ASX APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Aurelia Metals Limited ABN 37 108 476 384

And Controlled Entities

Financial Report for the half-year ended 31 December 2019

ASX Code: **AMI**

Results	31-Dec-19 $'000	31-Dec-18 $'000	Percentage Change
Revenue from ordinary activities	165,191	165,463	0%
EBITDA (i)	50,110	72,306	(31)%
Net Profit before income tax	**24,830**	**43,455**	**(43)%**
Net Profit after income tax	**15,603**	**26,409**	**(41)%**

Dividends

The Directors have declared no dividend for the half-year ended 31 December 2019.(2018 :Nil)

Net Tangible Assets per Share	31-Dec-19	31-Dec-18
Net Tangible Assets per share (cents/share) (ii)	23.6	24.2

Earnings per share	31-Dec-19	31-Dec-18
Basic Profit per share (cents per share)	1.79	3.06
Diluted Profit per Share (cents per share)	1.78	3.04

This financial report has been subject to review by the Company's external auditors

The above Statement should be read in conjunction with the accompanying financial statements and notes

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

(ii) The calculation of net tangible assets excludes lease related Right-of-Use assets of $15 million categorised as non-current assets on the Statement of Financial Position at 31 December 2019,as these are not considered tangible in nature. Lease liabilities of $15 million are included in the calculation.

aurelia
METALS Ltd.

Financial Report
For the half-year ended
31 December 2019

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COMPANY INFORMATION

ABN 37 108 476 384

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

Directors
Colin Johnstone - Non-Executive Chairman
Daniel Clifford - Managing Director & Chief Executive Officer (appointed 27 November 2019)

Lawrence Conway
Susan Corlett
Paul Harris
Michael Menzies
Paul Espie (resigned 29 November 2019)

Company Secretaries
Timothy Churcher
Gillian Nairn

Registered office
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ORANGE NSW 2800

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Share register
Automic Group
Level 5, 126 Phillip Street
Sydney, NSW, 2000
Phone: (02) 8072 1400

Stock exchange listing
Aurelia Metals Limited shares are listed on the Australian Stock Exchange (ASX Code: AMI)

Auditors
Ernst & Young
200 George Street
Sydney NSW 2000

Website
www.aureliametals.com.au

DIRECTORS' REPORT - OPERATIONS AND FINANCIAL REVIEW

1. OVERVIEW

Aurelia Metals Limited owns and operates the Peak and Hera gold and base metal mines in the highly prospective Cobar Basin of central New South Wales. Key results for the six months to 31 December 2019 included:

- Group TRIFR improved by 13% to 12.2 relative to the prior corresponding period. Significant management focus and attention is being applied to the identification and management of fatal hazards.
- The $53 million capital project to upgrade the lead and zinc capacity of the Peak processing circuit remains on plan and is scheduled for commissioning to commence in the March 2020 quarter.
- Exploration is delivering strong results from the Peak Mine at the high-grade gold and base metal Kairos lode and at the Peak North zone. Surface drilling near the Hera operation at the Federation project has delivered shallow high-grade gold and base metal intercepts. Infill drilling at Federation project is continuing.
- Group gold production of 44,581 oz at an AISC/oz of $1,358/oz.
- Revenue was consistent with the prior corresponding period at $165 million, with lower gold sales offset by increased base metal sales.
- EBITDA was $50.1 million and net profit after tax was $15.6 million (H1 FY19: $26.4 million).
- The largest contribution to reduced profit was an $11.2 million increase (increase of 10%), in cost of goods sold. Increased costs were driven by:
    - $8.9 million increase site costs (increased development activity at Peak in particular and increased processing costs at both sites associated with securing alternative water supplies)
    - $7.1 million increase in non-cash expenses associated with movements in the value of inventory
    - offset by a $4.8 million reduction in depreciation.
- Operating cash flow in the interim period was $47.4 million (H1 FY19: $62.5 million), after $10.0 million in tax and interest payments.
- At balance date, the Company held cash of $63.6 million (30 June 2019: $104.3 million) with no debt.
- Gold hedging at 31 December 2019 consisted of 18,000 oz at an average price of A$1,911/oz, with deliveries scheduled to 30 June 2020.

2. OPERATING AND FINANCIAL PERFORMANCE

Group operating and financial performance is summarised in the table below, compared to the prior corresponding period.

Performance Indicators			H1 FY20 $'000	H1 FY19 $'000	Variance
Sales Revenue			165,191	165,463	0%
Profit/(Loss) for the period			15,603	26,409	-41%
EBITDA	(a)		50,110	72,306	-31%
Cash and cash equivalents			63,571	107,999	-41%
Net Operating Cash Flow	(b)		47,420	62,480	-24%
Gold production		oz	44,581	71,333	-38%
Silver production - contained metal		oz	271,495	246,579	10%
Copper production - contained metal		t	3,513	2,406	46%
Lead production - contained metal		t	10,118	10,034	1%
Zinc production - contained metal		t	8,699	7,034	24%
Sales					
Gold dore & gold in Conc sold		oz	49,125	66,273	-26%
Silver dore & Silver in Conc sold		oz	162,242	129,304	25%
Payable Copper sold		t	2,436	2,200	11%
Payable Lead sold		t	9,748	8,391	16%
Payable Zinc sold		t	5,302	5,223	2%
Prices					
Gold price achieved		A$/oz	2,145	1,678	28%
Silver price achieved		A$/oz	26	20	29%
Copper price achieved		A$/t	8,675	8,305	4%
Lead price achieved		A$/t	2,991	2,667	12%
Zinc price achieved		A$/t	3,203	3,637	-12%
All in sustaining cost ($/oz)		$/oz	1,358	794	-71%

(a) EBITDA is a non-IFRS measure. The table below reconciles EBITDA to reported Profit for the period.

Profit/(Loss) for the period	15,603	26,409	-41%
Net Interest Cost	867	(267)	-425%
Depreciation & Amortisation	24,413	29,119	-16%
Tax (benefit)/expense	9,227	17,046	-46%
EBITDA	50,110	72,306	-31%

b) Net operating cashflow excludes sustaining and growth capital costs.

2.1 Income Statement

Sales revenue of $165.2 million reduced by $0.3 million on the prior corresponding period, with lower gold revenue offset by increased base metal revenue.

Gold sales reduced $6.2 million, with a $28.8 million reduction from lower sales offset by a $22.6 million increase from a higher gold price. Base metal revenue increased by a net $4.3 million, with increased copper and lead revenue offsetting reduced zinc revenue (reduced price and increased treatment charges). Silver sales delivered a positive revenue variance of $1.7 million (increased sales volumes at higher prices).

Net profit for the period of $15.6 million, reduced by $10.8 million relative to the prior period due to $0.3 million lower sales revenue and the following key cost variances:

- A $11.2 million increase in cost of goods sold, comprising the following:
  - $7.1 million cost increase from changes in inventory value at period end
  - $4.8 million reduction in depreciation and amortization expense, due to lower production levels
  - $8.9 million of increased direct site costs

2.1 Income Statement (continued)

- At Hera, direct costs increased by 7% ($2.4 million) on the prior period. Key cost increases were largely related to one-off issues in processing relating to securing alternative water supplies, together with increased logistics costs.
- At Peak, costs increased by 13% ($6.5 million) on the prior period. Increased costs were largely associated with a significant increase in operating mine lateral development (from 90 metres in the prior period to 1,981 metres in the current period). Processing costs increased with the higher processed ore quantity, the production of a third concentrate stream (lead/zinc bulk concentrate adding to copper and lead concentrate) and increased one-off costs associated with water efficiency and supply.

- A$2.5 million increase in exploration write-off, associated with increased exploration spend.
- A$4.7 million increase in finance, corporate, gold hedging and other charges (which includes a loss of $4.9 million associated with the sale of surplus mining equipment at Peak)

Offset by:

- A $7.8 million reduction in Income Tax expense, due to lower current taxable income.

2.2 Balance Sheet

Total assets increased by 2% from 30 June 2019 to $326.8 million. A non-current asset of $14.8 million has been recognised relating to a Right of Use Asset (AASB-16 Leases). This asset represents the present value of future lease payments implicit in the lease associated with identified assets (predominantly contract mining equipment).

Total liabilities for the Group increased by 7% from 30 June 2019 to $106.5 million. The increase was largely the result of the recognition of a $15.0 million current and non-current lease liability, which is the present value of future lease payments implicit with identified assets under the new AASB-16 Standard. Current financial liabilities reduced by $7.3 million from 30 June 2019, relating to a reduced gold hedge position at 31 December 2019.

2.3 Cash flow

Net cash outflows for the six-month period amounted to $40.7 million, which included payments for growth capital for the Peak plant upgrade of $26.1 million and the $17.5 million FY19 dividend payment.

Net cash inflow from operating activities was $47.4 million. Operating cash flow from Hera was $29.4 million and from Peak was $31.8 million. Corporate outflows included $4.4 million associated with general and administration costs and $9.4 million associated with payments for tax and interest.

After sustaining capital (included in cash flows from investing activities) Hera contributed $24.4 million and Peak contributed $18.3 million.

Net cash outflow from investing activities was $67.6 million, a significant increase on the prior period. The key investing activities comprised:

- $18.4 million of sustaining capital
- $35.7 million of growth capital ($26 million for the Peak plant upgrade, $6 million of exploration)
- $14.9 million associated with the close out of gold hedge positions and FX
- a net $1.3 million inflow from the sale of excess mining equipment at Peak and payment of Hera royalty

Net cash outflow from financing activities was $20.5 million, an increase from the prior year and consisted of the payment of the 2019 final dividend of $17.5 million and $3.1 million of lease payments.

2.4 Peak operations

Peak's TRIFR at 31 December 2019 was 9.6, showing a strong improvement in safety performance relative to the prior corresponding period (31 December 2018: 13.9).

Peak delivered 22,978 oz of gold at an AISC of $1,407/oz. The increase in AISC was a result of reduced gold production from scheduled mining of lower grade areas of the mine. Whilst gold production reduced, copper production increased by 46% and zinc production increased by 149%.

Mine lateral development rates remain a key focus and continued to improve. In total, 3,167m of lateral mine development was achieved in the period, relative to 1,611m in the prior period. The majority of the increase was in operating mine development.

The significant increase in growth capital was related to the $53 million upgrade of the lead and zinc processing capacity of the processing plant. Commissioning of the new circuit is planned for the March 2020 quarter. The majority of the growth capital in the period related to the process plant upgrade.

To mitigate water supply concerns, the mine plans to pump water from the nearby historic Great Cobar mine to provide a reliable source of water, replacing the need to source high security water from the Cobar Council. During the period all regulatory approvals were received, with construction and installation activity nearing completion. A water treatment plant has been secured to provide higher quality water for critical items of equipment.

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

Peak Mine	**H1 FY20**	**H1 FY19**	**Variance**
Sales Revenue ($000's)	92,626	92,405	0%
Site EBITDA	34,842	46,395	-25%
Sustaining capital ($000's)	16,011	15,392	4%
Growth capital ($000's)	31,037	2,210	1304%
Ore Processed (kt)	270,985	260,591	4%
Gold grade g/t	2.81	5.08	-45%
Silver grade g/t	19.73	23.77	-17%
Copper grade %	1.38%	1.00%	38%
Lead grade %	2.3%	2.9%	-19%
Zinc grade %	1.4%	1.5%	-6%
Gold Recovery %	93.9%	97.2%	-3%
Silver Recovery %	74.2%	82.9%	-10%
Copper Recovery %	93.9%	92.6%	1%
Lead Recovery %	83.8%	80.1%	5%
Zinc Recovery %	59.1%	23.7%	149%
Gold production (oz)	**22,978**	**41,363**	-44%
Silver production (oz)	127,509	165,148	-23%
Copper production (t)	3,513	2,406	46%
Lead production (t)	5,331	6,078	-12%
Zinc production (t)	2,238	922	143%
All in sustaining cost ($/oz)	**1,407**	**857**	-64%

2.5 Hera Operations

Hera's TRIFR at 31 December 2019 was 17.6, which is a deterioration relative to the prior corresponding period (31 December 2018: 13.9). Significant focus and attention is being applied to improve safety performance at Hera.

Hera gold production was 21,603 oz at AISC of $1,132/oz. The AISC increased due to reduced gold production from a lower gold head grade and reduced ore throughput. Ore throughput was restricted due to increased lead and zinc grades processed in the period. Lead production increased 21% and zinc production was up 6%.

Sustaining capital was associated with incline development in the North Pod area. Growth capital was entirely associated with an increased exploration spend on high priority targets at Federation, Dominion and Athena.

To mitigate the risk of long-term water shortages, the mine will pump water from the historic Nymagee workings to supplement water supply. During the period all regulatory approvals were received. Construction activity to enable pumping from Nymagee is planned to be completed in the March 2020 quarter.

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

Hera Mine	**H1 FY20**	**H1 FY19**	**Variance**
Sales Revenue ($000's)	72,565	73,058	-1%
Site EBITDA	31,684	36,815	-14%
Sustaining capital ($000's)	5,851	4,301	36%
Growth capital ($000's)	4,239	2,398	77%
Ore Processed (kt)	199,909	251,725	-21%
Gold grade g/t	3.79	4.08	-7%
Silver grade g/t	25.93	9.88	162%
Lead grade %	2.7%	1.8%	45%
Zinc grade %	3.5%	2.7%	30%
Gold Recovery %	88.6%	90.7%	-2%
Silver Recovery %	86.1%	84.5%	2%
Lead Recovery %	89.9%	85.6%	5%
Zinc Recovery %	91.0%	89.1%	2%
Gold production (oz)	**21,603**	**29,970**	**-28%**
Silver production (oz)	143,985	81,431	77%
Lead production (t)	4,787	3,956	21%
Zinc production (t)	6,460	6,112	6%
All in sustaining cost ($/oz)	**1,132**	**607**	**-87%**

2.6 Discovery

Exploration capital in the period was $6 million and is included in the reported growth capital at each operating site ($1.8 million at Peak and $4.2 million at Hera).

Exploration and resource extension drilling continued at the Peak Mine, with the main targets being the high-grade Kairos lode and the Peak North prospect, and near the Hera Mine at Federation project.

Surface drilling commenced in the period to test for a zone for potential copper mineralisation below the Kairos lode. The Company has recently completed the first surface hole testing below the high-grade Kairos lode, drilling to a depth of 1,930m, making it one of the longest exploration holes completed in the Cobar Goldfield. The hole passed through a number of favourable rhyolite-sediment contact zones, including below Kairos and a previously unknown contact 500m to the east of Peak. All assay results for the hole are pending, although areas of visual low to moderate grade copper mineralisation were noted. A second diamond wedge is currently underway to test the prospective zone along strike to the south.

Drilling at Peak North, located 150m north of the Peak mine workings, indicates a zone of high-grade gold mineralisation. Prior to recent exploration the prospect comprised an area of low-moderate grade Inferred resources with sparse historic drilling. The area is favourably located with respect to existing underground infrastructure and the Company is currently reviewing potential development options. The latest drilling is aimed at upgrading a significant portion of the area to Indicated or Measured status for inclusion in the upcoming Resource and Reserve statement (July 2020).

Exploration at the Hera mine was focussed on the Federation project. Shallow step-out RC drilling to the northeast of Federation project has intercepted strong gold and base metal mineralisation at depths of less than 140m. The presence of strong gold mineralisation in multiple intercepts, together with the strong base metal mineralisation is highly encouraging. The prospect remains open in a number of directions, including at depth. Significant exploration and evaluation work are ongoing, with the Company progressing towards a JORC-compliant resource estimate for the deposit.

3. SUBSEQUENT EVENTS

There are no significant subsequent events.

4. CURRENCY AND ROUNDING OF AMOUNTS

All references to dollars are a reference to $ unless otherwise stated. $ is occasionally used for clarity.

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

Building a better working world

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

As lead auditor for the review of half-year financial report of Aurelia Metals Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Scott Jarrett
Partner
21 February 2020

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the half-year ended 31 December 2019

	Note	31-Dec-19 $'000	31-Dec-18 $'000
Revenue from contracts with customers	4.1	165,191	165,463
Cost of sales	4.2	(122,947)	(111,716)
Gross profit		42,244	53,747
Corporate administration expenses		(4,324)	(2,531)
Share based expense		(600)	(760)
Exploration and evaluation costs written off	9	(2,562)	(83)
Gain/(loss) on commodity derivatives		(6,745)	(6,226)
Other income/(expense)	4.3	(2,316)	(960)
Profit before interest and income tax		25,697	43,187
Finance income		590	647
Finance costs		(1,457)	(379)
Profit before income tax		24,830	43,455
Income tax expense	5.1	(9,227)	(17,046)
Profit after income tax		**15,603**	**26,409**
Other comprehensive income		-	-
Total comprehensive profit for the half-year		**15,603**	**26,409**

Earnings per share for Profit attributable to the ordinary equity holders of the parent		
Basic earnings per share (cents per share)	1.79	3.06
Diluted earnings per share (cents per share)	1.78	3.04

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

All amounts in this Financial Report are rounded to the nearest thousand dollars, except where indicated otherwise. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided.

Statement of Financial Position

As at 31 December 2019

	Note	31-Dec-19 $'000	30-Jun-19 $'000
ASSETS			
Current assets			
Cash and cash equivalents		63,571	104,302
Trade and other receivables	6	17,626	7,285
Inventories		20,990	23,316
Prepayments		2,840	1,445
Total current assets		105,027	136,348
Non-current assets			
Mine properties	7	90,014	87,748
Property, plant and equipment	8	103,393	85,351
Exploration and evaluation assets	9	9,344	5,878
Right of use assets	13	14,783	-
Deferred tax assets		2,736	5,123
Financial assets	10	1,470	700
Total non-current assets		221,740	184,800
Total assets		**326,767**	**321,148**
LIABILITIES			
Current liabilities			
Trade and other payables		28,145	29,789
Provisions	12	9,768	10,029
Derivative financial instruments	10	4,748	12,041
Other current liabilities		1,005	-
Lease liabilities	13	6,049	-
Total current liabilities		49,715	51,859
Non-current liabilities			
Provisions	12	47,828	47,710
Lease liabilities	13	8,910	-
Total non-current liabilities		56,738	47,710
Total liabilities		**106,453**	**99,569**
Net assets		**220,314**	**221,579**
EQUITY			
Contributed equity	14	185,878	185,878
Reserves	15	9,655	9,055
Retained earnings		24,781	26,646
Total equity		**220,314**	**221,579**

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

Statement of Changes in Equity

For the half-year ended 31 December 2019

	Note	Issued share capital $'000	Share based payments reserve $'000	Accumulated Profit/(losses) $'000	Total $'000
Balance at 1 July 2018		**185,753**	**6,658**	**(9,371)**	**183,040**
Total profit for the period		-	-	26,409	26,409
Transactions with owners in their capacity as owners					
Shares issued for the period	14	125	-	-	125
Share-based payments		-	760	-	760
Balance at 31 December 2018		**185,878**	**7,418**	**17,038**	**210,334**
Balance at 1 July 2019		**185,878**	**9,055**	**26,646**	**221,579**
Total profit for the period		-	-	15,603	15,603
Transactions with owners in their capacity as owners					
Share-based payments	15	-	600	-	600
Cash dividends	19	-	-	(17,468)	(17,468)
Balance at 31 December 2019		**185,878**	**9,655**	**24,781**	**220,314**

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

Cash Flow Statement

For the half-year ended 31 December 2019

	Note	31-Dec-19 $'000	31-Dec-18 $'000
Cash flows from operating activities			
Receipts from customers		161,721	160,400
Payments to suppliers and employees		(104,884)	(98,287)
Interest received		590	647
Interest paid		(1,228)	(280)
Income tax paid		(8,779)	-
Net cash flows from operating activities		**47,420**	**62,480**
Cash flows from investing activities			
Purchase of property, plant and equipment		(30,954)	(4,590)
Proceeds from the sale of property, plant and equipment		2,753	33
Mine capital expenditure		(17,112)	(18,530)
(Payments)/receipts from settlement of gold forwards		(15,292)	1,330
Deferred acquisition (Hera royalty)		(1,409)	(1,648)
Proceeds on foreign exchange		429	771
Exploration and evaluation costs		(6,036)	(2,893)
Net cash flows used in investing activities		**(67,621)**	**(25,527)**
Cash flows from financing activities			
Proceeds from issue of shares	14	-	125
Dividend payment to shareholders	19	(17,468)	-
Repayment of other borrowings		-	(746)
Principal element of lease payments		(3,062)	-
Refund of term Deposit		-	4,742
Net cash flows (used in)/from financing activities		**(20,530)**	**4,121**
Net (decrease)/increase in cash and cash equivalents		(40,731)	41,074
Cash and cash equivalents at beginning of the year		104,302	66,925
Cash and cash equivalents at end of the period		**63,571**	**107,999**

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

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Aurelia Metals Limited and its subsidiaries for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 20 February 2020.

Aurelia Metals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The Company is a for-profit entity.

Aurelia has five wholly-owned subsidiaries, Defiance Resources Pty Ltd (incorporated 15 May 2007), Hera Resources Pty Ltd (incorporated 20 August 2009), Nymagee Resources Pty Ltd (incorporated 7 November 2011), Peak Gold Asia Pacific Ltd (incorporated 26 February 2003) and Peak Gold Mines Pty Ltd (incorporated 31 October 1977). Peak Gold Asia Pacific Ltd which owns 100% of Peak Gold Mines Pty Ltd, was acquired by Defiance Resources Pty Ltd on 10 April 2018.

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

2. OPERATING SEGMENTS

2.1 Identification of reportable segments

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

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

The Consolidated Entity operates entirely in the industry of exploration,development and mining of minerals in Australia. The reportable segments are split between the Hera, Peak Mines project and Corporate. Financial information about each of these segments is reported to the Managing Director and Board of Directors on a monthly basis.

Corporate office activities are not allocated to operating segments and form part of the reconciliation to net loss after tax.

Corporate includes share-based expenses and other corporate expenditures supporting the business during the period.

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

2.2 Accounting policies and inter-segment transactions

The following items are not allocated to individual operating segments, as they are managed on an overall Group basis:

- Interest and other income
- Share based payment expense
- Gain/(Loss) recorded on the sale of financial assets, investment revaluations, debt restructuring, foreign exchange and commodity derivative transaction.
- Intercompany loans, deferred tax assets, tax payable/receivable

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. OPERATING SEGMENTS (CONTINUED)

2.3 Profit/(Loss) of reportable segments

Half-year to 31 December 2019	Peak $'000	Hera $'000	Total $'000
Revenue	92,626	72,565	165,191
Site EBITDA	34,842	31,684	66,526
Reconciliation of profit/(Loss) before income tax expense			
Depreciation and amortisation			(24,413)
Corporate costs			(4,193)
Interest (net)			(867)
Share based expenses			(600)
Exploration costs expensed			(2,562)
Other income/(expense)			(2,316)
Gain/(loss) on foreign exchange/gold forwards			(6,745)
Income tax expense			(9,227)
Profit after tax			**15,603**

Half-year to 31 December 2018	Peak Mines $'000	Hera $'000	Total $'000
Revenue	92,405	73,058	165,463
Site EBITDA	46,395	36,815	83,210
Reconciliation of profit/(Loss) before income tax expense			
Depreciation and amortisation			(29,119)
Corporate costs			(2,538)
Acquisition and integration costs from business combination			(379)
Interest (net)			647
Share based expenses			(760)
Exploration costs expensed			(83)
Other income/(expense)			(1,297)
Gain/(loss) on foreign exchange/gold forwards			(6,226)
Income tax expense			(17,046)
Profit after tax			**26,409**

2.4 Asset and liability position of reportable segments

	Peak	Hera	Corporate & Eliminations	Total
At 31 December 2019	**$000**	**$000**	**$000**	**$000**
Total assets	182,411	72,354	72,002	326,767
Total liabilities	(70,354)	(29,407)	(6,692)	(106,453)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. OPERATING SEGMENTS (CONTINUED)

2.4 Asset and liability position of reportable segments (continued)

At 30 June 2019	Peak $'000	Hera $'000	Corporate & Eliminations $000	Total $'000
Total assets	182,029	66,652	72,467	321,148
Total liabilities	(60,861)	(31,282)	(7,426)	(99,569)

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been adopted by Aurelia Metals Limited are as follows:

3.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2019 have been prepared in accordance with AASB 134 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual Financial Statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2019.

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

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

3.2 New accounting standards and interpretations

Changes in accounting policy and disclosures

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

Several other amendments and interpretations apply for the first time from1 July 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(i) ***AASB 16***: ***Leases -*** sets out the principles for the recognition, measurement, presentation and disclosure of leases and required lessees to account for all leases under a single on-balance sheet model.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

No changes have been made in the comparative information presented in the financial statements with respect to the impact of AASB 16. Refer to note 13 Leases which outlines the impacts during the period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 New accounting standards and interpretations (continued)

(a) Nature of the effect of adoption of AASB 16

The Group has supplier contracts for various items of plant, machinery and other equipment. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. At the date of adoption of AASB 16, the Group had no lease contracts that were classified as finance leases, so there is no adjustment to equity required.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.0% The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group also applied the available practical expedients wherein it:
• Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
• Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application;
• Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 New accounting standards and interpretations (continued)

(b) Accounting Policy - AASB 16 Leases

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The depreciation for the mine site is disclosed under cost of sales whereas depreciation for the Corporate site is included in corporate admin expenses. Right-of-use assets are subject to impairment.

Lease Liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The lease interest expense is disclosed as finance costs in the Income Statement and is included as part of interest paid under cash flows from operating activities in the Cash Flow Statement.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group has the option, under some of its leases to lease the assets for additional terms of one to two years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to two years) and there will be a significant negative effect on production if a replacement is not readily available.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 New accounting standards and interpretations (continued)

(ii) **AASB Interpretation 23: Uncertainty over Income Tax Treatments** provides new guidance on the application of AASB 112 Income Tax in situations where there is uncertainty over the appropriate income tax treatment of a transaction or class of transactions.

The Group applies significant judgement in identifying uncertainties over income tax treatments. The Group has determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the financial statements of the Group.

4. REVENUE AND EXPENSES

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

4.1 Revenue from contracts with customers

	31-Dec-19 $'000	31-Dec-18 $'000
Gold	105,310	111,489
Copper	19,529	17,031
Lead	24,512	17,972
Zinc	11,698	16,479
Silver	4,142	2,492
Total revenue from contracts with customers	**165,191**	**165,463**

The lead/zinc bulk concentrate revenue for the prior period (31 Dec 18) has been restated to reflect the correct classification between lead and zinc revenue. There has been no impact on the total operating sales revenue for the half year to 31 December 2018.

The freight service on export concentrate shipments represents a separate performance obligation as defined under AASB 15 Revenue from Contracts with Customers. This means a portion of the revenue earned under these contracts, proportionate to the cost of the freight services, has been deferred and will be recognised at the time the obligation is fulfilled, that is, when the concentrate reaches its final destination. For the six months ended 31 December 2019, the amount of revenue not recognised is $0.4 million (31 December 2018: $0.7 million).

4.2 Cost of sales

	31-Dec-19 $'000	31-Dec-18 $'000
Site production costs	83,410	75,365
Transport and refining	7,534	5,958
Royalty	4,687	5,397
Inventory movement	3,034	(4,123)
	98,665	**82,597**
Depreciation and amortisation	24,282	29,119
Total cost of sales	**122,947**	**111,716**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE AND EXPENSES (CONTINUED)

4.3 Other income/(expense)

	31-Dec-19 $'000	31-Dec-18 $'000
Other income	(2,573)	(304)
Loss on disposal/impairment of plant and equipment	4,889	1,264
	2,316	960

5. INCOME TAX

5.1 Income Tax Expense

	31-Dec-19 $'000	31-Dec-18 $'000
Current tax on profits for the year	3,312	14,209
Adjustments in respect of current income tax of previous year	1,798	2,640
Deferred tax movements for the year	4,117	197
Income tax expense reported in the Statement of Comprehensive Income	**9,227**	**17,046**

5.2 Numerical reconciliation of income tax expense to prima facie tax payable

	31-Dec-19 $'000	31-Dec-18 $'000
Accounting profit before income tax	24,830	43,455
Tax at the Australian tax rate of 30%	7,449	13,036
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments and other non-assessable items	180	228
Prior year under provisions	1,798	2,640
Other	(200)	1,142
Income tax expense	**9,227**	**17,046**

6. TRADE AND OTHER RECEIVABLES

	31-Dec-19 $'000	30-Jun-19 $'000
Trade debtors	7,952	1,445
ATO receivable (GST/Income tax)	9,238	5,068
Other receivables	436	772
	17,626	**7,285**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. TRADE AND OTHER RECEIVABLES (CONTINUED)

As is industry practice, the terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is determined based on the market price prevailing at a future date (quotation period). Revenue for the primary performance obligation is measured based on the fair value of the consideration specified in a contract with the customer at the time of settling the performance obligation, and is determined by reference to forward market prices. Provisional pricing adjustments, which occur between the fair value at the time of settling the primary performance obligation and the final price, have been assessed as immaterial, and as such are recorded within revenue from concentrate sales rather than other income as would be required under AASB 9 Financial Instruments.

7. MINE PROPERTIES

	31-Dec-19 $'000	30-Jun-19 $'000
Mine properties at cost	182,639	167,342
Accumulated depreciation and impairment	(92,625)	(79,594)
	90,014	87,748

Movement in Mine Properties	31-Dec-19 $'000	30-Jun-19 $'000
Carrying value at the beginning of the year	87,748	68,310
Development expenditure during the year	15,312	50,047
Reclassifications	-	1,459
Amortisation for the year	(13,046)	(32,068)
Closing balance	90,014	87,748

8. PROPERTY, PLANT AND EQUIPMENT

	31-Dec-19 $'000	30-Jun-19 $'000
Plant and equipment at cost	163,312	138,409
Accumulated depreciation	(59,919)	(53,058)
Total property, plant and equipment	103,393	85,351

Movement in Property, Plant & Equipment	31-Dec-19 $'000	30-Jun-19 $'000
Carrying value at the beginning of the year	85,351	91,504
Additions/expenditure during the year	33,813	23,325
Assets scrapped/written off	(1,129)	(2,342)
Disposals of assets	(6,513)	(5,170)
Reclassifications	-	(2,062)
Depreciation for the year	(8,129)	(19,904)
Closing balance	**103,393**	**85,351**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. EXPLORATION AND EVALUATION ASSETS

	31-Dec-19 $'000	30-Jun-19 $'000
Opening balance	5,878	289
Expenditure during the year	6,036	7,459
Expenditure written off during the year	(2,562)	(2,473)
Reclassification	(8)	603
Closing balance	9,344	5,878

The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the entity must perform impairment tests on those assets in accordance with AASB 136 'Impairment of Assets'. Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. Accumulated costs in relation to an abandoned area are written off to the income statement in the period in which the decision to abandon the area is made.

10. FINANCIAL ASSETS/(LIABILITIES)

	31-Dec-19 $'000	30-Jun-19 $'000
Current - Liability		
Gold Forwards - Financial Liability	(4,748)	(12,041)
Deferred acquisition costs	(1,516)	(1,995)
Non-Current - Liability		
Deferred acquisition costs	(2,728)	(3,539)
Non-current Asset		
Investments (i)	1,470	700

(i) Investment in Sky Metals Limited measured at fair value through profit or loss : 17.5 million shares at 0.084 cents/share (30 June 2019: 17.5 million shares at 0.04 cents/share).

These shares are classified as a non-current asset in the Company's Statement of Financial Position as they are restricted for an escrow period of two years from the date of listing (1 July 2019).

11 FAIR VALUE OF FINANCIAL INSTRUMENTS

31-Dec-2019	Quoted prices in active markets Level 1 $'000	Significant observable inputs Level 2 $'000	Significant unobservable inputs Level 3 $'000
Assets			
Investments in Sky Metals	1,470	-	-
Liabilities			
Deferred acquisition costs	-	-	(4,244)
Gold forwards	(4,748)	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30-Jun-2019	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets			
Investment in Sky Metals	700	-	-
Liabilities			
Deferred acquisition costs	-	-	(5,534)
Gold Forwards	(12,041)	-	-

During the current reporting period, there were no transfers between level 1 and level 2 fair value measurements. The techniques and inputs used to value the financial assets and liabilities are as follows:

- Investments - Fair value (share price based on quoted market price at 31 December 2019)
- Deferred acquisition costs- revalued each period to fair value by using the discounted cash flow methodology. Inputs include forecast gravity gold production applicable to the royalty of 125,000 ounces. Future royalty revenue is estimated using an assumed future average gold price of A$1650/oz. The discount rate used was 0.89%.
- Gold Forward Contracts - marked-to-market value based on spot gold prices at balance date and future delivery prices and volumes, as provided by hedge counterparty.

12. PROVISIONS

	31-Dec-19 $'000	30-Jun-19 $'000
Current		
Deferred acquisition costs (ii)	1,516	1,995
Employee	7,316	7,307
Other	936	727
Total	**9,768**	**10,029**

	31-Dec-19 $'000	30-Jun-19 $'000
Non-current		
Rehabilitation (i)	44,779	43,701
Deferred acquisition costs (ii)	2,728	3,539
Employee	321	470
Total non-current provisions	**47,828**	**47,710**

(i) Rehabilitation provision represents the present value of the estimated future rehabilitation cost relating to the mine sites. Timing of rehabilitation will depend on when the mine ceases to produce at economically viable rates. The Group has a $50 million Credit Facility which covers the environmental guarantee obligation, ($33.9 million for Peak, and $10.9 million for Hera). Of the total available facility, Letters of Credit with an aggregate amount of $36.9M have been drawn. At 31 December 2019, there was no cash-backing requirement over the drawn Letters of Credit.

(ii) Deferred acquisition costs relate to Hera (CBH Royalty), and are valued at fair value by using the discounted cash flow methodology using a discount rate of 0.89%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13. LEASES

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right of Use Assets	**31-Dec-19 $'000**
At 1 July 2019	16,945
Additions	1,076
Depreciation expense	(3,238)
Closing balance	**14,783**

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

Lease liabilities	
As at 1 July 2019	16,945
Additions	1,076
Interest expense	408
Payments	(3,470)
Closing balance	**14,959**
Current	**6,049**
Non-current	**8,910**

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

	$'000
Operating Lease Commitments as at 30 June 2019	**16,507**
Weighted average incremental borrowing rate at 1 July 2019	5.00%
Discounted operating lease commitments at 1 July 2019	14,861
Less:	
Commitments relating to short- term leases	(40)
Variable contract payments and contracts not captured by AASB 16	(976)
Add:	
Payments in optional extension periods not recognised at 30 June 2019	3,100
Lease liability recognised on adoption 1 July 2019	**16,945**

The arrangements between the Company and the mining contractor, for both Hera and Peak mines, are complex and require significant judgement in assessing the implications of AASB 16 Leases. Contracts that contain variable payment terms that are linked to performance by the supplier, including the mining contractor, are recognised in the profit or loss in the period in which the condition that triggers those payments occurs.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	3,238
Interest expense on lease liabilities	408
	3,646

The Group recognised expense from short-term supplier contracts of $0.04 million and variable lease payments of $4.1 million for the six months ended 31 December 2019.

The future cash outflows relating to leases that have not yet commenced are disclosed in **note 16**.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14. SHARE CAPITAL

31-Dec-19		Date	Number	$'000
Opening balance			867,879,333	185,878
Issue of shares	(i)	30-Aug-19	5,541,964	-
Closing balance			**873,421,297**	**185,878**

30-Jun-19		Date	Number	$'000
Opening balance			855,879,333	185,753
Issue of shares	(ii)	18-Sep-18	10,000,000	125
Issue of shares	(iii)	30-Oct-18	2,000,000	-
Closing balance			**867,879,333**	**185,878**

(i) Vesting of employee Performance Rights (Class 16B, Class 16C, Class 18A). 2,541,964 shares are restricted from trading for a period of 12 months from 31 August 2019.
(ii) Exercise of 10,000,000 options, exercisable at 1.25c/share by Pacific Road Capital Management Pty Ltd. There are no remaining options on issue.
(iii) Vesting of employee performance rights (Class 16A)

15. RESERVES

	31-Dec-19 $'000	30-Jun-19 $'000
Opening balance	9,055	6,658
Share based payment expense	600	2,397
Closing balance	**9,655**	**9,055**

16. EXPENDITURE COMMITMENT

At 31 December 2019, the Group had commitments of $25.3 million from normal business operations (30 June 2019: $20.7 million), of which $4.2 million relates to annual exploration/mining lease minimum annual expenditures (30 June 2019: $4.2 million).

17. RELATED PARTY TRANSACTIONS

Directors fees in the amount of $80,000 were paid to Lazy 7 Pty Ltd, a company of which Colin Johnstone is a Director, for services provided during the period (2018: $54,750).

Fees for executive services in the amount of $284,000 were paid to Lazy 7 Pty Ltd, a company of which Colin Johnstone is a Director, for acting Chief Executive Officer during the period (2018: nil)

Directors fees in the amount of $50,000 were paid to Kilorin Pty Ltd, a company of which Mike Menzies is a Director, for services provided during the period (2018: $35,587).

Fees for executive services in the amount of $97,000 were paid to Kilorin Pty Ltd, a company of which Mike Menzies is a Director, for acting Chief Operating Officer role during the period (2018: nil).

Directors fees in the amount of $50,000 were paid to Hollach Services Pty Ltd, a company of which Paul Harris is a Director, for services provided during the period (2018: nil).

Fees for executive services in the amount of $66,563 were paid to Hollach Services Pty Ltd, a company of which Paul Harris is a Director (2018: nil)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

18. CONTINGENT LIABILITIES

At the date of this report the Group was unaware of any material claims, actual or contemplated.

- Guarantees

The Group has provided bank guarantees in favour of various government authorities with respect to site rehabilitation and at 31 December 2019, the total of these guarantees was $36.9 million (30 June 2019: $26.7 million).

19. DIVIDENDS

Dividends on ordinary shares declared and paid:

Final dividend for 30 June 2019: 0.02 cents per share (paid 2 October 2019): $17.5 million (30 June 2018: Nil)

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) The Financial Statements and accompanying notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   (i) Giving a true and fair view of the consolidated entity's financial position as at Balance Sheet date and of its performance for the half-year on that date; and

   (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Colin Johnstone
Non-Executive Chairman
21 February 2020

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Independent Auditor's Review Report to the Members of Aurelia Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Aurelia Metals Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Scott Jarrett
Partner
Sydney
21 February 2020