300 554 474
Auditor	PricewaterhouseCoopers Level 23 480 Queen Street Brisbane QLD 4000
Solicitors	HopgoodGanim Lawyers Level 8 1 Waterfront Place Brisbane QLD 4000
Stock exchange listing	Aeris Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AIS)
Website	www.aerisresources.com.au
Corporate Governance Statement	www.aerisresources.com.au/investor-centre/#corporate-directory

The Directors present their report, together with the consolidated financial report of the Aeris Resources Limited Group ('consolidated entity'), consisting of Aeris Resources Limited ('Aeris' or 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS

The Directors of the Company in office during the financial year and up to the date of this report were:

Name, experience and other directorships	Special Responsibilities	Appointed / Resigned
Andre Labuschagne – Chairman and Non-Executive Director		
Mr Labuschagne is an experienced mining executive with a career spanning over 30 years across operations in Australia, Indonesia, South Africa, PNG and Fiji. Mr Labuschagne has held various corporate and operational roles in companies including Norton Gold Fields, Emperor Gold Mines, DRD Gold and AngloGold Ashanti. Mr Labuschagne holds a Bachelor of Commerce from Potchefstroom University in South Africa. Other current directorships (ASX listed entities): Magontec Limited (ASX:MGL) Former directorships in the past 3 years (ASX listed entities): None	Member of Nomination Committee	*Appointed* 20-Dec-2012
Alastair Morrison – Independent Non-Executive Director		
Mr Morrison is a highly experienced international banker. Mr Morrison has worked in private equity for over 30 years in the UK and Asia and has broad experience in growing companies across a range of industrial sectors. He was a founding Managing Director of Standard Chartered Private Equity. He was with Standard Chartered Bank from April 2002 until March 2014. Prior to joining Standard Chartered Bank he spent 20 years at 3i Group, the leading European private equity house, where he was Director for 3i Asia Pacific. He co-founded 3i's Asia Pacific operations in 1997, having previously run an investment team in London focusing on buy-outs and expansion financing. Mr Morrison has investment experience across a wide range of industries in Europe and Asia. He holds an M.A. degree in Politics, Philosophy and Economics and M.Phil degree in Management Studies from Oxford University. Other current directorships (ASX listed entities): None Former directorships in the past 3 years (ASX listed entities): None	Member of Audit Committee and Remuneration Committee	*Appointed* 10-Dec-2010
Michele Muscillo – Independent Non-Executive Director		
Mr Muscillo is a Partner specialising in corporate law with HopgoodGanim Lawyers. Mr Muscillo is an admitted Solicitor and has a practice focussed almost exclusively on mergers & acquisitions and capital raising. Mr Muscillo has acted on a variety of corporate transactions including initial public offerings, takeovers and acquisitions. Mr Muscillo has a Bachelor of Laws from Queensland University of Technology and was a recipient of the QUT University Medal. Other current directorships (ASX listed entities): Xanadu Mines Limited (ASX:XAM) and Mako Gold Limited (ASX:MKG). Former directorships in the past 3 years (ASX listed entities): Cardinal Resources Limited (ASX:CDV).	Chairman of the Audit Committee, Remuneration Committee and Nomination Committee	*Appointed* 2-May-2013

Name, experience, and other directorships	Special Responsibilities	Appointed / Resigned
Colin Moorhead – Independent Non-Executive Director		
Mr Moorhead is an experienced industry executive with a demonstrated track record over three decades of building value in mining companies through innovation, discovery, project development and safe, efficient operations. A geologist by training, Mr Moorhead is also known for strong leadership, strategy and execution. Mr Moorhead's career has involved both operational and corporate executive responsibilities including global responsibility for exploration and resource development at Newcrest Mining and CEO of PT Merdeka Copper Gold (IDX:MDKA), where he built and led the team that constructed and commissioned the highly successful Tujuh Bukit Gold Mine. Colin is also currently Non-Executive Chairman of Xanadu Mines (ASX:XAM) and Executive Chairman of Sihayo Gold Limited (ASX: SIH). Other current directorships (ASX listed entities): Xanadu Mines Limited, Sihayo Gold Limited and Coda Minerals (ASX:COD). Former directorships in the past 3 years (ASX listed entities): Finders Resources Limited.		*Appointed* 27-July-2020
Marcus Derwin – Non-Executive Director		
Mr Derwin is a highly experienced corporate executive and Board director, with an extensive background in corporate restructuring. He brings international experience, across a diverse range of industry sectors. His professional career has encompassed a combination of advisory and principal executive capacities, including managing a $A2Bn global Alternative Assets portfolio over 5 years and also the formation and management of a $A550m LIC. Additionally, he has advised boards – both public and private and worked within and alongside executive teams on implementation, stakeholder management and recapitalisation strategies. Mr Derwin's professional background includes senior roles at AMP, National Australia Bank, Allco Equity Partners, PwC and KPMG. Other current directorships (ASX listed entities): None Former directorships in the past 3 years (ASX listed entities): None		*Appointed* 18-April-2016 *Resigned* 27-July-2020

COMPANY SECRETARIES

Robert Brainsbury
Mr Brainsbury is an experienced financial executive and has held senior operational and finance roles with several blue chip industrial and resources companies including Norton Gold Fields, MIM, Xstrata, Rio Tinto and BIS Industrial Logistics. Mr Brainsbury is a qualified accountant and holds a Bachelor of Business degree with majors in Accounting and Marketing.

Dane van Heerden CA
Ms van Heerden is a qualified chartered accountant, with over 20 years' experience in both Australia and abroad.

MEETINGS OF DIRECTORS

The attendance of Directors at Board and Committee meetings during the financial year were as follows:

Director	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Andre Labuschagne	15	15	-	-
Alastair Morrison	15	15	2	2
Michele Muscillo	15	15	2	2
Colin Moorhead	15	15	-	-

A = Number of meetings held during the time the Director was a member of the Board and/or Committee
B = Number of meetings attended during the time the Director was a member of the Board and/or Committee

There were no meetings of the Remuneration Committee or Nomination Committee during the financial year. As the Board is comprised of four Directors, the Board considered it more effective to set aside time at Board meetings to specifically address the matters that would have been ordinarily attended to by the Remuneration Committee or Nomination Committee.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement for the year ended 30 June 2021 may be accessed from the Company's website at https://www.aerisresources.com.au/investor-centre/#corporate-governance.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity for the year ended 30 June 2021 were the production and sale of copper, gold and silver and the exploration for copper and gold. Other than as referred to on pages 4 to 5, there were no significant changes in those activities during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Acquisition of Cracow Gold Operations (Cracow)

Aeris acquired Cracow from Evolution Mining Limited (Evolution) effective 1 July 2020.
The Cracow Transaction Consideration consisted of:

- $60 million cash payable on completion;
- a deferred cash payment of A$15 million due on 30 June 2022; and
- 10% net value royalty from 1 July 2022 to 30 June 2027, capped at A$50 million.

The A$60 million cash payment on completion was funded through:

- a fully underwritten A$40 million equity raising (Equity Raise); and
- a A$30 million acquisition bridge debt facility (Tranche C) with Special Portfolio Opportunity V Limited (SPOV), a subsidiary of a fund managed by PAG.

Extension of debt and contingent instrument facilities as a result of Acquisition of Cracow

In conjunction with the acquisition of Cracow, SPOV agreed to restructure and extend the term of its senior debt facilities and the contingent instrument facility to reflect the enlarged consolidated entity's improved credit profile as well as ensure Aeris has flexibility to pursue its planned exploration and growth capital programs for both Cracow and Tritton. Specifically:

- The terms of both the existing Tranche A and Tranche B secured facilities were extended from 1 July 2021 to 1 July 2023;
- Tranche B (US$11 million) amortisation was deferred to start on 1 July 2021 at US$2.5 million per quarter until repaid;
- Tranche A (US$22 million) amortisation to commence once Tranche B is repaid, with amortisation of US$2.5 million per quarter and a bullet payment of the balance at the end of the term;
- Tranche C (A$30 million) to be repaid in quarterly instalments of A$7.5 million, commencing 1 October 2020; and
- The contingent instrument facility was increased to A$15 million for the replacement of financial assurances relating to Cracow.

Repayment of Debt

Aeris made all repayments (A$7.5 million each) on the A$30 million Tranche C (Acquisition Bridging) Facility ahead of schedule, fully repaying the facility before 30 June 2021.

Voluntary repayments made during the financial year fully settled Aeris' debt obligations on the Tranche B (Term Loan) Facility and reduced the Tranche A (Working Capital) Facility to US$20.25 million (A$26.9 million) as at 30 June 2021.

In June 2021, Aeris agreed with its financier, Special Opportunity V Limited (SPOV) (a subsidiary of a fund managed by PAG), to a re-profiling of repayment commitments for financial year 2022 (FY2022):

- Cash backing of the Contingent Instrument Facility for environmental bonding obligations, which has an outstanding balance of A$10 million, to be accelerated and fully extinguished by early Q4 in FY2022, approximately 14 months ahead of the original schedule; and
- Debt repayments on Tranche A in FY2022 reduced from US$10 million (US$2.5 million per quarter) to a total of A$2 million, which will be paid at the end of Q4 FY2022. The debt repayment profile for Tranche A in FY2023 remains unchanged.

Please refer to significant events after the balance date in the following section for additional information regarding the consolidated entity's debt facilities.

Gold and Copper Hedging

Aeris entered into unsecured gold and copper hedging arrangements with Macquarie Bank Limited early in the financial year ended 30 June 2021 and undertook further copper hedging in February 2021.

<u>Gold hedging</u>

- 36,000 ounces (3,000 ounces per month from July 2020 to June 2021), at A$2,536.25/oz.

<u>Copper hedging</u>

Two tranches of copper hedging were undertaken:

- The first tranche was for 9,000 tonnes (1,500 tonnes per month from August 2020 to January 2021) at A$9,096.80/t;
- The second tranche was for 5,000 tonnes (833 tonnes per month from February 2021 to July 2021) at A$9,228/t; and
- In February 2021, the Company entered into further hedges for 4,000 tonnes (677 tonnes per month from February 2021 to July 2021) through a Zero Net Premium Option Collar, where Aeris buys puts and sells call options to form a collar structure with zero premium payable:
- − The strike price of the put options is A$10,000/t; and
- − The strike price of the call options is A$11,100/t.

Revenue for the year ended 30 June 2021 is presented net of realised hedging losses of $18.2 million (2020: $nil).

Equity placement

On 11 June 2021, Aeris successfully completed a $50.4 million equity raising by way of Institutional Placement. The Placement was conducted at $0.175 per share to various new and existing institutional and sophisticated investors. The proceeds of the Placement will be used for accelerating exploration activities at Tritton and Cracow; transaction costs associated with the placement; and general working capital.

The new shares rank equally in all respects with Aeris' existing shares. As the Placement was conducted in accordance with the Company's placement capacity under Listing Rule 7.1, shareholder approval for the issue of the new shares was not required. The shares were fully settled and issued on 18 June 2021, bringing the total shares on issue at 30 June 2021 to 2,207,352,758.

Sale of Yandan Gold Exploration Project

On 13 January 2021, the Company sold the Yandan Gold Exploration Project (Yandan) and an associated subsidiary to GBM Resources Limited (GBM). As consideration for the sale of Yandan, the Company received $3 million in GBM shares (at $0.135 per share) and a 1.5% Net Smelter Royalty on the first 300,000 ounces of gold equivalent mined from the Yandan tenements. The Company also subscribed for a placement of $1 million of shares in GBM at $0.135 per share. The Company holds 29.6 million shares in GBM, a shareholding of 6.85%, as at 30 June 2021.

OPERATING REVIEW

Tritton Copper Operations

During the year ended 30 June 2021, the Tritton Copper Operations produced 22,987 tonnes of copper at an AISC of A$3.70/lb, achieving both production and cost guidance.

Ore processed during the period was 1,557,803 tonnes. Copper recovery for the period of 93.72%

Exploration

The Tritton tenement package covers 2,160km² in central western New South Wales. To date over 750,000 tonnes of copper, including the current Mineral Resource deposits, has been discovered within the southern half of the tenement package.

Following the completion of two regional airborne electromagnetic (AEM) surveys totalling 678 km² over a majority of the northern half of the tenement package, on-ground exploration has focused on activities over this area. The northern half of the tenement package, until recently, has not been subject to modern exploration and remains largely under-explored.

Constellation Deposit

The Constellation deposit is located approximately 45 kilometres north-east from the Tritton processing plant in central western New South Wales. The deposit was first detected via an airborne electromagnetic survey, with follow-up ground moving loop (MLTEM) surveying. The MLTEM survey verified the EM response represented a legitimate bedrock conductor. Two bedrock conductors were identified.

The first drill hole into the bedrock conductor was undertaken in November 2020 and was successful in intercepting copper mineralisation (19.95m @ 2.41% Cu). Since the initial drill hole, exploration activities have continued at the Constellation deposit with diamond drilling and RC drilling programs underway. By the end of the financial year there were three drill rigs operating at Constellation.

To date, 52 RC drill holes have been completed, the results from which have delineated an extensive near-surface oxide and supergene copper horizon, which remains open to the south and west. The diamond drilling program has targeted the deeper copper sulphide mineralisation. Overall the drilling footprint has identified copper mineralistion over a strike of 300m and 850m down plunge. A downhole EM survey has identified two EM conductors that extend a further 300m beyond the deepest drill hole.

Drilling will continue into the next financial year with the aim to have an initial Mineral Resource in the second half FY2022.

Murrawombie Deposit

At the Murrawombie deposit, an underground diamond drilling program continued testing the Hanging Wall (HW) lodes 111 to 115. A total of 13 resource delineation drill holes were completed within the quarter. Drilling increased the down plunge and strike length extents, particularly for lodes 112, 113 and 115.

Mineralisation within the HW lodes remains open down plunge and along strike to the north.

Tritton - Budgerygar Corridor

Diamond drilling commenced at the Budgerygar deposit, with two underground drill rigs completing sterilisation and resource definition drilling. The drill program targeted the upper portion of the Budgerygar deposit between 5,200mRL to 5,000mRL. By the end of the financial year a total of 45 drill holes had been completed. Resource definition drilling has targeted a nominal 40m x 40m drill spacing, appropriate for conversion to an Indicated Mineral Resource category. Geologically, the additional drill hole data supports the current geological interpretation of multiple stacked copper sulphide bodies. There is some additional faulting and dislocation of the mineralised systems which is typical for these deposit types as the drill density increases.

Cracow Gold Operations

Cracow produced 73,685 ounces of gold at an AISC of A$1,483/oz during the financial year ended 30 June 2021, achieving production guidance and bettering cost guidance. Mining activities during the financial year were focussed on improving development and backfilling rates and testing the limits of mining capacity.

A new long-term plan is being developed. It is expected that grade variation will occur from time to time as extending mine life is balanced against short-run high production grades. Previously, the strategy for the mine had been to optimise the mine plan to maximise near-term gold grades. Aeris' strategy since acquiring Cracow has been to find the economic balance on gold grade versus mine life extension through maximising extraction of the Mineral Resource whilst exploring aggressively to find new deposits.

The processing team actively worked towards de-bottlenecking both the crushing circuit and the processing plant, with the goal of increasing mill throughput. The mill achieved a number of throughput tonnage records during the financial year including achieving an all-time high monthly processing record in May 2021 of 57,100 tonnes. The operations team have demonstrated that the processing plant can operate at an annual throughput rate in excess of 600,000 tonnes, exceeding the previous assumed limit of 570,000 tonnes per annum.

Feed to the processing plant that exceeds mine production comes from the significant stockpiles of low-grade material located around the site. Low grade stockpiles were accumulated from historical open pit mining and grades in this material are variable due to a lack of good historical records.

Tailings Dam Project

During the 2021 financial year, the Aeris Board approved the construction of a new multi-stage tailings storage facility at Cracow (TSF No.2). Cracow is currently discharging tailings into Tailing Storage Facility No.1 (TSF No.1), which has reached its maximum allowable construction height.

Civil construction activities commenced late in December 2020. As at 30 June 2021, the construction was substantially complete and commissioning is targeted to occur in early August.

Establishing a multi-stage tailings storage facility with a capacity greater than 5 years supports our investment thesis that Mineral Resource development at the Cracow mine and exploration of the tenement package would extend mine life.

Exploration

Since Aeris took ownership of the Cracow Gold Operations at the beginning of July 2020, one of the key focuses has been mine life extension. The Company had budgeted to spend $13 million on exploration activities over the first two years of ownership, on both greenfields and brownfields exploration but has recently upgraded this to $19 million, with $13 million budgeted in FY2022.

Key exploration activities undertaken during the half year included:

- Roses Pride Deeps drilling from surface;
- Roses Pride Mineral Resource update;
- Klondyke – Royal Mineral Resource update; and
- Drilling of underground near-mine targets.

Roses Pride Deeps Surface Drilling

Previous underground mining at Roses Pride is located within the "upper mineralised panel", a favourable stratigraphic sequence within the Western Field. The underlying volcaniclastic stratigraphic sequence referred to as the 'FoD' has historically not been considered prospective. Recent stratigraphic re-interpretation across the Western Field has provided a greater understanding of the lateral extent, thickness and lithological facies variations within each unit, including the FoD.

Drill holes were designed to test for lateral continuity of a potentially favourable stratigraphic unit (a coherent intermediate intrusive) located within the FoD at the intersection with the interpreted down dip continuation of the Roses Pride mineralised structure. The drill holes intersected the favourable coherent unit within the FoD stratigraphic domain. At the interpreted position of the Roses Pride mineralised structure a subtle fault with weak quartz veining was intersected. Due to the poor volume of epithermal quartz veining, these intersections are not considered prospective. In spite of this, the general target concept remains prospective. Further drilling will be considered along the newly identified stratigraphic horizon within the FoD, further along strike (north). The intent of such drilling would be to test for sites of increased epithermal vein volume, in response to greater dilation along the Roses Pride mineralised structure.

During the last quarter of the financial year a surface RC drill program commenced at the Roses Pride deposit. The resource definition drill program is designed to complete infill drilling surrounding the previous drill campaign conducted in the prior year, which led to the increase in the reported Mineral Resource at Roses Pride.

Roses Pride Mineral Resource Update

An updated Mineral Resource estimate for the Roses Pride deposit was completed during the financial year (refer to ASX Announcement "Roses Pride Mineral Resource Update" dated 6th January 2021). The updated Mineral Resource represents a 260% increase in total contained gold ounces compared to the previously reported Mineral Resource (December 2019). The updated Mineral Resource contains 177,000 tonnes at 4.6 grams per tonne gold for 26.1 thousand ounces of gold.

The updated Mineral Resource is based on a combination of additional drilling data and an alternate reporting schema.

Klondyke-Royal Mineral Resource Update

The Klondyke and Royal deposits are high grade shoots which form along the same mineralised structure. An RC drill program, totaling 23 drill holes, was undertaken. The drill program was designed to infill around existing drill hole data above the higher grade Klondyke deposit and test the extents of mineralisation along the structure between the two deposits.

As a result of the drill program, the Mineral Resource was increased by 324% to 341kt @ 3.6g/t, for contained gold of 39.5koz (see ASX announcement "Significant increase to Klondyke-Royal Mineral Resource" dated 22 April 2021).

Underground near-mine targets

A detailed geological review, defining additional drill targets surrounding underground infrastructure was completed during November 2020. The review identified a significant number of targets in proximity to current underground workings.

A second drill rig arrived onsite and commenced drilling on 8 January 2021 to accelerate drill testing of the near mine targets, in-conjunction with infill grade control drilling. A third drill rig will be added during FY2022. Of the $13 million exploration budget for FY2022, $9 million is targeted at resource definition drilling around the underground workings.

FINANCIAL REVIEW

Aeris has two operational assets, the Tritton Copper Operations (Tritton) in New South Wates and the Cracow Gold Operations (Cracow) in Queensland. The acquisition of Cracow was completed on 1 July 2020.

Reconciliation of profit before income tax to EBITDA and Adjusted EBITDA:

	2021 $'000	2020 $'000
Profit/(loss) before income tax expense	61,240	(38,017)
Depreciation and amortisation	86,200	35,547
Finance costs	11,631	8,361
EBITDA	159,071	5,891
Impairment of assets	-	23,127
Transaction expense	4,068	3,126
Loss on disposal of subsidiary	2,238	-
Net foreign exchange losses	(1,166)	3,027
Movement in financial assets at fair value through profit or loss	444	1,191
Adjusted EBITDA	164,655	36,362

EBITDA and Adjusted EBITDA are non-IFRS earnings measures that do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the consolidated entity's performance.

Financial Results

The consolidated entity recorded a profit after tax for the financial reporting year to 30 June 2021 of $61.240 million, compared with a loss after tax for the year ended 30 June 2020 of $38.351 million. The results for year were influenced by the inclusion of the Cracow Gold Operations from acquisition date on 1 July 2020, and other key factors which include:

- Revenue from contracts with customers was $431.290 million, compared to $227.313 million for the previous corresponding period. This reflects the following two factors:
  - Revenue from the Tritton Copper Operations was favourably impacted by higher copper prices received (A$10,413/t including the impact of hedging) compared to the prior corresponding period (A$8,300/t). These higher copper prices were offset by lower copper production of 22,987 tonnes compared to 25,041 for the prior corresponding period.
  - The recognition of $186.681 million in revenue from the Cracow Gold Operations, resulting from production of 73,685 ounces of gold and a gold price received of A$2,508 per ounce including the impact of hedging.
- Cost of goods sold increased to $337.895 million from $217.303 million for the previous corresponding period, with costs at both operations being in line with plan;
- Foreign exchange impacts, mainly on foreign exchange movements on interest bearing liabilities and US dollar denominated receivables resulted in a gain of $1.166 million for the year ended 30 June 2021 (a loss of $3.027 million for the year ended 30 June 2020). The AUD/USD exchange rate at 30 June 2021 was $0.7518 compared to $0.6848 at 30 June 2020;
- Transaction costs of $4.068 million were recognised for the year ended 30 June 2021 in relation to the acquisition of the Cracow Gold Operations (30 June 2020: $3.126 million);
- A loss of $2.238 million was recognised in relation to the sale of the Yandan Gold Exploration Project and the associated subsidiary; and
- A loss of $0.444 million was recognised for the year ended 30 June 2021 (30 June 2020: $1.191 million) in relation a movement in the fair value of the investment in Australian listed equity, held at fair value through the profit or loss.

Financial Position

At 30 June 2021, the consolidated entity had a positive net asset position of $183.864 million (30 June 2020: $73.649 million).

The 30 June 2021 net asset position for the consolidated entity was impacted by a number of key factors, including:

- The acquisition of the Cracow Gold Operations. Please refer to note 31 of the financial statements for additional information regarding the impact of this acquisition on the financial position of the consolidated entity;
- The successful completion in June 2021 of a $50.4 million equity raising by way of an Institutional Placement;
- During the year ended 30 June 2021, the following repayments were made on the debt facilities provided by Special Portfolio Opportunity IV (SPOV) (a subsidiary of a fund managed by PAG):
  - US$3.5 million in early repayments on the Tranche A (Working Capital) Facility. There was US$20.25 million outstanding on this facility as at 30 June 2021. Please refer to the page 10 for additional details regarding the repayment of the remaining balance of this facility in July 2021;
  - US$11 million in repayments on the Tranche B (Term Loan) Facility. This facility was fully repaid at 30 June 2021.
  - Full repayment by 30 June 2021 of the A$30 million Tranche C (Acquisition Bridging) Facility which was provided by SPOV to assist funding the acquisition of Cracow.

The consolidated entity's net cash inflow from operating activities during the financial year was $169.650 million, with net cash outflows from investing activities of $153.426 million and net cash inflows from financing activities of $27.004 million.

COVID-19 Impact

Since early 2020, the COVID-19 pandemic has disrupted conventional working arrangements globally and created unique risks and challenges across a variety of industries. Fortunately, the impact of COVID-19 on Aeris' operations has been modest in comparison to businesses in industries that have been more directly impacted.

In response to the pandemic, the consolidated entity implemented a COVID-19 Management Plan, which it continues to review, update and communicate as additional information becomes available. Current measures undertaken by the consolidated entity include limiting access to operational sites to essential personnel only, limiting employee travel, adjusting work arrangements for site and corporate teams and increased communication to our workforce and partners.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 13 July 2021, the Company entered into further unsecured A$ copper hedges with Macquarie Bank Limited. The hedges are through a Zero net Premium Option Collar where Aeris buys puts and sells call options to form a collar structure with zero premium payable. The strike price of the put options is A$11,900/t and the strike price of the call options is A$12,900/t.

The hedges cover the period August 2021 to June 2022 in scheduled monthly deliveries of 550 tonnes (6,050 tonnes in total).

On 29 July 2021, the Company advised that it had repaid the outstanding balance (US$20.25 million) of its Tranche A (Working Capital) Facility with Special Portfolio Opportunity V Limited (SPOV) (a subsidiary of a fund managed by PAG). The Company also announced that it had entered into arrangements for Australia and New Zealand Banking Group Limited (ANZ) to become the Company's senior banker. ANZ has provided the Company with a A$35 million Contingent Instrument Facility, a A$20 million Working Capital Facility, and unsecured hedging lines for gold and foreign currency.

Other events

No other matter or circumstance has arisen in the interval between the end of the financial year and the dates of this report that has significantly affected or may significantly affect the operations of the consolidated entity; the results of those operations; or the state of affairs of the consolidated entity in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Copper production guidance at Tritton Copper Operations for the year ending 30 June 2022 is 21,000 to 22,000 tonnes at an AISC of between A$3.95/lb and A$4.30/lb.

Gold production guidance for the year ending 30 June 2022 at Cracow Gold Operations is 67,000 to 71,000 ounces at an AISC of between A$1,550/oz and A$1,600/oz.

DIVIDEND

The Directors have not recommended payment of a dividend for the year to 30 June 2021. No dividend was paid during the current year.

ENVIRONMENTAL REGULATIONS

The Company's operations are subject to various Commonwealth and State environmental regulations governing the protection of the environment in areas ranging from air and water quality, waste emissions and disposal, environmental impact assessments, mine rehabilitation and access to, and use of ground water and/or surface water. In particular, some operations are required to conduct certain activities under the environmental protection legislation with development consents of the jurisdiction in which they operate. The Directors are not aware of any material breaches of the Company's licences and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

SHARES UNDER OPTION

Executive management options (Options) issued were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015. The number of Options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price and have a remaining contractual life of 0.5 years. The were no additional shares issued under option nor any shares under option cancelled at 30 June 2021.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

46,182,202 ordinary shares of the Company were issued during the twelve months to 30 June 2021 on the exercise of Options. Please refer to page 22 of the Remuneration Report for additional information.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITY

The Constitution of the Company provides that the Company may indemnify each Officer (including Secretaries) and Director against any liability, loss, damage, cost or expense incurred by the Officer or Director in or arising out of the conduct of any activity of the Company.

In accordance with the Company's Constitution, the Company has entered into Deeds of Indemnity, Access and Insurance with each of the Directors and Officers of the Company.

The Company has paid a premium and other charges for a Directors and Officers Liability insurance policy for the benefit of the Directors and Officers of the consolidated entity. The policy prohibits the disclosure of the nature of the liabilities insured and the amount of premium paid.

LOANS TO DIRECTORS

No loans have been provided by the Company to Directors.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001 during the year ended 30 June 2021 or at the date of this report.

INDEMNITY OF AUDITORS

Aeris Resources Limited has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Aeris' breach of their agreement. The indemnity stipulates that Aeris Resources Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's experience and expertise with the Company and/or consolidated entity are important.

Details of the amounts paid or payable to the external auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the financial year are set out in Note 26 to the accounts.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied the provision of non-audit services by the auditor, as set out in Note 26 to the accounts, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The Company is of a kind referred to in Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Legislative Instrument.

Letter from the Remuneration Committee Chairman

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the financial year ended 30 June 2021 (FY2021), outlining the nature and amount of remuneration for Aeris Resources Limited's Non-executive Directors and other Key Management Personnel.

The last 12 months have been an exciting period for Aeris Resources. Against the backdrop of a global pandemic, we have continued to prioritise the health and safety of our employees, whilst striving to perform and achieve some significant milestones. The acquisition and integration of the Cracow Gold Operations during FY2021 has enabled Aeris Resources to grow into a multi-mine, diversified mining company.

It is in this context that we have focused on reviewing the remuneration framework and have implemented changes which we believe are for the benefit of all stakeholders in the Company. These changes ensure we remain competitive in our remuneration practices and create a strong alignment between executive performance and value creation for shareholders. In developing this Remuneration Report, we have also placed emphasis on meeting statutory requirements, to ensure we remain transparent with our shareholders so they can continue to make informed judgements in relation to the resolution of adopting the Remuneration Report at Annual General Meetings (AGM's). We strive to continuously improve on our policies and practices as the Company evolves over time.

Mr Michele Muscillo
Independent Non-executive Director
Chair of the Remuneration Committee

The Directors are pleased to present your Company's 2021 Remuneration Report which sets out remuneration information for Aeris Resources Limited's Non-executive Directors, Executive Directors and other Key Management Personnel ('KMP').

Persons addressed and scope of the remuneration report

KMP are the Non-executive Directors, Executive Directors and senior executive employees who have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company during the year ended 30 June 2021 and any changes that occurred during the year are set out below:

Name	Position
Non-executive Directors	
Mr Michele Muscillo	Non-executive Director
Mr Alastair Morrison	Non-executive Director
Mr Colin Moorhead	Non-executive Director (appointed 27 July 2020)
Mr Marcus Derwin	Non-executive Director (resigned 27 July 2020)
Executive Director	
Mr Andre Labuschagne	Executive Chairman
Other KMP	
Mr Robert Brainsbury	Chief Financial Officer and Joint Company Secretary
Mr Ian Sheppard	Chief Operating Officer
Ms Kim Franks	Chief People Officer (appointed 4 January 2021)

Remuneration governance

The following outlines the aspects of remuneration governance relevant to KMP remuneration.

Remuneration principles

In establishing a reward framework that ensures executive rewards reflect achievement, with the aim of delivering long-term shareholder value, the Board ensures that the Company's remuneration policy:

- Recognises the calibre and skills of executives and ensures they are rewarded for superior performance;
- Creates a strong link between performance and reward over the short and long term;
- Maintains fair, consistent and equitable remuneration practices in alignment with the Company values and vision whilst remaining competitive with the market to attract the best potential candidates;
- Retains executives through the cyclical nature of commodity prices and different development stages of assets; and
- Allows flexibility in remuneration structure to adjust to changing economic conditions to ensure that executive remuneration is linked to the creation of shareholder value.

Transparency and Engagement

To remain transparent and consistent with industry standards whilst maintaining fair and equitable remuneration practices, the Company seeks guidance in the governance of remuneration strategy from a variety of sources, including:

- Shareholders;
- External remuneration consultants; and
- Internal management.

Remuneration Committee

As the Board is comprised of four Directors, the Board considered it more effective to set aside time at Board meetings to specifically address the matters that would have been ordinarily attended to by the Remuneration Committee. As such, a separate Remuneration Committee did not meet during the year ended 30 June 2021. Where required, the three other members of the board meet separately to discuss matters pertaining to the remuneration of the Executive Chairman.

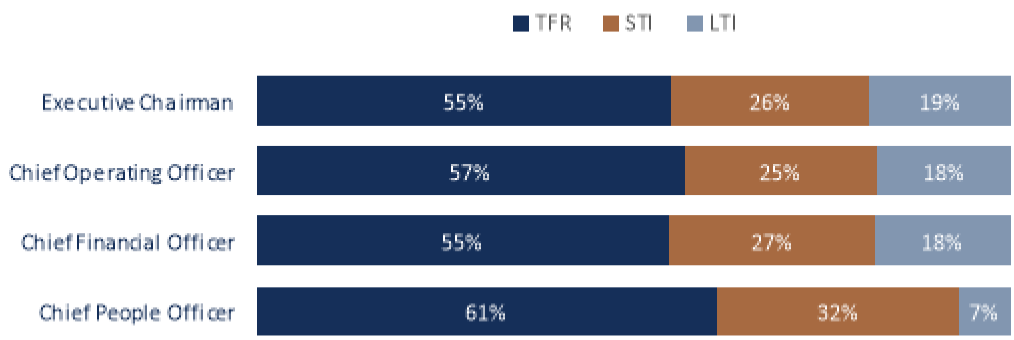
KMP remuneration at a glance

Executive remuneration framework overview

Total Fixed Remuneration (TFR)	• A regular base reward to attract and retain talented executive KMP. • Includes (where applicable) base salary, superannuation, and other benefits such as coverage for death and total & permanent incapacity and salary continuance insurance.
Short Term Incentives (STI)	• At-risk component of Total Remuneration Package that incentivises superior executive performance in areas of specific challenge to drive successful execution of business plans and achievement of strategic aims directly aligned with enhanced shareholder value. • Annual cash reward paid after the end of the financial year dependent on the extent that key performance measures are achieved, which are set by the Board each year.
Long Term Incentives (LTI)	• At-risk component of Total Remuneration Package that aims to align the remuneration of employees with drivers of sustainable, long-term company growth and shareholder value creation. It also promotes the retention of key talent. • The annual grant of Performance Rights vest after 3 years, dependent on the extent that key performance measures are achieved, and the executive remaining employed by the Company. Key performance measures include share price growth, copper and gold reserves and total shareholder return.

Executive KMP remuneration is earned over multiple periods, as illustrated below:

For the 2021 financial year, the proportions of remuneration for executive KMP that are fixed and those that are linked to performance are as follows:



Remuneration Framework

FY2021 executive remuneration framework changes

The key changes made to the variable remuneration framework for executive KMP during the year are outlined below:

STI PLAN	
Feature	**Rationale**
Increased opportunity from a maximum of 30% to a maximum of 50% of base salary.	Establishes market competitiveness amongst peers and incentivises participants to drive the achievement of strategic goals.
Addition of a financial 'gateway' that must be achieved for an STI payment to be awarded in the relevant period.	Ensures that the Company possesses the means to meet its primary financial obligations before any awards are paid out to executive KMP.

A new equity incentive scheme was approved by shareholders at the Annual General Meeting on 26 November 2020.

LTI PLAN	
Feature	**Rationale**
Changed from using a plan with long dated options (i.e. vesting over a 5 year period of continuous employment), a 1-year service condition and no performance conditions to using a plan with Performance Rights with a 3-year performance period and various performance conditions.	Implementing an LTI plan that is aligned with the recent developments and growth of the Company. Awards under the LTI plan are based on meeting multiple 'at risk" performance conditions, which are measured over 3-year period. It creates a strong alignment with the long-term success and sustainable growth of the Company, promoting the creation of value for shareholders.

Executive remuneration

Total Fixed Remuneration

Fixed remuneration provides a regular base reward to attract and retain talented executive KMP and reflects the job size, role, responsibilities and professional competence of each executive according to their knowledge, experience and accountabilities. An executive KMP's fixed remuneration could include any or all of the following:

- Base salary;
- Superannuation;
- Coverage for death and total & permanent (TPD) incapacity; and
- Salary continuance insurance.

Fixed remuneration is reviewed annually, and any adjustments are approved by the Board after recommendation by the Remuneration Committee. External remuneration data is obtained prior to recommendations being made to ensure that fixed remuneration is in line with general industry and community standards.

Variable Remuneration

The Company's remuneration philosophy recognises the importance of 'at-risk' or variable pay as an integral component of total potential reward, so the Remuneration Committee has established distinct STI and LTI Plans to strongly link executive remuneration to individual and Company performance and to the creation of value for shareholders.

The remuneration report includes comparative disclosures for FY2020 relating to the previous STI Plan. The Company introduced an amended STI plan in FY2021, details of which are provided below. The Board reviews and assesses the achievement of applicable performance targets, business performance and individual performance to determine the award of a STI payment at the end of the financial year.

Short Term Incentives (STI)
Previous STI plan

Performance measures	The Remuneration Committee oversees the identification of appropriate performance measures, setting of goals and endorsement of specific targets for the senior executive team and ensures that these elements clearly reflect the factors deemed critical to the Company's strategic and business plans for the relevant year.
Opportunity	The STI opportunity for executives is equivalent to 30% of their base (excluding superannuation) remuneration unless increased at the Board's discretion.
Delivery	Awards for performance under the STI Plan will be determined and paid only after the end of the financial year (generally in the first quarter after the end of the reporting period), once the relevant actual performance results are finalised. The Remuneration Committee retains the discretion to adjust STI awards in exceptional circumstances, including determining that no award will be paid.
Configuration for FY2020	*Establishment of goals* For each STI Plan cycle the Remuneration Committee oversee the identification of appropriate performance measures, setting of goals and endorsement of specific targets for each member of the senior executive team. The Remuneration Committee ensures that these elements clearly reflect the factors deemed critical to the Company's strategic and business plans for the relevant year. *Determination of STI outcomes* At the end of a performance cycle the Remuneration Committee determines the award of STI's to the senior executive team based on assessed performance relative to the goals established. The Remuneration Committee retains the discretion to adjust STI awards in exceptional circumstances, including determining that no award will be paid.

Short Term Incentives (STI)
Current STI plan

Purpose	To incentivise eligible employee performance in areas of specific challenge by ensuring targets are competitive to drive successful execution of business plans and achievement of strategic aims directly aligned with enhanced shareholder value.
Performance measures	The Remuneration Committee oversees the identification of appropriate performance measures, setting of goals and endorsement of specific targets for each executive KMP and ensures that these elements clearly reflect the factors deemed critical to the consolidated entity's strategic and business plans for the relevant year.
Opportunity	The maximum STI opportunity for executive KMP is equivalent to 50% of their base (excluding superannuation) remuneration. The maximum STI opportunity for other eligible employees is between 10% and 40%.
Delivery	Awards for performance under the STI Plan are determined and paid only after the end of the financial year (generally in the first quarter after the end of the reporting period), once the relevant actual performance results are finalised. The Remuneration Committee retains the discretion to adjust STI awards in exceptional circumstances, including determining that no award will be paid.
Gateway	The Company will determine a 'gateway' that must be achieved for an STI payment to be awarded in the relevant period and will consider the overall Company and site profit position, capacity to pay and other relevant factors.
Configuration for FY2021	For FY2021 the following list outlines examples of what were used to determine STI outcomes: • Stakeholder Management • Life of Mine extensions • Innovation • Growth • Balance sheet optimisation • Individual performance

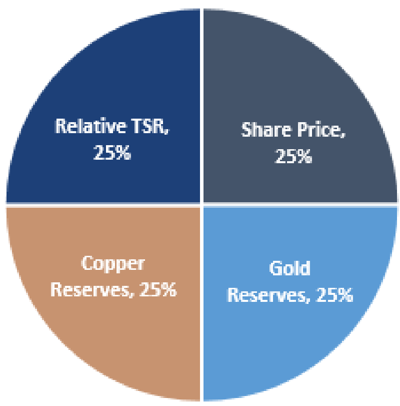
The Remuneration Report includes comparative disclosures for FY2020 relating to the previous LTI Plan. The Company introduced a new LTI Plan (Plan) for FY2021 which is provided by way of Performance Rights, details of which are provided below.

Long Term Incentives (LTI)
Previous LTI Plan – Options

Timing and Delivery	Executive Management Options (Options) were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015 and was introduced to incentivise the KMP at that time to implement the Company's turnaround strategy. Upon vesting, the shares are subject to a period of voluntary escrow, with the shares being released from escrow in progressive tranches from 31 December 2018. The Options vest in five tranches as follows: • Tranche 1 - 30.0% on 31 December 2016; • Tranche 2 - 17.5% on 31 December 2017; • Tranche 3 - 17.5% on 31 December 2018; • Tranche 4 - 17.5% on 31 December 2019; and • Tranche 5 - 17.5% on 31 December 2020.
Exercise price	When exercised, each Option is convertible into one ordinary share for a $nil exercise price and will be issued within 10 business days after the Company receives an exercise notice.
Termination/ expiry	Options that have not been exercised will expire 6 years after the issue date (31 December 2021), or termination date, whichever is earlier. To the extent that the options have not previously vested, they will be deemed to have been immediately vested upon a Change of Control Event.

Long Term Incentives (LTI)
Current LTI Plan – Performance Rights

Purpose	To align the remuneration of eligible employees with the drivers of sustainable, long-term Company growth and shareholder value creation.
Opportunity	The maximum LTI opportunity for executive KMP is equivalent to 75% of their Base Salary. The maximum LTI for other eligible employees is between 30% and 50%.
Timing and Delivery	Grants are made annually following the end of the financial year and are delivered in the form of Performance Rights.
Allocation	The grant is determined using a Volume Weighted Average Price (VWAP) calculated over 5 business days ending on the date prior to the commencement of the financial year.
Measurement period	The performance measures are tested on a cummulative basis over a period of 3 years.
Performance measures	The performance measures are illustrated below:



Vesting Scales

Relative Total Shareholder Return (TSR): The type of relative TSR used is ranked TSR, which is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time, measured against a relevant peer group based on an agreed VWAP at the relative measure points. The number of Performance Rights allocated to TSR that will vest is determined in accordance with the below vesting scale:

TSR ranking against comparator group	Level of vesting
Equal to or above 75th percentile	100%
Above the 50th percentile and below the 75th percentile	Pro-rata vesting on a straight line basis between 50% and 100%
At the 50th percentile	50%
Less than the 50th percentile	Nil

The relevant peer group for FY2021 includes Aurelia Metals Limited, Red 5 Limited, Red River Resources Limited, Metals X Limited, Dacian Gold Limited and Pantoro Limited. The Board reviews the relevant peer group annually and makes amendments as it deems appropriate.

Share price: The number of Performance Rights allocated to Share Price Increase that will vest is determined in accordance with the below vesting scale:

Share price increase	Level of vesting
Greater than 50%	100%
Between 30% and 50%	Pro-rata vesting between 75% and 100%
Between 10% and 30%	Pro-rata vesting between 50% and 75%
Less than 10%	Nil

Gold reserves: The number of Performance Rights allocated to Gold Ounces Reserve Increase that will vest is determined in accordance with the below vesting scale:

Gold ore reserve growth	Level of vesting
Depletion replacement plus greater than 10% increase or greater	100%
Between depletion replaced & up to and including 10% increase	Pro-rata vesting between 50% and 100%
Depletion replaced	50%
Negative growth	Nil

Copper reserves: The number of Performance Rights allocated to Copper Tonnes Reserve Increase that will vest is determined in accordance with the below vesting scale:

Copper ore reserve growth	Level of vesting
Depletion replacement plus greater than 10% increase or greater	100%
Between depletion replaced & up to and including 10% increase	Pro-rata vesting between 50% and 100%
Depletion replaced	50%
Negative growth	Nil

Vesting

If at the completion of the 3-year performance period the required vesting conditions are met, the Performance Rights will usually vest in the quarter following the end of the financial year. Once Performance Rights have vested, they will automatically be exercised and 'convert' to shares at which time they will have no restrictions and will not expire. Shares will be delivered at no cost to participants.

Treatment on termination

Leaving the Company before the completion of the performance period will result in the participant forfeiting the Performance Rights, subject to the Plan rules.

Dividends

The Award carries no voting or dividend entitlements prior to vesting.

No Hedging on LTI Grants

The Company does not permit employees to enter into contracts to hedge their exposure to Performance Shares granted as part of their remuneration package.

Non-executive Director remuneration

Fees and payments to Directors and Non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. The Board reviews Non-executive Directors' fees and payments annually. The Executive Chairman is not present at any discussions relating to determination of his own remuneration.

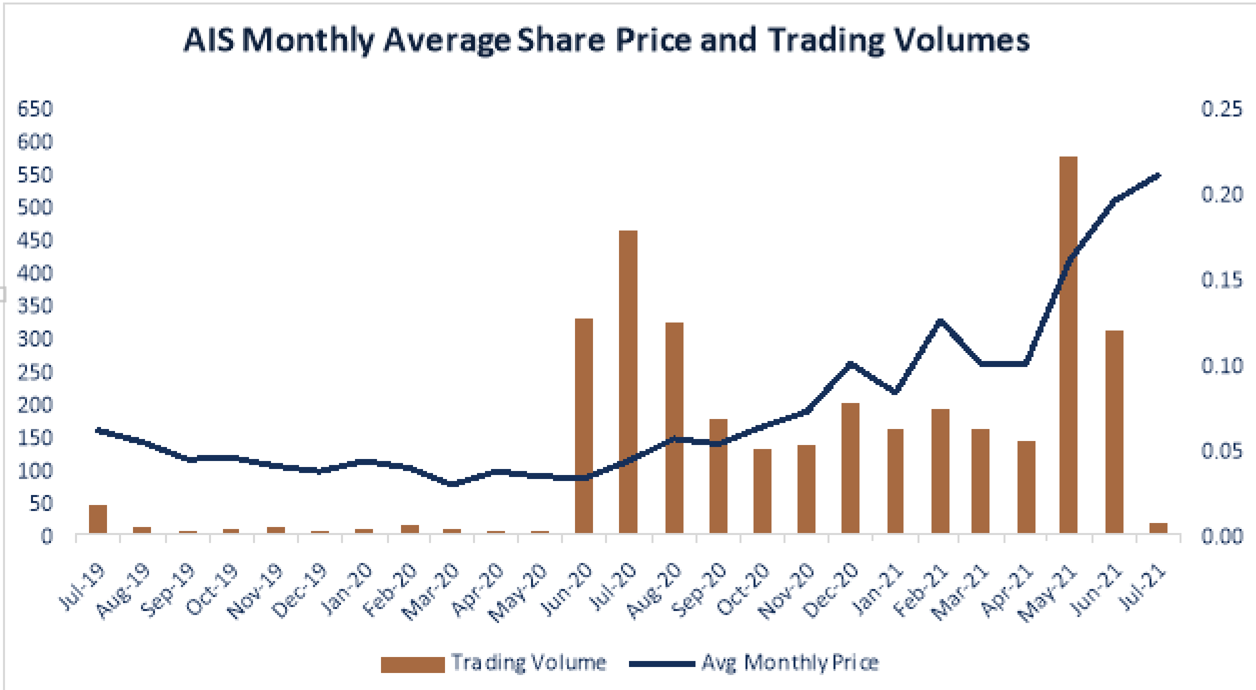
The Board does not pay additional fees to Directors or Non-executive Directors appointed to Committees, nor are fees paid to executives who are appointed to the Board of subsidiary or associated companies. Non-executive Directors' fees are determined within an aggregate Non-executive Directors' fee pool limit, which is currently $700,000 per annum.

Non-executive Directors are not eligible to participate in the Company's incentive plans. For the financial year 2021, the Non-executive Director fee was $80,000 inclusive of statutory superannuation. In the prior year the Non-executive Director fee was $60,000 per annum inclusive of statutory superannuation. From 1 July 2021, in order to remain competitive with market and to ensure we continue to attract and retain suitably experienced Directors, the Non-executive Director fee will be $80,000 plus statutory superannuation.

Company performance and remuneration outcomes

Aeris' remuneration framework aims to create a strong link between Company performance and executive reward in the short, medium and long term. The following table and graph presents a summary of Aeris' business performance as measured by a range of financial indicators:

Year ended 30 June	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Sales revenue	431,290	227,313	232,338	236,017	168,098
EBITDA	159,071	5,891	31,573	104,985	14,595
Profit/(loss) after income tax	61,240	(38,351)	(12,673)	55,304	(33,299)
Cash from operating activities	169,650	30,238	35,626	50,518	19,069
Closing Share Price (cents)	19.5	3.3	6.6	14.1	3.5



Details of the short-term incentive cash bonuses awarded as remuneration following the end of the financial year to KMP are set out below (amounts paid during the reporting period in relation to FY2020 performance are disclosed in the KMP remuneration table on page 22):

Executive KMP	Total STIP Granted[1]	Maximum Entitlement Granted	% of Maximum Entitlement Forfeited
	$	%	$
Andre Labuschagne	339,150	96.9%	3.1%
Robert Brainsbury	229,500	100%	-
Ian Sheppard	229,500	91.8%	8.2%
Kim Franks[2]	92,400	100%	-

1. STIP disclosed is exclusive of superannuation. Where superannuation caps have been exceeded the superannuation on STIP was paid a cash allowance.
2. Appointed 4 January 2021.

Employment agreements

The major provisions of the contracts of the Directors and KMP are set out below.

Non-executive Directors

Non-executive Directors are retained by way of a Letter of Appointment. The Letter of Appointment does not contemplate a fixed term for directors' appointments. Non-executive Directors are not eligible for termination payments.

Executive KMP

Remuneration and other terms of employment of the Executive Director and other executive KMP are formalised in common law employment contracts in the form of a letter of appointment.

In determining remuneration for executive KMP, the Company takes into account the responsibilities of the role and relevant industry data for attracting persons of the calibre and experience of the person in question. Fixed pay is reviewed annually, with such review taking into account a range of factors including performance and experience of the individual and Company performance.

Incumbent & Position	TFR*	Contract Duration	Notice Period	Termination Provisions
Andre Labuschagne, Executive Chairman	Fixed[1] $770,000 Other[2] $10,267	No fixed term	3 months	Additional 9 months payment of annual base salary
Robert Brainsbury, Chief Financial Officer and Co-Company Secretary	Fixed[1] $495,000 Other[2] $10,565	No fixed term	3 months	Additional 6 months payment of annual base salary
Ian Sheppard, Chief Operating Officer	Fixed[1] $550,000 Other[2] $16,434	No fixed term	3 months	Additional 6 months payment of annual base salary
Kim Franks, Chief People Officer	Fixed[1] $385,440 Other[2] $1,024	No fixed term	3 months	Additional 6 months payment of annual base salary

*TFR as set for the financial year 30 June 2021

1. Fixed includes the base salary and superannuation at 10%. Where superannuation caps have been exceeded, the superannuation component of the TFR that exceeds the cap was paid as a cash allowance.
2. Other relates to death, TPD and salary continuance insurance paid by the Company on behalf of the KMP. At the option of the employee this benefit is able to be reimbursed via an insurance allowance.

Details of remuneration

Details of the remuneration of the KMP of the consolidated entity are set out in the following tables.

KMP Remuneration for the year ended 30 June 2021

	Short-term benefits			Post-employment benefits		Long-term benefits	Share based payments	
	Salary & fees	Short-term incentive	Other	Superannuation	Sub-total	Long service leave	Equity settled	TOTAL
	(A)	(B)	(C)	(D)		(E)	(F)	
DIRECTORS	$	$	$	$	$	$	$	$
Non-executive								
Michele Muscillo	80,000	-	-	-	80,000	-	-	**80,000**
Alastair Morrison	80,000	-	-	-	80,000	-	-	**80,000**
Colin Moorhead[1]	74,000				74,000	-		**74,000**
	234,000	**-**	**-**	**-**	**234,000**	**-**	**-**	**234,000**
Executive								
Andre Labuschagne	700,000	339,150	173,246	25,000	1,237,396	18,819	266,338	**1,522,553**
	934,000	**339,150**	**173,246**	**25,000**	**1,471,396**	**18,819**	**226,338**	**1,756,553**
OTHER KMP								
Robert Brainsbury	450,000	229,500	80,145	25,000	784,645	5,211	166,119	**955,975**
Ian Sheppard	500,000	229,500	83,325	25,000	837,825	14,452	176,647	**1,028,924**
Kim Franks[2]	174,570	92,400	30,487	12,500	309,957	3,431	21,199	**334,587**
	1,124,570	**551,400**	**193,957**	**62,500**	**1,932,427**	**23,094**	**363,965**	**2,319,486**
	2,058,570	**890,550**	**367,203**	**87,500**	**3,403,823**	**41,913**	**630,303**	**4,076,039**

Notes to table:

1. Appointed 27 July 2020.
2. Appointed 4 January 2021.

(A) Includes cash salary and Directors' fees.
(B) Short-term incentives reflect incentives accrued in relation to the 30 June 2021 financial year.
(C) Other includes death, TPD and salary continuance insurance, superannuation cash allowance not able to be paid into superannuation due to exceeding the superannuation cap and movement in annual leave provision. At the option of the employee, the insurance benefit is able to be reimbursed via an insurance allowance.
(D) Superannuation paid to meet the superannuation guarantee contribution.
(E) Movement in long service entitlement provision for the financial year.
(F) Share based payments comprise the grant date fair value of options and performance rights expensed during the year.

KMP remuneration for the year ended 30 June 2020

	Short-term benefits			Post-employment		Share based payments	
	Salary & fees	Short-term incentive	Other	Superannuation	Sub-total	Equity settled	TOTAL
	(A)	(B)	(C)	(D)		(E)	
DIRECTORS	$	$	$	$	$	$	$
Non-executive							
Michele Muscillo	60,000	-	-	-	60,000	-	**60,000**
Alastair Morrison	60,000	-	-	-	60,000	-	**60,000**
Marcus Derwin	60,000	-	-	-	60,000	-	**60,000**
	180,000	-	-	-	**180,000**	-	**180,000**
Executive							
Andre Labuschagne	550,025	275,012	7,212	25,000	857,249	250,299	**1,107,548**
	730,025	**275,012**	**7,212**	**25,000**	**1,037,249**	**250,299**	**1,287,548**
OTHER KMP							
Robert Brainsbury	377,517	188,759	6,009	25,000	597,285	150,180	**747,465**
Ian Sheppard	377,517	188,759	8,637	25,000	599,913	150,180	**750,093**
John Miller[1]	373,944	65,440	13,215	11,384	463,983	75,090	**539,073**
	1,128,978	**442,958**	**27,861**	**61,384**	**1,661,181**	**375,450**	**2,036,631**
	1,859,003	**717,970**	**35,073**	**86,384**	**2,698,430**	**625,749**	**3,324,179**

Notes to table:

1. No longer deemed KMP from 1 July 2020.

(A) Includes cash salary and Directors' fees.

(B) Short-term incentives reflect incentives accrued in relation to the 30 June 2020 financial year.

(C) Other relates to death, TPD and salary continuance insurance paid by the Company on behalf of the KMP. At the option of the employee, this benefit is able to be reimbursed via an insurance allowance.

(D) Superannuation paid to meet the superannuation guarantee contribution.

(E) Share based payment comprise the grant date fair value of options expensed during the year.

Share-based compensation

Details of Options and Rights over ordinary shares in the Company as at 30 June 2021, provided as remuneration to each executive KMP of Aeris Resources Limited are set out below. Upon satisfaction of relevant conditions each Option/Right will automatically vest and convert into one ordinary share.

Options

See Variable Remuneration – Previous LTI Plan for the terms governing the grant of the Options outlined below.

Name	Year Granted	Number of Options issued	Value at Grant Date	Vested[2]	Number of Options exercised during the year ended 30 June 2021	Number of Options exercised since 30 June 2021
			$	%		
Andre Labuschagne	2016	37,364,244	1,264,780	100%	14,852,285	22,511,959
Robert Brainsbury	2016	22,418,546	758,868	100%	8,911,371	-
Ian Sheppard	2016	22,418,546	758,868	100%	22,418,546	-
John Miller[1]	2016	11,209,273	379,434	100%	-	-
		93,410,609	**3,161,950**	100%	46,182,202	22,511,959

1. No longer deemed KMP from 1 July 2021.
2. No options were cancelled at 30 June 2021.

The value of the options on a fully marketable basis is equal to the value of the underlying share price (on grant date) less dividend ($0.04). The shares, if converted from options, are subject to various escrow periods and as such a discount for lack of marketability has been applied to take into consideration the escrow period. A discount for lack of marketability of 25%, 20%, 15% and 10% was applied to Tranche 1($0.03), Tranche 2($0.032), Tranche 3($0.034) and Tranche 4 ($0.036) respectively.

Rights

See Variable Remuneration – Current LTI Plan for the terms governing the grants of Rights outlined below. The minimum value of the Rights yet to vest is nil, as the Rights will lapse if the vesting conditions are not met. The maximum value in future periods has been determined as the amount of the grant date fair value of the Right that is yet to be expensed.

Name	Year Granted	Number of Rights issued	Value at Grant Date	Number of Rights vested	Vested	Cancelled
			$		%	%
Andre Labuschagne	2021	7,142,857	525,000	n/a	n/a	n/a
Robert Brainsbury	2021	4,591,836	337,500	n/a	n/a	n/a
Ian Sheppard	2021	5,102,040	375,000	n/a	n/a	n/a
Kim Franks[1]	2021	1,751,635	128,745	n/a	n/a	n/a
		18,588,368	1,366,245			

1. Appointed 4 January 2021

Shares held by KMP

The tables below show the equity instruments in Aeris Resources Limited that were held during the financial year by KMP of the consolidated entity, including their close family members and entities related to them:

Executive KMP

Name	Opening balance 1 July 2020	Issued and Acquired	Vested and Exercised	Disposed/ Forfeited/ Other	Balance 30 June 2021
Andre Labuschagne	140,000	-	14,852,285	-	14,992,285
Robert Brainsbury	434,999	-	8,911,371	-	9,346,370
Ian Sheppard	33,234	-	22,418,546	(10,333,643)	12,118,137
Kim Franks	-	-	-	86,000[1]	86,000

1. Holding on appointment on 4 January 2021

Non-executive Directors

Name	Opening balance 1 July 2020	Issued and Acquired	Vested and Exercised	Disposed/ Forfeited/ Other	Balance 30 June 2021
Michele Muscillo	21,739	-	-	-	21,739
Alaistair Morrison	175,000	853,500	-	-	1,028,500
Colin Moorhead[1]	-	500,000	-	-	500,000
Marcus Derwin[2]	183,500		-	(183,500)	-

1. Appointed 27 July 2020
2. Resigned 27 July 2020

Other matters

Employee Share Acquisition Plan (ESAP)

The Aeris Resources Limited Employee Share Acquisition Plan (ESAP) was approved by shareholders at the Demerger Scheme Meeting on 21 January 2011. The plan operates by allowing participants to obtain Shares in the Company at market price, which are funded by a limited recourse interest free loan provided by the Company. The Shares are held in trust with vesting of the Shares subject to performance hurdles. If vesting conditions are satisfied, the Shares continue to be held in trust subject to a holding lock until the underlying loan is repaid in full. There are currently no Shares issued or allocated under the ESAP Share Plan.

Loans given to Key Management Personnel.

No loans have been provided by the Company to KMP.

Other transactions between the Company and Key Management Personnel or their related parties

Except for those transactions disclosed in note 29 to the financial statements, no other transactions have been entered into between the Company and KMP.

Voting and comments made at the Company's 26 November 2020 Annual General Meeting ('AGM')

At the 26 November 2020 AGM, 98.96% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Use of remuneration consultants

During the year ended 30 June 2021, the Remuneration Committee of Aeris Resources Limited engaged the services of PricewaterhouseCoopers as external remuneration consultants to aid in the drafting of the revised LTI plan for executive KMP. The Company also engaged the services of Godfrey Remuneration Group Pty Ltd to provide assistance in drafting the 2021 Remuneration Report. No recommendations as defined by the Corporations Act Section 300A have been provided by either company.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

Andre Labuschagne
Executive Chairman
Brisbane
26 August 2021

Auditor's Independence Declaration

As lead auditor for the audit of Aeris Resources Limited for the year ended 30 June 2021, I declare that 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 Aeris Resources Limited and the entities it controlled during the period.

Simon Neill
Partner
PricewaterhouseCoopers

Brisbane
26 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

General information

The consolidated financial statements cover Aeris Resources Limited as a consolidated entity, consisting of Aeris Resources Limited ('Aeris', 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year. Aeris Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. The financial statements are presented in Australian dollars, which is Aeris Resources Limited's functional and presentation currency.

Aeris Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

HQ South Tower, Suite 2.2, Level 2
520 Wickham Street
Fortitude Valley
Brisbane
QLD 4006

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2021. The directors have the power to amend and reissue the financial statements.

Aeris Resources Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue from contracts with customers	2	431,290	227,313
Cost of goods sold	3	(337,895)	(217,303)
Gross profit		93,395	10,010
Administration and support	3	(14,475)	(8,420)
Exploration expense	3	(454)	(575)
Net foreign exchange gains/(losses)		1,166	(3,027)
Transaction expense	3	(4,068)	(3,126)
Other expenses	3	(2,693)	(1,391)
Impairment loss	3	-	(23,127)
Profit/(loss) before net finance costs		72,871	(29,656)
Net finance costs	3	(11,631)	(8,361)
Profit/(loss) before income tax expense		61,240	(38,017)
Income tax expense	4	-	(334)
Profit/(loss) after income tax expense for the year attributable to the owners of Aeris Resources Limited		61,240	(38,351)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax	21	(2,549)	-
Transfer to profit or loss on disposal of subsidiary		162	-
Other comprehensive income for the year, net of tax		(2,387)	-
Total comprehensive income for the year attributable to the owners of Aeris Resources Limited		58,853	(38,351)
		Cents	**Cents**
Basic earnings per share	38	3.2	(7.4)
Diluted earnings per share	38	3.1	(7.4)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Aeris Resources Limited
Consolidated statement of financial position
As at 30 June 2021

	Note	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	5	97,396	54,303
Trade and other receivables	6	12,341	17,394
Inventories	7	32,414	11,202
Financial assets at fair value through profit or loss	8	6,087	2,531
Other current assets	9	1,935	748
Total current assets		150,173	86,178
Non-current assets			
Trade and other receivables	6	20,776	17,262
Property, plant and equipment	10	85,296	41,851
Exploration and evaluation	11	51,818	28,083
Mine properties	12	65,095	14,394
Deferred tax	4	1,092	-
Total non-current assets		224,077	101,590
Total assets		374,250	187,768
Liabilities			
Current liabilities			
Trade and other payables	13	68,949	37,756
Borrowings	14	2,115	61
Lease liabilities	15	4,025	3,565
Derivative financial instruments	16	3,641	-
Provisions	17	17,913	7,924
Other liabilities	18	14,144	-
Total current liabilities		110,787	49,306
Non-current liabilities			
Borrowings	14	25,277	48,957
Lease liabilities	15	4,244	3,582
Provisions	17	29,660	12,274
Other liabilities	18	20,418	-
Total non-current liabilities		79,599	64,813
Total liabilities		190,386	114,119
Net assets		183,864	73,649
Equity			
Issued capital	19	509,888	452,313
Prepaid capital	20	-	7,216
Reserves	21	(7,481)	(6,097)
Accumulated losses		(318,543)	(379,783)
Total equity		183,864	73,649

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Issued capital $'000	Prepaid capital $'000	Convertible preference shares $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	420,837	-	4,208	(6,723)	(341,432)	76,890
Loss after income tax expense for the year	-	-	-	-	(38,351)	(38,351)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(38,351)	(38,351)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 19)	27,268	-	-	-	-	27,268
Conversion of preference shares to ordinary shares (note 19)	4,208	-	(4,208)	-	-	-
Contributions of prepaid capital net of transaction costs (note 20)	-	7,216	-	-	-	7,216
Share-based payments (note 39)	-	-	-	626	-	626
Balance at 30 June 2020	452,313	7,216	-	(6,097)	(379,783)	73,649

	Issued capital $'000	Prepaid capital $'000	Convertible preference shares $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2020	452,313	7,216	-	(6,097)	(379,783)	73,649
Profit after income tax expense for the year	-	-	-	-	61,240	61,240
Other comprehensive income for the year, net of tax	-	-	-	(2,387)	-	(2,387)
Total comprehensive income for the year	-	-	-	(2,387)	61,240	58,853
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 19)	57,575	(7,216)	-	-	-	50,359
Share-based payments (note 39)	-	-	-	1,003	-	1,003
Balance at 30 June 2021	509,888	-	-	(7,481)	(318,543)	183,864

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		434,879	210,679
Payments to suppliers and employees		(257,443)	(178,870)
		177,436	31,809
Interest and other finance costs paid		(7,786)	(1,571)
Net cash from operating activities	37	169,650	30,238
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	31	(55,789)	-
Payments for investments		(1,000)	-
Payments for property, plant and equipment and mine properties		(80,477)	(18,642)
Payments for exploration expenditure		(7,449)	(1,723)
Cash backed security deposits		(8,714)	(5,561)
Proceeds from disposal of property, plant and equipment and mine properties		3	41
Net cash used in investing activities		(153,426)	(25,885)
Cash flows from financing activities			
Proceeds from issue of shares - net of transaction costs		50,359	26,536
Prepaid proceeds from the issue of shares		-	7,216
Proceeds from borrowings		30,000	-
Repayment of borrowings		(48,933)	(56)
Repayment of leasing liabilities		(4,422)	(6,141)
Net cash from financing activities		27,004	27,555
Net increase in cash and cash equivalents		43,228	31,908
Cash and cash equivalents at the beginning of the financial year		54,303	22,548
Effects of exchange rate changes on cash and cash equivalents		(135)	(153)
Cash and cash equivalents at the end of the financial year	5	97,396	54,303

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. Operating segments

Identification of reportable operating segments

The Company's Strategic Steering Committee, consisting of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief People Officer has identified three reportable segments:

- Tritton Copper Operations (Tritton) in New South Wales;
- Cracow Gold Operations (Cracow) in Queensland; and
- Other, representing corporate activities, investments in listed entities and non-core exploration assets.

There is no aggregation of operating segments.

The consolidated entity operated only in Australia during the periods ended 30 June 2021 and 30 June 2020.

The Strategic Steering Committee (Chief Operating Decision Makers) of Aeris Resources Limited assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). This measurement basis excludes the effects of non-cash and/or non-recurring expenditure from operating segment EBITDA, such as impairment loss, transaction expense, movement in assets at fair value through profit or loss, and the effects of foreign exchange which primarily reflects gains or losses on the translation of US dollar denominated receivables and borrowings.

The information reported to the Strategic Steering Committee is on a monthly basis.

Operating segment information

2021	Tritton $'000	Cracow $'000	Other $'000	Total $'000
Revenue				
Sales to external customers	244,216	186,652	-	430,868
Other revenue	362	29	31	422
Total revenue	244,578	186,681	31	431,290
Adjusted EBITDA	75,288	98,079	(8,712)	164,655
Depreciation and amortisation				(86,200)
Loss on disposal of subsidiary				(2,238)
Finance costs				(11,631)
Transaction expense				(4,068)
Net foreign exchange gains				1,166
Movement in financial assets at fair value through profit or loss				(444)
Profit before income tax expense				61,240
Income tax expense				-
Profit after income tax expense				61,240
Assets				
Segment assets	148,860	141,270	84,120	374,250
Total assets				374,250
Total assets includes:				
Acquisition of non-current assets	47,126	44,607	1,709	93,442
Liabilities				
Segment liabilities	94,117	82,475	13,794	190,386
Total liabilities				190,386

1. Operating segments (continued)

2020	Tritton operations $'000	Other $'000	Total $'000
Revenue			
Sales to external customers	226,326	-	226,326
Other revenue	681	306	987
Total revenue	227,007	306	227,313
Adjusted EBITDA	39,484	(3,122)	36,362
Depreciation and amortisation			(35,547)
Impairment of assets			(23,127)
Finance costs			(8,361)
Transaction expense			(3,126)
Net foreign exchange losses			(3,027)
Movement in financial assets at fair value through profit or loss			(1,191)
Loss before income tax expense			(38,017)
Income tax expense			(334)
Loss after income tax expense			(38,351)
Assets			
Segment assets	127,468	60,300	187,768
Total assets			187,768
Total assets includes:			
Acquisition of non-current assets	22,725	3,173	25,898
Liabilities			
Segment liabilities	105,969	8,150	114,119
Total liabilities			114,119

Intersegment transactions

Intersegment transactions were made at market rates and are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 30 June 2021 approximately 59% (2020: 100%) of the consolidated entity's external revenue was derived from sales to one customer who has the offtake agreement for 100% of the Tritton Copper Operation's copper concentrate; and 41% was derived from sales to one customer with whom the Company has a refining agreement for the Cracow Gold Operations gold-silver doré.

Accounting policy for operating segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

2. Revenue from contracts with customers

Revenue from contracts with customers

	2021 $'000	2020 $'000
Sales revenue from mining activities	430,868	226,326
Other revenue from ordinary activities	422	987
	431,290	227,313

Accounting policy for revenue recognition

Revenue from contracts with customers

The consolidated entity generates sales revenue primarily from the performance obligation to deliver goods such as copper concentrate and gold doré to the customer. Sales revenue represents the gross proceeds receivable from the customer.

Copper concentrate sales

For copper concentrate sales, the recognition of concentrate sales occurs when the performance obligation, being the transfer of the title of copper concentrate, is met and control of the goods transfers to the customer.

Concentrate sales are initially recognised at an estimated sales value when the control of the product transfers to the customer, which in most cases is when the Holding and Title certificate is issued at the port handling and ship loading facility.

The terms of the concentrate sales contracts with our offtake agreement partner contains provisional pricing arrangements whereby the final selling price for the concentrate is based on prevailing average monthly prices on a specified future period after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted marked prices up to the final settlement price specified in the sales contracts. The period between provisional invoicing and the final settlement pricing is typically one to three months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

The change in value of the provisionally priced receivable is based on relevant forward market prices and is included in sales revenue. Adjustments are made for variations in the metal prices, assays, weights and currency between the time control passed to the customer and the time of final invoice being issued. Mining royalties payable are presented as an operating cost.

The contract with customer has no significant financing component and has no variable consideration under AASB 15 *Revenue from Contracts with Customers*. A trade receivable is recognised (refer note 6 and note 23) when the Holding and Title Certificate is issued as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Shipping is generally arranged by the customer and occurs after the control of goods transfers to the customer.

Gold doré sales

For gold doré sales, revenue is recognised at the point when the doré is collected by the buyer at the mine site.

The contract with customer has no significant financing component and has no variable consideration under AASB 15 *Revenue from Contracts with Customers*. A trade receivable is recognised (refer note 6 and note 23) when the buyer takes possession of the gold doré as this is the point in time that the consideration is unconditional. Mining royalties payable are presented as an operating cost.

Gains and losses on hedge instruments related to sales contracts are recorded in revenue when the associated instrument matures.

2. Revenue from contracts with customers (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

3. Expenses

Profit/(Loss) before income tax includes the following specific expenses:

	2021 $'000	2020 $'000
Cost of goods sold		
Cost of production:		
Mining activities	252,002	181,957
Depreciation:		
Plant and equipment	23,451	10,655
Plant and equipment under leases	2,790	6,234
Total depreciation	26,241	16,889
Amortisation:		
Mine properties	59,652	18,457
Total cost of goods sold	337,895	217,303
Administration and support		
Corporate depreciation	80	5
Corporate lease depreciation	227	196
Other corporate expenses	14,168	8,219
Total administration and support	14,475	8,420
Exploration expense		
Exploration expenditure	454	575
Transaction expense		
Legal expenses	176	543
Consulting expense	145	2,525
Stamp duty	3,747	-
Other expenses	-	58
Total transaction expense	4,068	3,126

3. Expenses (continued)

	2021 $'000	2020 $'000
Other expenses		
Movement in financial assets at fair value through profit or loss	444	1,191
Loss on disposal and write-off of fixed assets	11	200
Loss on disposal of subsidiary (note 36)	2,238	-
Total other expenses	2,693	1,391
Impairment loss		
Impairment of mine properties	-	23,127
Net finance costs		
Interest expense for borrowings at amortised cost	7,364	5,609
Interest expense for leasing arrangements	525	718
Other net interest and finance charges	2,025	1,547
Unwinding of discounts on provisions	1,717	487
Total net finance costs	11,631	8,361

Included within the above functional classifications are the following:

	2021 $'000	2020 $'000
Employee benefit expenses	88,482	45,064
Superannuation expense	7,775	4,072
	96,257	49,136

4. Income tax

	2021 $'000	2020 $'000
Income tax expense		
Deferred tax - origination and reversal of temporary differences	-	35
Adjustment recognised for prior periods	-	299
Aggregate income tax expense	-	334
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	61,240	(38,017)
Tax at the statutory tax rate of 30%	18,372	(11,405)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	301	188
Equity raising and transaction costs	697	-
Other	1,502	-
	20,872	(11,217)
Adjustment recognised for prior periods	-	299
Current year tax losses not recognised	-	5,638
Current year temporary differences not recognised	(2,721)	5,614
Utilisation of prior year tax losses	(18,151)	-
Income tax expense	-	334

Amounts recognised directly in equity

Deferred tax arising in the reporting year and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

	2021 $'000	2020 $'000
Cash flow hedges	1,092	-
Share issue costs	-	731
	1,092	731

Tax losses

	2021 $'000	2020 $'000
Tax losses not recognised:		
Unused tax losses for which no deferred tax asset has been recognised	218,734	279,008
Potential tax benefit @ 30%	65,620	83,702

The above potential tax benefit for tax losses has not been recognised in the consolidated statement of financial position.

4. Income tax (continued)

Deferred tax balances

30 June 2021	Opening balance $'000	Net charged to comprehen-sive income $'000	Net credited to equity $'000	Closing balance $'000
Deferred tax asset				
Property, plant and equipment, exploration and mine properties	1,575	3,342	-	4,917
Transaction issuance costs	1,751	313	-	2,064
Provisions and accruals	6,845	5,182	-	12,027
Other	1,295	(8)	1,092	2,379
	11,466	8,829	1,092	21,387
Deferred tax liability				
Inventories	(2,217)	(2,372)	-	(4,589)
Exploration	(9,249)	(3,411)	-	(12,660)
Rehabilitation assets	-	(3,046)	-	(3,046)
	(11,466)	(8,829)	-	(20,295)
Net deferred tax asset recognised	-	-	1,092	1,092

30 June 2020	Opening balance $'000	Net charged to comprehen-sive income $'000	Net credited to equity $'000	Closing balance $'000
Deferred tax asset				
Property, plant and equipment, exploration and mine properties	2,044	(469)	-	1,575
Transaction issuance costs	1,231	(211)	731	1,751
Provisions and accruals	6,845	-	-	6,845
Other	274	1,021	-	1,295
	10,394	341	731	11,466
Deferred tax liability				
Inventories	(2,060)	(157)	-	(2,217)
Exploration	(8,731)	(518)	-	(9,249)
	(10,791)	(675)	-	(11,466)
Net deferred tax liability recognised	(397)	(334)	731	-

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

4. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Aeris Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

5. Cash and cash equivalents

	2021 $'000	2020 $'000
Current assets		
Cash at bank	97,396	54,303

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Trade and other receivables

	2021 $'000	2020 $'000
Current assets		
Trade receivables	9,208	15,867
Other receivables	3,133	1,527
	12,341	17,394
Non-current assets		
Restricted cash	20,776	17,262
	33,117	34,656

Other receivables is primarily composed of receivables in relation to Australian GST refund claims and security deposits held.

Restricted cash relates to cash held on deposit for security against bank guarantees held in relation to environmental bonding. Refer to note 27 for additional detail. The carrying amount of the restricted cash balance equates to its fair value.

Refer to note 23 for information about the impairment of trade receivables and the consolidated entity's exposure to credit risk, foreign currency risk and interest rate risk.

Accounting policy for trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 120 days and therefore are all classified as current. Trade receivables are recognised initially at fair value based on estimated amounts due and subsequently at amortised cost, less any provision for impairment. The consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. For the commodity sales where pricing remains outstanding at the period end, the final consideration will be estimated in terms of AASB 9 *Financial Instruments* at the period end based on forward market prices for the relevant quotational period as there is a developed forward market. Details about the consolidated entity's impairment policies and the calculation of any loss allowance are provided in note 23.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

7. Inventories

	2021 $'000	2020 $'000
Current assets		
Production supplies - at cost	14,987	7,392
Work in progress - at cost	17,427	3,810
	32,414	11,202

7. Inventories (continued)

Accounting policy for inventories

Mining inventories of raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory charged to the consolidated statement of comprehensive income has been included in note 3 as part of mining activities.

8. Financial assets at fair value through profit or loss

	2021 $'000	2020 $'000
Current assets		
Australian listed equity - designated at fair value through profit or loss	6,087	2,531

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2021 $'000	2020 $'000
Opening fair value	2,531	3,722
Additions	4,000	-
Revaluation decrements	(444)	(1,191)
Closing fair value	6,087	2,531

Refer to note 23 for further information about the consolidated entity's exposure to price risk.

Refer to note 24 for further information on fair value measurement.

9. Other current assets

	2021 $'000	2020 $'000
Current assets		
Prepayments	1,935	748

10. Property, plant and equipment

	2021 $'000	2020 $'000
Non-current assets		
Freehold land - at cost	4,015	1,324
Buildings - at cost	7,743	6,748
Less: Accumulated depreciation	(5,191)	(4,412)
	2,552	2,336
Plant and equipment - at cost	122,719	98,810
Less: Accumulated depreciation	(50,070)	(64,165)
	72,649	34,645
Property, plant and equipment under lease	10,327	20,079
Less: Accumulated depreciation	(4,247)	(16,533)
	6,080	3,546
	85,296	41,851

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Property, plant and equipment under lease $'000	Total $'000
Balance at 1 July 2019	1,324	3,136	35,720	10,489	50,669
Additions	-	-	8,304	410	8,714
Net disposals/write-offs	-	-	(101)	(170)	(271)
Transfers to mine properties	-	-	(171)	-	(171)
Transfers in/(out)	-	-	754	(754)	-
Depreciation expense	-	(800)	(9,861)	(6,429)	(17,090)
Balance at 30 June 2020	1,324	2,336	34,645	3,546	41,851
Additions	-	-	39,631	6,272	45,903
Additions through business combinations (note 31)	2,693	1,878	19,569	-	24,140
Net disposals/write-offs	(2)	(10)	(2)	-	(14)
Transfers to exploration assets	-	-	(36)	-	(36)
Transfers in/(out)	-	-	722	(722)	-
Depreciation expense	-	(1,652)	(21,880)	(3,016)	(26,548)
Balance at 30 June 2021	4,015	2,552	72,649	6,080	85,296

10. Property, plant and equipment (continued)

Assets in the course of construction
The carrying amounts of the assets disclosed above include assets that were in the course of construction as at the end of the reporting period. The relevant amounts are as follows:

	2021 $'000	2020 $'000
Plant and equipment	32,530	6,531

Refer to note 14 for information on non-current assets pledged as security by the consolidated entity.

Accounting policy for property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost equals the fair value of the item at acquisition date, and includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant and equipment also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using either the straight line or units-of-production method to allocate their cost, net of residual values, over their estimated useful lives. Estimated useful lives are between 2 and 5 years. Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

11. Exploration and evaluation

	2021 $'000	2020 $'000
Non-current assets		
Exploration and evaluation - at cost	51,818	28,083

11. Exploration and evaluation (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration and evaluation $'000
Balance at 1 July 2019	26,360
Expenditure during the year	1,723
Balance at 30 June 2020	28,083
Additions through business combinations (note 31)	16,250
Expenditure during the year	7,449
Transfers from property, plant and equipment	36
Balance at 30 June 2021	51,818

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure is carried forward in the financial statements, in respect of areas of interest for which the rights of tenure are current and where:

(i) Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
(ii) Exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable ore reserves and mineral resources and while active and significant operations in, or in relation to, the area are continuing.

Exploration expenditure incurred that does not satisfy the policy stated above is expensed in the year in which it is incurred. Exploration expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the year in which that decision is made.

Upon commencement of mining activities, deferred exploration and development expenditure is reclassified to mine properties and then amortised in accordance with the accounting policy for mine properties.

The net carrying value of each area of interest is reviewed regularly and, to the extent to which this value exceeds its recoverable value, that excess is provided for or written off in the year in which this is determined.

12. Mine properties

	2021 $'000	2020 $'000
Non-current assets		
Mine properties - at cost	249,159	138,927
Less: Accumulated amortisation	(184,064)	(124,533)
	65,095	14,394

12. Mine properties (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Mine properties $'000
Balance at 1 July 2019	45,879
Expenditure during the year	9,928
Impairment of assets	(23,127)
Transfer from property, plant and equipment	171
Amortisation expense	(18,457)
Balance at 30 June 2020	14,394
Additions through business combinations (note 31)	62,971
Expenditure during the year	40,118
Increase to rehabilitation asset	7,264
Amortisation expense	(59,652)
Balance at 30 June 2021	65,095

Impairment of non-financial assets
The consolidated entity considers annually whether there have been any indicators of impairment and tests whether or not non-current assets have suffered an impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets.

This grouping of assets is referred to as a Cash Generating Unit (CGU). The consolidated entity currently assesses the Tritton Copper Operations and Cracow Gold Operations as two separate CGUs. The recoverable amount of each CGU has been determined based on fair value less costs of disposal (FVLCD). The FVLCD is calculated based on a Board approved life of mine plan (LOM).

This requires the use of estimates and judgements in relation to a range of inputs including:
- Commodity prices;
- Exchange prices;
- Mineral Resources and Ore Reserves, and mining planning scheduling;
- Production costs; and
- Discount rates.

The impairment assessment of the Tritton Copper Operations CGU completed during the year ended 30 June 2020 resulted in an impairment of $23.127 million to mine properties. The discount rate used for the 30 June 2020 impairment assessment was a post-tax discount of 8.6% rate expressed in real terms. Commodity prices and exchange rates used in the model were sourced from independent reputable market sources.

There were no indicators of impairment identified and no impairment recognised during the year ended 30 June 2021 for either the Tritton Copper Operations CGU or Cracow Gold Operations CGU.

Accounting policy for mining assets
Mine properties represent the acquisition costs and/or accumulation of exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

12. Mine properties (continued)

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of mine properties is calculated using the units-of-production method which results in an amortisation 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 Mineral Resources and Ore Reserves of the mine property at which it is located. The annual change in Mineral Resources and Ore Reserves driving the remaining life of mine production are accounted for prospectively when amortising existing mine development assets.

13. Trade and other payables

	2021 $'000	2020 $'000
Current liabilities		
Trade payables	68,424	37,396
Other payables	525	360
	68,949	37,756

Refer to note 23 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid between 30 and 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

14. Borrowings

	2021 $'000	2020 $'000
Current liabilities		
Secured: Loans	2,115	61
Non-current liabilities		
Secured: Loans	25,277	48,957
	27,392	49,018

Refer to note 23 for further information on financial instruments.

14. Borrowings (continued)

Effective 1 July 2020, the terms of the consolidated entity's Senior Loan Note Subscription Agreement with Special Portfolio Opportunity V Limited (SPOV) were amended, resulting in the following changes:

- Extension of the maturity dates for its Tranche A (Working Capital) and Tranche B (Term Loan) debt facilities to 1 July 2023 (previously 1 July 2021);
- Quarterly loan amortisation payments of US$2.5 million on Tranche B, commencing 1 July 2021;
- Quarterly loan amortisation payments of US$2.5 million on Tranche A, to commence after the repayment of Tranche B;
- Establishment of the Tranche C (Acquisition Bridging) Facility for A$30 million to facilitate the acquisition of Cracow, with a maturity date of 1 July 2021 and quarterly loan amortisation payments of A$7.5 million commencing 1 October 2020; and
- Establishment of a A$15 million Contingent Instrument Facility to be used for the replacement of financial assurances relating to Cracow.

The SPOV Tranche A Facility is a US dollar working capital facility that accrues cash interest at 5% per annum and PIK interest that accrues at 6% (compounding every 3 months). The consolidated entity made early repayments on this facility during the year ended 30 June 2021 of US$3.5 million. As at 30 June 2021 there was US$20.25 million outstanding on the facility, including US$8.25 million of capitalised interest.

The SPOV Tranche B Facility is a US dollar facility that accrued cash interest at a rate of 12.5% per annum. The consolidated entity made early repayments on this facility during the year ended 30 June 2021 of US$10 million. As at 30 June 2021, there was no outstanding balance on the SPOV Tranche B Facility.

The Tranche C Facility of A$30 million was drawn down on 1 July 2020 and accrued cash interest of 11% per annum. As at 30 June 2021, the consolidated entity had fully repaid the facility and there was no outstanding balance.

During June 2021, Aeris entered into an agreement with SPOV to re-profile its remaining facilities as follows:

- Cash backing of the A$15 million Contingent Instrument Facility for environmental bonding obligations, which had an outstanding balance at 30 June 2021 of A$10 million, accelerated to be fully extinguished by March 2022, approximately 14 months ahead of the original schedule; and
- Debt repayments on Tranche A during the year ending 30 June 2022 reduced from US$10 million (US$2.5 million per quarter) to a total of A$2 million, to be paid at the end of June 2022. The debt repayment profile for Tranche A for the year ending 30 June 2023 remained unchanged.

Please refer to note 35 for additional information regarding events after the report period in relation to the facilities disclosed above.

Total secured liabilities
The total secured liabilities are as follows:

	2021 $'000	2020 $'000
Loans	27,392	49,018

Assets pledged as security
The carrying amount of non-current assets as at 30 June 2021 pledged as security for current and non-current borrowings and lease liabilities was $167,722,000 (2020: $70,560,000).

Credit stand-by arrangements
The consolidated entity has $20,776,000 (2020: $17,262,000) in restricted cash in respect of its obligations to provide environmental bonds over its mining and exploration licences.

14. Borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2021 $'000	2020 $'000
Total facilities		
Loans	27,392	49,018
Used at the reporting date		
Loans	27,392	49,018
Unused at the reporting date		
Loans	-	-

Accounting policy for borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

15. Lease liabilities

	2021 $'000	2020 $'000
Current liabilities		
Lease liability	4,025	3,565
Non-current liabilities		
Lease liability	4,244	3,582
	8,269	7,147

The consolidated entity leases office premises and mobile equipment. Lease contracts are typically made for a fixed period of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The total cash outflow for leases, including interest, during the year ended 30 June 2021 was $4,947,000 (2020: $6,859,000).

15. Lease liabilities (continued)

Refer to note 23 for further information on financial instruments.

Right-of-use assets

	Property, plant and equipment $'000
Balance at 1 July 2019	10,212
Adoption of AASB 16 *Leases*	277
Additions	410
Transfers in/(out)	(754)
Net disposals/write-offs	(170)
Depreciation expense	(6,429)
Balance at 30 June 2020	3,546
Additions	6,272
Transfers in/(out)	(722)
Depreciation expense	(3,016)
Balance at 30 June 2021	6,080

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option; and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

16. Derivative financial instruments

	2021 $'000	2020 $'000
Current liabilities		
Commodity contracts - cash flow hedges	3,641	-

Refer to note 23 for further information on financial instruments.

Refer to note 24 for further information on fair value measurement.

17. Provisions

	2021 $'000	2020 $'000
Current liabilities		
Employee benefits	17,644	7,767
Other	269	157
	17,913	7,924
Non-current liabilities		
Employee benefits	752	489
Provision for rehabilitation and dismantling	28,908	11,785
	29,660	12,274
	47,573	20,198

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2021	Provision for rehabilitation and dismantling $'000	Other $'000
Carrying amount at the start of the year	11,785	157
Additions through business combinations (note 31)	9,725	-
Provisions recognised	7,283	269
Amounts used	-	(157)
Unwinding of discount	115	-
Carrying amount at the end of the year	28,908	269

Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

17. Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Accounting policy for rehabilitation and dismantling
The consolidated entity has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment. Under AASB 116 *Property, Plant and Equipment*, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period.

AASB 137 *Provisions, Contingent Liabilities, and Contingent Assets* requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a risk free discount rate that reflects the time value of money. The discount rate must not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense.

18. Other liabilities

	2021 $'000	2020 $'000
Current liabilities		
Deferred consideration	14,144	-
Non-current liabilities		
Contingent consideration	20,418	-
	34,562	-

	Deferred consideration $'000	Contingent consideration $'000	Total $'000
Balance at 1 July 2020	-	-	-
Additions through business combinations (note 31)	13,337	19,623	32,960
Unwinding of discount	807	795	1,602
Balance at 30 June 2021	14,144	20,418	34,562

18. Other liabilities (continued)

Refer to note 31 for additional details regarding these liabilities

Refer to note 24 for further information on fair value measurement.

19. Issued capital

	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	2,207,352,758	1,539,996,964	509,888	452,313

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2019	455,711,613		420,837
Conversion of convertible preference shares (a)	8 April 2020	83,665,000	$0.050	4,208
Share issued to fund cancellation of convertible preference shares (a)	8 April 2020	1	$0.000	-
Placement (b)	15 June 2020	244,337,606	$0.030	7,330
Entitlement Offer - Institutional (b)	15 June 2020	272,069,601	$0.030	8,162
Institutional bookbuild (b)	15 June 2020	484,213,143	$0.030	14,526
Less: Transaction costs arising on share issues		-	$0.000	(2,750)
Balance	30 June 2020	1,539,996,964		452,313
Entitlement offer - Retail (b)	1 July 2020	333,258,016	$0.030	9,998
Management options exercised (c)	10 August 2020	8,911,371	$0.000	-
Management options exercised (c)	12 August 2020	14,852,285	$0.000	-
Management options exercised (c)	4 March 2021	22,418,546	$0.000	-
Institutional placement (d)	18 June 2021	287,915,576	$0.175	50,385
Less: Transaction costs arising on share issues		-	$0.000	(2,808)
Balance	30 June 2021	2,207,352,758		509,888

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Movements in share capital

(a) Conversion and cancellation of convertible preference shares

On 2 April 2020, Aeris announced that Tudor Court Limited (TCL) had acquired 83,665,000 Convertible Redeemable Preference Shares (CPRS) in the Company from Standard Chartered Bank. On 8 April 2020, the 83,665,000 CPRS held by TCL were converted to fully paid ordinary shares, resulting in the issue of 83,665,000 new shares.

(b) Accelerated Renounceable Entitlement Offer and Placement

On 4 June 2020, the Company announced the launch of a fully underwritten $40.016 million Placement and 1:2.02 Renounceable Entitlement Offer (Entitlement Offer), with the proceeds raised used to fund:

- A portion of the purchase price for the acquisition of 100% of the issued equity of Lion Mining Pty Ltd, owner and operator of the Cracow gold mine; and
- The transaction costs associated with the Entitlement Offer and Placement and the acquisition.

19. Issued capital (continued)

The $40.016 million Placement and Entitlement Offer, at a price of $0.03 per share, consisted of:

- A Placement and Accelerated Institutional Entitlement Offer which was completed on 15 June 2020 and raised $30.018 million and resulted in the issue of 1,000,620,350 new shares; and
- A Retail Entitlement Offer which closed on 1 July 2020 and raised $9.998 million with 333,258,016 new shares being issued. $7.216 million of the proceeds from the Retail Entitlement Offer were received prior to the 1 July 2020 issue of the related shares. These proceeds are recognised in the consolidated statement of financial position and consolidated statement of changes in equity as Prepaid Capital (refer note 20). The remainder of the proceeds were received on 1 July 2020.

(c) Management options
During the year ended 30 June 2021, 46,182,202 management options were exercised at $nil each. As at 30 June 2021, 47,228,407 management options remain outstanding, with an expiry date of 31 December 2021.

(d) Institutional placement
On 18 June 2021, Aeris issued 287,915,576 new ordinary fully paid shares to institutional and sophisticated investors at $0.175 per share.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's current share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2020 Annual Report.

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt in the table below is calculated as total borrowings (including "borrowings" and "lease liabilities" as shown in the consolidated statement of financial position) less "cash and cash equivalents" as shown in the consolidated statement of financial position. Total capital is calculated as "total equity" as shown in the consolidated statement of financial position (including non-controlling interest) plus net debt.

19. Issued capital (continued)

The gearing ratio at the reporting date was as follows:

	2021 $'000	2020 $'000
Current liabilities - borrowings (note 14)	2,115	61
Current liabilities - lease liabilities (note 15)	4,025	3,565
Non-current liabilities - borrowings (note 14)	25,277	48,957
Non-current liabilities - lease liabilities (note 15)	4,244	3,582
Total borrowings	35,661	56,165
Current assets - cash and cash equivalents (note 5)	(97,396)	(54,303)
Net debt/(Cash and cash equivalents, net of debt)	(61,735)	1,862
Total equity	183,864	73,649
Total capital	122,129	75,511
Gearing ratio	(50.5%)	2.5%

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

20. Prepaid capital

	2021 $'000	2020 $'000
Prepaid share capital	-	7,216

Prepaid capital at 30 June 2020 related to proceeds received in advance for the Retail Entitlement Offer, which closed on 1 July 2020 (refer to note 19). Upon the issue of the related shares on 1 July 2020, the proceeds converted to issued capital.

21. Reserves

	2021 $'000	2020 $'000
Hedging reserve - cash flow hedges	(2,549)	-
Share-based payments reserve	4,349	3,346
Acquisition revaluation reserve	(9,281)	(9,443)
	(7,481)	(6,097)

Hedging reserve – cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

21. Reserves (continued)

Acquisition revaluation reserve
This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received are recognised in the acquisition revaluation reserve.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Cash flow hedges $'000	Share-based payments reserve $'000	Acquisition revaluation reserve $'000	Total $'000
Balance at 1 July 2019	-	2,720	(9,443)	(6,723)
Employee share based payments	-	626	-	626
Balance at 30 June 2020	-	3,346	(9,443)	(6,097)
Disposal of subsidiary	-	-	162	162
Employee share based payments	-	1,003	-	1,003
Revaluation - gross	(3,641)	-	-	(3,641)
Deferred tax	1,092	-	-	1,092
Balance at 30 June 2021	(2,549)	4,349	(9,281)	(7,481)

22. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

The Company does not have any franking credits.

23. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to foreign currency risk, interest rate risk, price risk and credit risk. In order to minimise any adverse effects on the financial performance of the consolidated entity, derivative financial instruments, such as forward commodity contracts are used to hedge certain foreign currency and commodity price risk exposures. The consolidated entity also uses different methods to measure different types of risk to which it is exposed. The methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

(i) Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The majority of these exposures are generated by interest-bearing liabilities denominated in US dollars, commodity sales contracts which are typically denominated in US dollars, as well as associated receivables.

23. Financial instruments (continued)

Generally, natural hedges, forward contracts and options are used to manage certain foreign exchange risk. During the year ended 30 June 2021, a portion of the consolidated entity's US dollar-denominated revenue from mining activities was cash flow hedged through unsecured Australian dollar-denominated copper hedges (refer to note 23(ii) for additional detail).

Sensitivity
Based on the financial instruments held at 30 June 2021, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the consolidated entity's profit for the year would have been $1.485 million lower (2020 loss: $2.686 million higher) or $1.215 million higher (2020 loss: $2.198 million lower), mainly as a result of foreign exchange gains/losses on translation of cash and cash equivalents, interest-bearing loans, receivables and payables denominated in foreign currencies. There would have been no impact on equity.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
US dollars	8,529	15,770	27,803	51,816

(ii) Commodity price risk
Commodity price risk is the risk of financial loss resulting from movements in the price of the consolidated entity's commodity outputs.

During the year ended 30 June 2021, a portion of the consolidated entity's revenue from mining activities was cash flow hedged through unsecured gold and copper hedges.

Gold hedging was undertaken for 36,000 oz (3,000 oz per month from July 2020 to June 2021), at A$2,536.25/oz.

Copper hedging was undertaken for:
- 9,000 tonnes (1,500 tonnes per month from August 2020 to January 2021) at A$9,096.80/t;
- 5,000 tonnes (833 tonnes per month from February 2021 to July 2021) at A$9,228/t; and
- 4,000 tonnes (667 tonnes per month from February 2021 to July 2021) through a Zero Net Premium Option Collar, where Aeris buys put options and sells call options to form a collar structure with zero premium payable, with:
  - a strike price of the put options at A$10,000/t; and
  - a strike price of the call options at A$11,100/t.

Please refer to note 35 for information regarding additional copper hedging entered into after the reporting period.

No hedging was entered into during the year ended 30 June 2020.

(iii) Interest rate risk
Interest rate risk arises as a result of the re-pricing of investments, interest bearing receivables and borrowings and is affected by the length of the re-pricing period.

The significance and management of the risks to the consolidated entity are dependent on a number of factors including:
- Interest rates (current and forward) and the currencies that the investments and borrowings are denominated in;
- Level of cash, liquid investments and borrowings;
- Maturity dates of investments and borrowings; and
- Proportion of investments and borrowings that are fixed rate or floating rate.

The risk is measured using market and cash flow forecasting.

23. Financial instruments (continued)

Sensitivity
At 30 June 2021, if interest rates had changed by -/+ 50 basis points from the weighted average year end rates with all other variables held constant, the consolidated entity's profit for the year would have been $0.289 million higher/lower (2020: loss would have been $0.054 million higher/lower), mainly as a result of higher/lower interest from loans, cash and cash equivalents and restricted cash.

The exposure of the consolidated entity's interest bearing liabilities at balance sheet date to interest rate changes at the contractual re-pricing dates are as follows:

	2021 $'000	2020 $'000
0 - 12 months	6,140	3,626
1 - 5 years	29,522	52,539
	35,662	56,165

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to trade customers, including outstanding receivables and committed transactions.

(i) Risk management
Credit risk is managed on a consolidated basis. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity has policies in place to ensure that sales of products are made to customers with an appropriate credit history and where necessary is effectively eliminated or substantially reduced by using bank and insurance instruments to secure payment for materials supplied and sold. The consolidated entity has policies that limit the amount of credit exposure to any one financial institution.

(ii) Trade receivables
The consolidated entity applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Payments from the consolidated entity’s two major customers are historically received within the contractual payment terms.

The consolidated entity has trade receivables with embedded derivatives for provisional pricing. These receivables are generally held to collect but do not meet the 'solely payments of principal and interest' (SPPI) criteria and as a result must be held at fair value through profit or loss (FVTPL). Subsequent fair value gains or losses are taken to the consolidated statement of comprehensive income. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and sensitivity applied to the exposure on commodity price risk. The impact was considered very minimal and as a result there was no loss rate accounted for at 30 June 2021. Management will continue to monitor this position at each period end. There were also no credit losses provided for at 30 June 2021.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash, liquid investments and committed credit facilities to meet the consolidated entity's commitments as they arise.

Liquidity risk management covers daily, short-term and long-term needs. The appropriate levels of liquidity are determined by both the nature of the consolidated entity’s business and its risk profile.

23. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

2021	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade and other payables	68,949	-	-	68,949
Deferred consideration	15,000	-	-	15,000
Contingent consideration	-	21,309	5,618	26,927
Interest-bearing - variable				
Loans	56	222	198	476
Interest-bearing - fixed rate				
Loans	4,924	27,303	-	32,227
Lease liability	4,369	4,488	-	8,857
Total non-derivatives	93,298	53,322	5,816	152,436
Derivatives				
Commodity contracts - cash flow hedges	3,641	-	-	3,641
Total derivatives	3,641	-	-	3,641

2020	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade payables and other payables	33,688	-	-	33,688
Interest-bearing - variable				
Loans	80	318	103	501
Interest-bearing - fixed rate				
Loans	3,577	51,106	-	54,683
Lease liability	3,954	3,769	-	7,723
Total non-derivatives	41,299	55,193	103	96,595

Please refer to note 35 for additional information regarding events after the reporting period that impact the timing of cash flows disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

24. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Australian listed equity securities	6,087	-	-	6,087
Total assets	6,087	-	-	6,087
Liabilities				
Hedging derivatives	-	3,641	-	3,641
Contingent consideration payable	-	-	20,418	20,418
Total liabilities	-	3,641	20,418	24,059

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Australian listed equity securities	2,531	-	-	2,531
Total assets	2,531	-	-	2,531

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The fair value of forward commodity contracts – cashflow hedges is determined using market rates and inputs at the reporting date and are considered a level 2 valuation.

The fair value of the contingent consideration (Net Value Royalty) payable in relation to the Cracow acquisition was estimated by calculating the present value of future probability-weighted cash flows using a Weighted Average Cost of Capital and is considered a level 3 valuation.

24. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Contingent consideration $'000
Balance at 1 July 2019	-
Balance at 30 June 2020	-
Additions - acquisition of Lion Mining Pty Ltd	(19,623)
Unwinding of discount recognised through net finance costs	(795)
Balance at 30 June 2021	(20,418)
Total losses for the current year included in profit or loss that relate to level 3 assets held at the end of the current year	(795)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration payable	Weighted average cost of capital	7.4%	A change in the discount rate by 100 bps would increase/decrease the fair value by $0.874 million.
	Expected revenues	$250 - $300 million	If expected revenues were 10% higher or lower, the fair value would increase/decrease by $2.0 million.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

25. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2021 $	2020 $
Short-term employee benefits	3,316,322	2,612,046
Post-employment benefits	87,500	86,384
Long-term benefits	41,913	-
Share-based payments	630,303	625,749
	4,076,038	3,324,179

26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, and its network firms:

	2021 $	2020 $
Audit services – PricewaterhouseCoopers		
Audit or review of the financial statements	481,043	376,729
Other services – PricewaterhouseCoopers		
Tax compliance	214,013	154,913
Tax advisory	237,204	275,237
	451,217	430,150
Total remuneration of PricewaterhouseCoopers Australia	932,260	806,879
Other services – network firms		
Tax compliance	12,601	2,705

It is the consolidated entity's policy to employ the auditors on assignments additional to their statutory audit duties where their expertise and experience with the consolidated entity are important. These assignments are principally for taxation advice.

27. Contingent liabilities

As at 30 June 2021 the consolidated entity's financier Special Portfolio Opportunity Fund V Limited (SPOV) (a subsidiary of a fund managed by PAG) provided a A$15 million Contingent Instrument Facility (CI Facility) for environmental bonding. Under the CI Facility, the National Australia Bank (NAB) provides bank guarantees for environmental bonding on the consolidated entity's behalf and SPOV provides a guarantee to NAB for bonds that are not cash backed.

The terms of the CI Facility require that the consolidated entity cashback the bonds over the term of the facility, which expires June 2023. As at 30 June 2021, $5 million of the facility was cash backed, with a $10 million remaining to be cash backed.

Please refer to note 35 for additional information regarding events after the report period that impact the above arrangements.

28. Commitments

	2021 $'000	2020 $'000
Exploration and mining leases		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	18,744	2,504
One to five years	3,838	2,767
	22,582	5,271

The items disclosed in the table above represent the minimum lease expenditure requirements of the consolidated entity.

29. Related party transactions

Parent entity
Aeris Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Joint operations
Interests in joint operations are set out in note 33.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
(a) Directors
Mr Marcus Derwin was a Non-Executive Director up until 27 July 2020 but did not fall within the ASX definition of "independent" as he was a nominee Director of Standard Chartered Bank (SCB), which had a material business relationship with Aeris. In terms of the restructuring deed approved on 15 December 2015 that Aeris entered into with SCB and SPOV, SCB and SPOV each have a separate entitlement to appoint one Director to the Aeris Board provided their shareholding in Aeris, on a fully diluted basis, is 10% or more. SCB elected to take up this right and nominated Mr Marcus Derwin, who was appointed to the Aeris Board on 18 April 2016. As a result of the Convertible Redeemable Preference Shares held by SCB being sold or redeemed during the financial year ended 30 June 2020, SCB no longer have an entitlement to appoint a Director to the Aeris Board. Mr Derwin resigned his position as Director effective 27 July 2020.

(b) HopgoodGanim Lawyers (HG)
Mr Michele Muscillo, an independent Non-executive Director is a partner of HG. Invoices totalling $893,718 (2020: $521,978) were received from HG on normal commercial terms during the year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent 2021 $'000	Parent 2020 $'000
Profit/(loss) after income tax	(22,349)	2,400
Other comprehensive income for the year, net of tax	(2,387)	-
Total comprehensive income	(24,736)	2,400

Statement of financial position

	Parent 2021 $'000	Parent 2020 $'000
Total current assets	63,423	43,814
Total non-current assets	132,919	120,403
Total assets	196,342	164,217
Total current liabilities	13,007	8,139
Total non-current liabilities	789	-
Total liabilities	13,796	8,139
Net assets	182,546	156,078
Equity		
Issued capital	509,888	452,313
Prepaid capital	-	7,216
Hedging reserve - cash flow hedges	(2,549)	-
Share-based payments reserve	4,349	3,346
Accumulated losses	(329,142)	(306,797)
Total equity	182,546	156,078

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has provided financial guarantees in respect of performance bonds for work commitments on mining and mineral exploration tenements, for the parent entity and its subsidiaries, secured by cash deposits amounting to $39,000 (2020: $5,087,651) with other cash backed financial guarantees of $230,244 (2020: $137,653), which together totalled $269,244 (2020: $5,225,303).

In addition, the parent entity also provided a parent company guarantee in relation to the SPOV debt facilities to Tritton Resources Pty Ltd and Aeris Regional Holdings Pty Ltd.

The parent entity and all its wholly-owned subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

30. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 40, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

31. Business combinations

Acquisition of Lion Mining Pty Ltd (Cracow)

On 1 July 2020, Aeris Resources Limited, through its wholly-owned subsidiary, Aeris Regional Holdings Pty Ltd, acquired 100% of the issued shares in Lion Mining Pty Ltd, owner and operator of the Cracow Gold Operations (Cracow). Cracow is an established, high grade, low-cost gold mine located 500 kilometres north-west of Brisbane in Queensland, Australia. The acquired business contributed revenues of $186.681 million and profit after tax of $46.020 million to the consolidated entity for the period from 1 July 2020 to 30 June 2021. The values identified in relation to the acquisition of Cracow are final as at 30 June 2021.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	25
Trade and other receivables	356
Inventories	13,224
Property, plant and equipment	24,140
Mine properties	62,971
Exploration and evaluation	16,250
Trade and other payables	(10,450)
Employee benefits	(8,017)
Rehabilitation	(9,725)
Net assets acquired	88,774
Goodwill	-
Acquisition-date fair value of the total consideration transferred	88,774
Representing:	
Cash paid to vendor	60,000
Deferred consideration	13,337
Contingent consideration	19,623
Working capital adjustment	(4,186)
	88,774
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	88,774
Less: cash and cash equivalents acquired	(25)
Less: payments to be made in future periods	(13,337)
Less: contingent consideration	(19,623)
Net cash used	55,789

Deferred consideration

The purchase consideration for the Cracow acquisition includes a $15 million deferred payment due on 30 June 2022. The fair value of the deferred consideration recognised on 1 July 2020 of $13.337 million is the present value of the future cash flow using a discount rate of 6.1%.

For the period ended 30 June 2021, an expense of $807,000 was recognised in net finance costs related to the unwinding of the discount on the deferred consideration liability.

31. Business combinations (continued)

Contingent consideration

The purchase consideration for the Cracow acquisition includes a contingent consideration arrangement that requires the consolidated entity to pay the former owners of Lion Mining Pty Ltd a mining royalty equivalent to 10% of the net value generated (revenue less C1 Direct Cash Cost, multiplied by 10%) from any gold produced by the Cracow operations for the period 1 July 2022 to 30 June 2027, up to a maximum undiscounted amount of $50 million (Net Value Royalty).

The fair value of the Net Value Royalty recognised on 1 July 2020 of $19.623 million was estimated by calculating the present value of future probability-weighted cash flows using a discount rate of 7.4%.

For the year ended 30 June 2021, an expense of $795,000 was recognised in net finance costs related to the unwinding of the discount on the contingent consideration liability.

Please refer to note 24 for additional detail regarding the fair value measurement of this liability as at 30 June 2021.

Acquisition-related costs

Transaction expenses of $4.068 million related to the acquisition of Cracow have been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2021 ($3.126 million for the year ended 30 June 2020).

Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

31. Business combinations (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 40:

		Ownership interest	
	Principal place of business /	**2021**	**2020**
Name	**Country of incorporation**	**%**	**%**
Straits Mining Pty Ltd[1]	Australia	100%	100%
Girilambone Copper Company Pty Ltd[1] [4]	Australia	100%	100%
Tritton Resources Pty Ltd[1] [2]	Australia	100%	100%
Straits Exploration (Australia) Pty Ltd[1]	Australia	100%	100%
Straits Gold Pty Ltd[5]	Australia	-	100%
Straits Indo Gold Pty Ltd[6]	Australia	-	100%
Straits Mine Management Pty Ltd[1]	Australia	100%	100%
Templar Resources Pty Ltd[1] [4]	Australia	100%	100%
7874987 Canada Inc.[7]	Canada	-	100%
Goldminco Corporation Limited[3] [8]	Canada	-	100%
Goldminco Resources Pty Ltd[9]	Australia	-	100%
Straits Mineral Investments Pty Ltd[1]	Australia	100%	100%
Aeris Regional Holdings Pty Ltd[1]	Australia	100%	100%
Lion Mining Pty Ltd[1]	Australia	100%	-

(1) These subsidiaries have entered into a deed of cross guarantee with Aeris Resources Limited (refer note 34).
(2) Straits Mining Pty Ltd and Aeris Resources Limited hold 25.68% and 74.32% respectively, of the ordinary share capital of Tritton Resources Pty Ltd.
(3) Straits Exploration (Australia) Pty Ltd, 7874987 Canada Inc. and Straits Gold Pty Ltd held 4.14%, 28.67% and 67.19% respectively of the ordinary share capital of Goldminco Corporation Limited.
(4) Girilambone Copper Company Pty Ltd and Templar Resources Pty Ltd were de-registered on 7 July 2021.
(5) Sold 13 January 2021 (refer note 36).
(6) Deregistered on 16 December 2020.
(7) Dissolved on 13 March 2021.
(8) Deregistered on 13 October 2020.
(9) Deregistered on 16 December 2020.

33. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. The consolidated entity has interests in the following joint operations:

		Ownership interest	
	Principal place of business /	**2021**	**2020**
Name	**Country of incorporation**	**%**	**%**
Torrens joint venture located in South Australia	Australia	70%	70%
Canbelago joint venture located in NSW	Australia	30%	30%

34. Deed of cross guarantee

On 23 April 2021, Aeris Resources Limited entered into a Deed of Cross Guarantee (the Deed) with certain wholly-owned subsidiaries as listed in note 32. The effect of the Deed is that the members of the Closed Group guarantee to each creditor, payment in full of any debt, in the event of winding up of any of the members under certain provisions of the Corporations Act 2001.

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 provides relief to parties to the Deed from the Corporations Act 2001 requirements for preparation, audit and lodgement of Financial Reports and Directors' reports, subject to certain conditions as set out therein.

The consolidated statement of comprehensive income and consolidated statement of financial position are substantially the same as the consolidated entity and therefore have not been separately disclosed.

35. Events after the reporting period

On 13 July 2021, the Company announced that it had entered into additional unsecured Australian dollar copper hedges with Macquarie Bank Limited. The hedges cover the period August 2021 to June 2022 in scheduled monthly deliveries of 550 tonnes (6,050 tonnes in total). The hedges are through Zero net Premium Option Collars where the Company buys puts and sells call options to form a collar structure with zero premium payable:
- The strike price of the put options is A$11,900/t; and
- The strike price of the call options is A$12,900/t.

On 29 July 2021, the Company advised that it had repaid the outstanding balance (US$20.25 million) of its senior debt (Tranche A Facility) with Special Portfolio Opportunity V Limited (SPOV) (a subsidiary of a fund managed by PAG). The Company also announced that it had entered into arrangements for Australia and New Zealand Banking Group Limited (ANZ) to become the Company's senior banker. ANZ will provide the Company with a A$35 million Contingent Instrument Facility, a A$20 million Working Capital Facility and unsecured hedging lines for gold and foreign currency.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

36. Disposal of subsidiary

On 13 January 2021, the Company sold its wholly-owned subsidiary Straits Gold Pty Ltd to GBM Resources Limited (GBM). The principal asset in the subsidiary was the Yandan Gold Exploration Project. As consideration for the sale of Straits Gold Pty Ltd, the Company received $3 million in GBM shares and a 1.5% net smelter royalty on the first 300,000 ounces of gold equivalent mined from the Yandan tenements. The Company also subscribed for a placement of $1 million of shares in GBM.

	2021 $'000
Book values of net assets over which control was lost	
Restricted cash	5,238

	2021 $'000
Gain on disposal of subsidiary	
Consideration received - shares in GBM Resources Limited	3,000
Net assets disposed	(5,238)
Loss on disposal	(2,238)

37. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2021 $'000	2020 $'000
Profit/(loss) after income tax expense for the year	61,240	(38,351)
Adjustments for:		
Depreciation and amortisation	86,200	35,547
Fair value losses on financial assets at fair value through profit or loss	444	1,191
Share-based payments	1,003	626
Net loss on disposal of non-current assets	2,250	200
Impairment loss	-	23,127
Unrealised foreign exchange losses	(1,948)	1,205
Finance costs - non-cash	3,845	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,589	(10,987)
Decrease/(increase) in inventories	(7,988)	5,055
Decrease in deferred tax assets	-	334
Increase in prepayments	(1,187)	-
Increase in trade and other payables	19,833	12,003
Increase in other provisions	2,369	288
Net cash from operating activities	169,650	30,238

Changes in liabilities arising from financing activities

	Borrowings $'000	Leases $'000	Total $'000
Balance at 1 July 2019	43,382	13,288	56,670
Net cash used in financing activities	(56)	(6,141)	(6,197)
Exchange differences	941	-	941
Other changes	4,751	-	4,751
Balance at 30 June 2020	49,018	7,147	56,165
Net cash used in financing activities	(18,933)	(4,422)	(23,355)
Acquisition of plant and equipment by means of leases	-	5,544	5,544
Exchange differences	(4,821)	-	(4,821)
Other changes	2,128	-	2,128
Balance at 30 June 2021	27,392	8,269	35,661

38. Earnings per share

	2021 $'000	2020 $'000
Profit/(loss) after income tax attributable to the owners of Aeris Resources Limited	61,240	(38,351)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,910,068,232	515,858,189
Adjustments for calculation of diluted earnings per share:		
Options and rights over ordinary shares	86,322,347	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,996,390,579	515,858,189
	Cents	**Cents**
Basic earnings per share	3.2	(7.4)
Diluted earnings per share	3.1	(7.4)

35,777,281 performance rights (exercisable at $nil each with an expiry date of 30 June 2023) have been included in the calculation of diluted earnings per share for the year ended 30 June 2021.

93,410,609 unlisted management options (exercisable at $nil each with an expiry date of 31 December 2021) have been excluded from the calculation of diluted earnings per share for the year ended 30 June 2020 because they were anti-dilutive for that period. The weighted average of outstanding management options have been included in the calculation of diluted earnings per share for the year ended 30 June 2021.

72,169,292 Convertible Redeemable Preference Shares have been excluded from the calculation of diluted earnings per share for the year ended 30 June 2020 because they were anti-dilutive for that period. These Convertible Redeemable Preference Shares were cancelled or converted to ordinary shares on 8 April 2020, with the relevant portion being included in ordinary shares for the year ended 30 June 2020.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Aeris Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

39. Share-based payments

Aeris Equity Incentive Plan
The Equity Incentive Plan is designed to provide an incentive to the Company's employees and executive Directors to achieve the long term objectives of the Company and to attract employees of experience and ability. The Equity Incentive Plan provides the Company with the ability to grant options or performance rights (each an Award). An Award is an entitlement to receive a share upon satisfaction of the applicable vesting or exercise conditions, the exercise (or deemed exercise) of the Award and the payment of an exercise price (if applicable).

39. Share-based payments (continued)

At the Company's Annual General Meeting held on 26 November 2020, the shareholders approved the Company's Equity Incentive Plan. 35,777,281 performance rights have been issued to employees of Aeris Resources Limited, Lion Mining Pty Ltd and Tritton Resources Pty Ltd under this plan.

The performance rights are split into 4 equal tranches and vest over a three-year term in accordance with the following performance criteria:

Tranche	Percentage of rights	Performance criteria
1	25%	Total shareholder return performance relative to a group of peer companies for the period 1 July 2020 to 30 June 2023.
2	25%	Total share price increase for the period 1 July 2020 to 30 June 2023.
3	25%	Gold Ounces Reserve increase for the period 1 July 2020 to 30 June 2023.
4	25%	Copper Ounces Reserve increase for the period 1 July 2020 to 30 June 2023.

Set out below are summaries of performance rights granted under the Aeris Equity Incentive Plan:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/11/2020	20/06/2023	$0.000	-	35,777,281	-	-	35,777,281
			-	35,777,281	-	-	35,777,281

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.97 years.

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
26/11/2020	30/06/2023	$0.0735	$0.00	107.892%	-	0.110%	$0.0735

Management options

Management options (Options) were approved by shareholders at an EGM held on 15 December 2015 with a completion date of 31 December 2015. The options were issued to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy.

The Options were granted for no consideration and carry no dividend or voting rights.

When exercisable, each Option is convertible into one ordinary share issued within 10 business days after the Company receives an exercise notice. The options have a $nil exercise price.

The Options may only be exercised so as to not result in that holder having a voting power in the Company in excess of 19.99%. If a holder is unable to exercise their remaining vested Options the Company must use its best and all reasonable endeavours to obtain any approval or consent to allow such exercise.

39. Share-based payments (continued)

Upon exercise the shares will be subject to a period of voluntary escrow, with the shares being released from escrow in progressive tranches from the third anniversary of the restructure date (31 December 2015).

Options that have not been exercised will expire 6 years after issue date (31 December 2021), or termination date whichever is earlier. To the extent the Options have not previously vested, they will be deemed immediately vested upon a Change of Control Event.

The number of options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price. As at 30 June 2021 all options had vested.

The assessed fair value at grant date in circumstances where there is a $nil exercise price, the value per Option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04).

The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options was applied to take into consideration the escrow period. A discount for lack of marketability was applied as below:
- 25 % for Tranche 1 ($0.03)
- 20% for Tranche 2 ($0.032)
- 15% for Tranche 3 ($0.034)
- 10% for Tranche 4 ($0.036)
- 0% for Tranche 5 ($0.04)

Set out below are summaries of options granted:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
15/12/2015	31/12/2021	$0.000	93,410,609	-	(46,182,202)	-	47,228,407
			93,410,609	-	(46,182,202)	-	47,228,407

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
15/12/2015	31/12/2021	$0.000	93,410,609	-	-	-	93,410,609
			93,410,609	-	-	-	93,410,609

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2021 was $0.087 (2020 – not applicable).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.5 years (2020: 1.5 years).

Employee Share Acquisition Plan (ESAP)
A scheme under which shares may be issued by the Company to employees for no cash consideration was approved by the Board on 23 May 2011 and the ASIC exemption relief was published in the ASIC Gazette A045/11 on 7 June 2011.

39. Share-based payments (continued)

The ESAP operates by allowing participants to obtain shares in the Company at market price, which are funded by a limited recourse interest free loan provided by the Company. The shares are held in trust with vesting of the shares subject to service conditions. If vesting conditions are satisfied, the shares continue to be held in trust subject to a holding lock until the underlying loan is repaid in full. The trust is currently dormant and there are no shares issued or allocated under the ESAP Plan.

Expenses arising from share-based payment transactions
Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2021 $'000	2020 $'000
Employee performance rights issued under the Aeris Equity Incentive Plan	704	-
Management options	299	626
	1,003	626

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

39. Share-based payments (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

40. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. This includes the agenda decision issued by the IFRS Interpretations Committee in March 2021 which clarified the accounting treatment for Software-as-a-service ('SaaS') arrangements, including the accounting for related implementation, customisation and configuration costs. The adoption of these new or amended Accounting Standards and Interpretations did not have a material effect on the consolidated financial statements for the year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 41.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aeris Resources Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Aeris Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

40. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification
Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The consolidated entity designates certain derivatives as either:
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

40. Significant accounting policies (continued)

At inception of the hedge relationship, the consolidated entity documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The consolidated entity documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 16. Movements in the hedging reserve in shareholders' equity are shown in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity are immediately reclassified to profit or loss.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

40. Significant accounting policies (continued)

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

40. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

41. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Mineral Resources and Ore Reserve estimates

In order to calculate Mineral Resources and Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of the Mineral Resources and Ore Reserves requires the size, shape and depth of mineral and ore bodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. The consolidated entity is required to determine and report Mineral Resources and Ore Reserves in Australia under the principles incorporated in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate Mineral Resources and Ore Reserves.

As the economic assumptions used to estimate Mineral Resources and Ore Reserves change from year to year, and as additional geological data is generated during the course of operations, estimates of Mineral Resources and Ore Reserves may change from year to year. Changes in reported Mineral Resources and Ore Reserves may affect the consolidated entity's financial results and financial position in a number of ways, including the following:
- Recognition of deferred tax on mineral rights and exploration recognised on acquisitions;
- Recoverable amount of deferred mining expenditure and capitalisation of development costs; and
- Units of production method of depreciation and amortisation.

Estimation for the provision for rehabilitation and dismantling

Provision for rehabilitation and dismantling of property, plant and equipment is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, taking into consideration time value. This requires the use of estimates and judgements in relation to a range of inputs including:
- Mineral Resources and Ore Reserves, and mine planning scheduling;
- Production costs; and
- Discount rates.

41. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets

The consolidated entity considers annually whether there have been any indicators of impairment and then tests whether or not non-current assets have suffered an impairment.

This requires the use of estimates and judgements in relation to a range of inputs including:

- Commodity prices;
- Exchange rates;
- Mineral Resources and Ore Reserves, and mine planning scheduling;
- Production costs; and
- Discount rates.

Refer to note 12 for additional detail regarding the estimates and judgements applied to impairment testing carried out during the year ended 30 June 2020.

Recoverability of deferred tax assets

In determining the recoverability of deferred tax assets, management prepare and review an analysis of estimated future results which support the future realisation of the deferred tax assets. The estimated future results are derived from estimates also used for impairment assessments referred to in the notes to the consolidated financial statements. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the consolidated entity to realise recognised deferred tax assets would be impacted.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 40 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Andre Labuschagne
Executive Chairman

26 August 2021
Brisbane

pwc

Independent auditor's report

To the members of Aeris Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Aeris Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 & 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.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $3.1 million, which represents approximately 5% of the Group's profit before tax. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group has exploration and production assets at the Tritton mine in New South Wales and the Cracow mine in Queensland. • The accounting processes are structured around the head office finance function at the Group's corporate office in Brisbane.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Carrying value of Mine properties – Carrying value of exploration and evaluation assets – Business Combinations • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	***How our audit addressed the key audit matter***
Carrying value of Mine properties *(Refer to note 12) $65.1m* The Group has mine properties in use amounting $65.1m used in mine operations. As required by Australian Accounting Standards, the Group performed an impairment trigger assessment of its mining properties as at 30 June 2021 and determined that there were no impairment indicators. The determination of whether an impairment or impairment trigger exists can be judgemental. Management must determine the recoverable amount for property, plant and equipment and mine properties when impairment indicators are identified. The carrying value of mine properties was a key audit matter due to its significance at year end, and because the Group's determination of the existence of indicators of impairments for each CGU involves significant judgements.	We considered the Group's impairment indicator assessment for the mine properties and its conclusion that no impairment indicators, nor for impairment loss reversal existed at balance sheet date. In respect of the impairment indicator assessment, we performed the following: • Evaluated the Group's assessment of whether there was any indicator of impairment of its Tritton and Cracow operations assets CGU as at 30 June 2021 by comparing the considerations included in the Group's assessment to the requirements of Australian Accounting Standards. • Evaluated if the Group identified and considered the relevant internal and external factors in its assessment. • Considered the Group's market capitalisation at balance sheet date compared with the net assets of the Group. • Obtained an understanding of the impact of the latest life of mine plan assumptions and assessed the competence and objectivity of management's internal technical experts in preparing this plan. • Evaluated the adequacy of the disclosures in light of the requirements of Australian Accounting Standards.
Carrying value of exploration and evaluation assets *(Refer to note 11) $51.8m* The Group's exploration and evaluation assets amount to $51.8m at 30 June 2021. As required by Australian Accounting Standards, the Group performed an impairment trigger assessment of its exploration and evaluation tenements assets at 30 June 2021 and determined that there were no impairment indicators. The carrying value of exploration and evaluation assets was a key audit matter due to the financial significance of the exploration and evaluation assets and the judgement required in estimating resources	We evaluated the Group's impairment triggers assessment by performing the following procedures, amongst others: • Discussed with key operational and finance staff to develop an understanding of the current status and future exploration intentions for each asset inspecting the budgets for each tenement to assess that future expenditure is budgeted for exploration and evaluation assets. • Identifying any areas where the Group's right to explore is either at, or close to, expiry through reference to the tenements' lease expiry dates and assessing the appropriateness of retaining the associated costs as an asset by obtaining copies of

Key audit matter	*How our audit addressed the key audit matter*
available in each tenement that requires further exploration and evaluation.	applications for renewal of the leases with relevant authorities. ● Evaluating any unsuccessful exploration activities during the year by inspecting the results of drilling and other activities conducted during the year and considering the Group's future exploration plans for the related tenements. ● Considering any changes in exploration plans for each tenement by considering the exploration and evaluating activities planned during the year ended 30 June 2021. ● For a sample of additions to exploration assets capitalised as at 30 June 2021, compared amounts and details to relevant invoices and appropriate supporting documents. Evaluated whether, in view of the requirements of Australian Accounting Standards, the financial report provide adequate disclosures for exploration and evaluation assets.
Business Combinations *(Refer to note 31) $88.8m* The Group acquired 100% of the shares in Lion Mining Pty Ltd, owner and operator of the Cracow Gold Operations for total consideration of $88.8m, as described in note 31 of the financial report. The accounting for the acquisition was a key audit matter because it was a significant transaction for the year given the financial and operational impacts on the Group. In addition, the Group made complex judgements when accounting for the acquisition, including: ● considering whether the Group acquired assets or a business. The accounting treatment required differs between accounting for assets and business acquisitions, including in respect of transaction costs and goodwill recognition. ● assessing the Group's ability to influence Lion Mining Pty Ltd's financial and operating policies and hence whether Lion Mining Pty Ltd should be included in the Group financial report through consolidation or equity accounting. ● identifying all assets and liabilities of the newly acquired business and estimating the fair value of each asset and liability for initial recognition by the Group, particularly the exploration and evaluation assets and mining properties. The Group was assisted by an external valuation expert in this process. ● estimating the purchase consideration, particularly in respect of contingent	Assisted by PwC valuation experts in aspects of our work, our procedures included the following, amongst others: ● Evaluating the Group's accounting against the requirements of Australian Accounting Standards, key transaction agreements, our understanding of the business acquired and its industry, selected minutes of the board of directors meetings, selected documents evaluating the transactions and legal correspondence. ● Assessing the fair values of the acquired assets and liabilities recognised, including: ○ obtaining and inspecting the valuation assessment prepared by the Group with the assistance of management's experts on which the fair values of the identifiable assets and liabilities acquired were based, and ○ assessing the competence and capability of management's expert. ● Considering the adequacy of the business combination disclosures in light of the requirements of Australian Accounting Standards. In relation to the valuation of the contingent consideration, our procedures included, amongst others: ● Assessing if the calculation of the contingent consideration was in accordance with the

Key audit matter	How our audit addressed the key audit matter
consideration payable on the achievement of certain operational performance targets.	contractual arrangements and the requirements of Australian Accounting Standards. • Assessing the Group's evaluation of whether the conditions required for the contingent consideration to be paid were likely to be met in the future based upon actual performance since acquisition, current Group forecasts and market forecasts. • Developing an understanding of the Group's perspective on the future growth of the acquired business.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate Directory and Director's report. We expect the remaining other information to be made available to us 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 an opinion or any form of assurance conclusion thereon.

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 that we 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 24 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Aeris Resources Limited for the year ended 30 June 2021 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.

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
26 August 2021