ASX APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Aurelia Metals Limited ABN 37 108 476 384

ASX Code: AMI

Financial Report for the half-year ended 31 December 2020

Results	31 December 2020 $'000	31 December 2019 $'000	Percentage Increase/(Decrease)
Revenue from ordinary activities	**207,706**	**165,191**	**26%**
EBITDA (i)	**72,347**	**50,110**	**44%**
Net profit before income tax	**41,436**	**24,830**	**67%**
Net profit after income tax	**19,767**	**15,603**	**27%**

(i) Earnings before Interest, Tax, Depreciation and Amortisation.

Dividends

The Directors have not declared a dividend for the half-year ended 31 December 2020 (31 December 2019: Nil).

Net tangible assets per share (ii)	31 December 2020	31 December 2019
Net tangible assets cents per share	23.4	25.2

Earnings per share	31 December 2020	31 December 2019
Basic profit per share (cents per share)	2.12	1.79
Diluted profit per share (cents per share)	2.11	1.78

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 and includes expenditure incurred totalling $19.2 million related to the acquisition of Dargues Gold Mine on 17 December 2020

(ii) Net tangible assets per share includes all Right of Use Assets (to align with current guidance, the 31 December 2019 Net tangible assets per share has been restated from 23.6 cents per share)

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COMPANY INFORMATION

Aurelia Metals Limited
ABN 37 108 476 384

Directors

Colin Johnstone	Non-Executive Chairman
Daniel Clifford	Managing Director & CEO
Lawrence Conway	Non-Executive Director
Susan Corlett	Non-Executive Director
Paul Harris	Non-Executive Director
Helen Gillies	Non-Executive Director
Robert Vassie	Non-Executive Director

Company Secretaries
Ian Poole
Gillian Nairn

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

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Email: hello@automic.com.au
www.automicgroup.com.au

Auditors
Ernst & Young
111 Eagle Street
Brisbane QLD 4000

Website
www.aureliametals.com.au

DIRECTORS REPORT

The Directors present their report together with the consolidated financial report of the Aurelia Metals Limited Group (the 'Group'), consisting of Aurelia Metals Limited ('Aurelia' or 'the Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

Colin Johnstone	Non-Executive Chairman	
Daniel Clifford	Managing Director & CEO	
Lawrence Conway	Non-Executive Director	
Susan Corlett	Non-Executive Director	
Paul Harris	Non-Executive Director	
Helen Gillies	Non-Executive Director	Appointed 21 January 2021
Robert Vassie	Non-Executive Director	Appointed 21 January 2021
Michael Menzies	Non-Executive Director	Retired 1 October 2020

ABOUT AURELIA METALS LIMITED

Aurelia is an Australian gold and base metals mining and exploration company. The Company owns and operates gold-dominant underground mines located in New South Wales (NSW), and benefits from substantial by-product revenue credits (which includes zinc, lead, copper and silver).

The Company recently made headway to realising its goal to become a prominent mid-cap gold focussed producer through the acquisition of its third operating gold mine on 17th December 2020, with the acquisition of Dargues Gold Mine in NSW. This acquisition complements the Hera and Peak Mines and the Company's pipeline of future growth projects.

OPERATIONS AND FINANCIAL REVIEW

1. AURELIA'S STRATEGY AND BUSINESS MODEL

Central to our targeted returns-focused strategy, which extends beyond our existing assets, are the following fundamentals:

- **Create long term value and returns growth**
  - Trusted and sustainable operating presence
  - 4-5 operations portfolio driving improved group cost and reserve base
  - Cycle proofed mine lives and commodity mix
- **Maximise existing infrastructure and assets**
  - Leverage off a strategic asset base in the Cobar Basin in NSW
  - Maximise returns via life extensions and operating discipline driving margin
- **Directing capital to the highest return**
  - Growth profile underpinned by financial discipline and tension for the capital deployed to exploration and future investments
  - Gold dominant, high value base metals, copper 'ready'

The Company continues to drive and unlock exceptional upside from its highly prospective tenements and landholding through its exploration and evaluation activities (as detailed Section 3 of this report).

2. OPERATING AND FINANCIAL PERFORMANCE

The operating and financial performance of the Company has continued to provide a solid foundation for the Company to pursue its strategic growth objectives.

The key outcomes and results from half-year ended include:

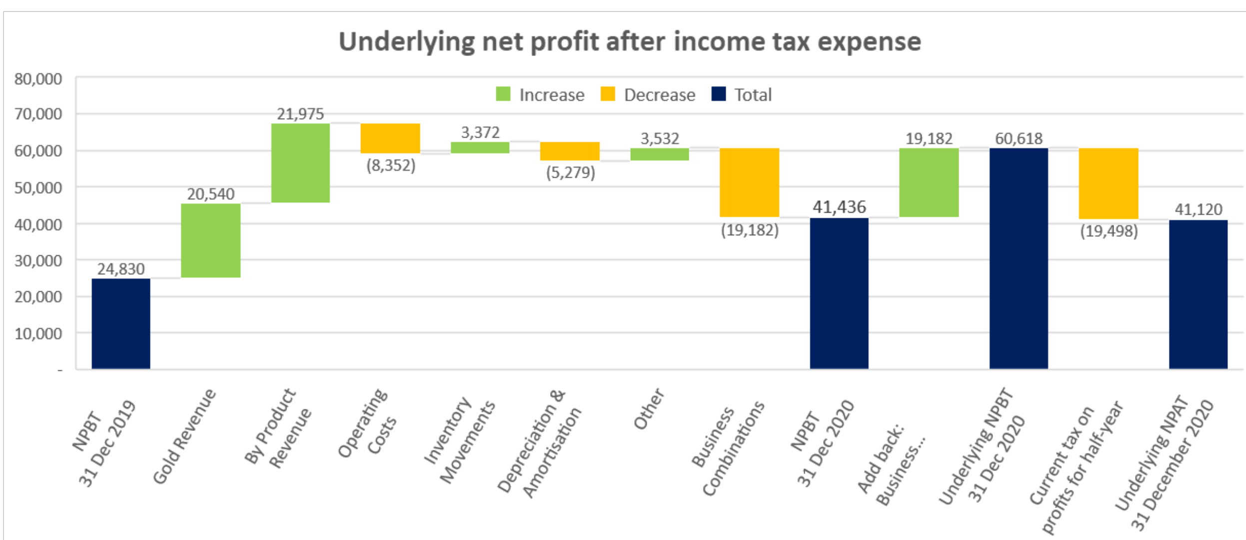
- Significant improvement in the 12-month moving Total Recordable Injury Frequency Rate (TRIFR) with a 26% reduction during half-year ended compared to 30 June 2020
- Strong focus on COVID-19 management and response plans to manage the evolving nature of the risk
- Successful acquisition of the Dargues Gold Mine and associated tenements completed on 17 December 2020 for $190.3 million, with significant exploration upside
- Equity raising of $130.3 million completed through fully underwritten Institutional Placement and Entitlement Offer and a Retail Entitlement Offer
- A new $115.0 million secured Syndicated Facilities Agreement executed on 16 December 2020, which includes a $45.0 million term loan which was fully drawn at 31 December 2020 to support the acquisition and integration of Dargues Gold Mine
- Revenue increased by 26% to $207.7 million (Dec-2019 : $165.2 million)
    - gold and silver revenue increased 23%
    - base metals revenue increased 31%
    - balanced mix of revenue with precious metal comprising 65% and base metals comprising 35%
- Total gold production of 45,868 oz at an AISC/oz of $1,035/oz (Dec-2019: gold production of 44,581 oz at $1,358/oz).
    - Peak contributed 29,535 oz at an AISC/oz of $638/oz (Dec-2019: 22,978 oz at $1,407/oz)
    - Hera contributed 15,247 oz at an AISC/oz of $1,187/oz (Dec-2019: 21,603 oz at $1,132/oz)
    - Dargues contributed 1,086 oz at an AISC/of $3,522/oz for the 15 days under Aurelia ownership during the half-year ended
- Net profit before tax increased by 67% to $41.4 million (Dec-2019: $24.8 million)
- Underlying net profit before tax increased by 144% to $60.6 million (Dec-2019: $24.8 million)
- Underlying net profit after tax increased by 164% to $41.1 million (Dec-2019: $15.6 million)
- EBITDA increased 44% to $72.3 million (Dec-2019: $50.1 million)
- Underlying EBITDA increased by 83% to $91.5 million (Dec-2019: $50.1 million)
- Operating cash flow improved by 57% to $74.4 million (Dec-2019: $47.4 million)
- FY20 Final Dividend of 1 cent per share totaling $8.7 million paid in October 2020 (2019: 2 cents per share totaling $17.5 million paid in October 2019)
- At balance date, the Company held available cash of $105.8 million (30 June 2020: $79.1 million), with $45.0 million of bank debt (30 June 2020: nil)
- The Federation Scoping Study is progressing well, with encouraging initial geotechnical and metallurgical findings
- Exceptional high-grade results from ongoing Federation extensional and infill drilling, with an updated Mineral Resource completed (refer to ASX Announcement dated 23 February 2021)
- Established access to the Kairos lode at Peak, through the lower Kairos decline, with initial stoping anticipated early in the June 2021 quarter

2.1 Profit and financial performance

The Group's statutory net profit after tax of $19.8 million for the half-year ended 31 December 2020 and comparison to the half-year ended 31 December 2019, is summarised below:

	31-Dec-20	31-Dec-19	
	$'000	$'000	Change
Sales revenue	207,706	165,191	26%
Cost of sales	(135,844)	(122,947)	(10%)
Gross profit	**71,862**	**42,244**	**70%**
Business Combinations - Dargues Gold Mine acquisition transaction costs and stamp duty	(19,182)	-	(100%)
Other income and expenses	(9,894)	(16,547)	40%
Net profit before income tax and net finance expenses	**42,786**	**25,697**	**67%**
Net finance expenses	(1,350)	(867)	(56%)
Net profit before income tax expense	**41,436**	**24,830**	**67%**
Income tax expense	(21,669)	(9,227)	(135%)
Net profit after income tax expense	**19,767**	**15,603**	**27%**

Underlying net profit:	31-Dec-20	31-Dec-19	
	$'000	$'000	Change
Net profit before income tax expense	**41,436**	**24,830**	**67%**
Business Combinations - Dargues Gold Mine acquisition costs and stamp duty	19,182	-	100%
Underlying net profit before income tax expense	**60,618**	**24,830**	**144%**
Current tax on profits for the year	(19,498)	(9,227)	**(111%)**
Underlying net profit after tax expense	**41,120**	**15,603**	**164%**



Sales revenue from gold sold during the half-year was $20.5 million higher. This was driven by improved gold prices (22% higher on average) which was partly offset by lower volumes sold (3% lower). The lower sales volume is attributable to lowering gold ore grades and a higher base-metal ore grades at both Peak and Hera. By-product sales revenue was $22.1 million higher driven by a combination of both higher prices and volumes sold.

The cost of sales for the half-year were $12.8 million (10%) higher at $135.8 million (Dec 2019: $123.9 million). This is a result of:

- ore mined increased by 16% to 538,553 tonnes (to support increased mill throughput) leading to an increase in mining costs of 12%;
- ore processed increased by 22% to 340,540 tonnes leading to an increase in processing costs of 6%. A contributing factor is the higher base-metal head grades at both Peak and Hera, and the associated use of reagents during processing and realisation costs.

The tax expense of $21.7 million increased by 135% in comparison with the prior year. Due to higher profits (67%) as well as an initial assessment that the acquisition and stamp duty costs associated with the Dargues acquisition being not deductible for tax purposes (62%).

The effective tax rate during the period was 52% due to acquisition costs ($5.8m) and stamp duty ($13.4m) associated with the Dargues acquisition being not deductible for tax purposes which increases the effective tax rate.

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

	31-Dec-20 $'000	31-Dec-19 $'000	Change
Net profit before income tax and net finance expenses	**42,786**	**25,697**	**67%**
Depreciation and amortisation	29,561	24,413	(21%)
EBITDA (i)	**72,347**	**50,110**	**44%**
Business Combinations - Dargues Gold Mine acquisition costs and stamp duty	19,182	-	100%
Underlying EBITDA) (ii)	**91,529**	**50,110**	**83%**

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

(ii) Underlying EBITDA (non-IFRS measure) reflects statutory EBITDA as adjusted to reflect the Director's assessment of the result for the ongoing business activities of the Consolidated Entity. The items adjusted for are determined to be not in the ordinary course of business and relate to transaction and advisory fees and stamp duty expense incurred for the acquisition for the Dargues Gold Mine on 17th December 2020. The presentation of non-IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner. These numbers have not been audited.

Depreciation and amortisation expense during the half-year was $29.6 million (Dec-2019: $24.4 million). The increase in comparison to the prior year is largely attributable to an increase in Units-of-Production and increased mill throughput across the operations (refer to Section 2.4 and 2.5).

2.2 Cash flow performance

A summary of the Company's cash flow for the half-year ended 31 December 2020, in comparison to the prior half-year, is summarised below:

Group cash flows	31-Dec-20 $'000	31-Dec-19 $'000	Change
Cash flows from operating activities	74,380	47,420	57%
Cash flows from investing activities	(200,707)	(67,621)	197%
Cash flows from financing activities	152,983	(20,530)	845%
Net movement in cash	**26,656**	**(40,731)**	**165%**
Cash at the beginning of the year	79,103	104,302	(24%)
Cash at the end of the year	**105,759**	**63,571**	**66%**

The net cash inflows from operating activities for the half-year ended amounted to $74.4 million (Dec-2019: $47.4 million) which enabled the Company to invest back into the business and make a return to shareholders; and ultimately maintain a strong balance sheet to support the Company's strategic growth objectives.

Net cash outflow from investing activities for the half-year ended was $200.7 million (Dec-2019: $67.6 million). The key investing activities includes:

- Acquisition of Dargues Gold Mine in NSW for cash consideration paid of $165.3 million
- Sustaining mine capital, excluding lease payments, of $13.9 million (Dec-2019: $18.8 million)
- Growth capital of $13.0 million (Dec-2019: $29.3 million)
- Exploration and evaluation of $6.4 million (Dec-2019: $6.0 million)

Net cash inflow from financing activities for the half-year ended of $153.0 million (31 December 2019: outflows of $20.5 million) includes the following key activities:

- a dividend payment of $8.7 million (paid in October 2020) (Dec-2019: $17.5 million)
- capital raising activities net of fees of $124.8 million to support the acquisition and integration of Dargues Gold Mine
- Term loan drawdown of $45.0 million to support the acquisition and integration of Dargues Gold Mine

2.3 Group operational summary

The key operating results for the Group are summarised below:

		31-Dec-20	31-Dec-19	
		$'000	$'000	Change
Production volume				
Gold	oz	45,868	**44,581**	3%
Silver	oz	411,174	**271,495**	51%
Copper - contained metal	t	3,081	**3,513**	(12%)
Lead - contained metal	t	13,919	**10,118**	38%
Zinc - contained metal	t	12,916	**8,699**	48%
Sales volume				
Gold doré & payable gold in concentrate	oz	47,806	**49,125**	(3%)
Silver doré & payable silver in concentrate	oz	254,785	**162,242**	57%
Payable copper in concentrate	t	2,260	**2,436**	(7%)
Payable lead in concentrate	t	12,260	**9,748**	26%
Payable zinc in concentrate	t	10,902	**5,302**	106%
Average prices achieved *(i)*				
Gold	A$/oz	2,624	**2,145**	22%
Silver	A$/oz	35	**26**	35%
Copper	A$/t	9,658	**8,675**	11%
Lead	A$/t	2,618	**2,991**	(12%)
Zinc	A$/t	3,441	**3,203**	7%
All in sustaining cost (*ii*)	**$/oz**	**1,035**	**1,358**	24%

(i) *After realised hedge gains losses*

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

2.4 Dargues Gold Mine

On 17th December 2020, Aurelia acquired 100% of the Dargues Gold Mine ('Dargues') and regional exploration tenements by way of the acquisition of all of the shares in Dargues Gold Mine Pty Ltd from Diversified Minerals Pty Ltd. Dargues is located in NSW, approximately 60km south-east of Canberra.

The mine's development and construction was completed prior to Aurelia's acquisition. The operation produced its first gold concentrate in June 2020, whilst the process plant reached its nameplate annualised capacity of approximately 355ktpa in September 2020. Production of underground ore is expected to ramp up to full capacity towards late FY21.

Aurelia's forecast life of mine (LOM)[1] ranges (FY21 – FY25) for Dargues are summarised below:

Life of mine	Years	5
Total ore milled	Mt ore	1.5 – 1.6
Annual ore milled (average)	Ktpa ore	300 – 320
Grade milled (average)	g/t Au	4.9 – 5.5
Annual gold production (average)	Koz Au	45 – 55
Gold recovery (average)	%	96 – 98
Gold payability	%	96
AISC (average, including payability and all royalties)	A$/oz	1,150 – 1,350

[1] Refer to ASX Announcement dated 13 November 2020: Investor Presentation, Strategic Acquisition and Capital Raising for further information including the above forecast LOM ranges

The acquisition is consistent with Aurelia's stated strategic objective of being a prominent mid-cap gold focused producer.

The acquisition of Dargues Gold Mine:

- Provided a logical, attractive asset that complements the Hera and Peak mines in NSW, allowing for the diversification of Aurelia's asset base and an enhancement of production scale.
- Firmly establishes Aurelia as a mid-cap gold producer, increasing forecast pro forma FY21 gold production guidance plus Dargues' LOM annual average forecast production to 125 - 145koz, bringing group gold production in line with Aurelia's mid-cap ASX gold peers.
- Increases Group contained gold in ore reserves by 66% (refer to page 14 of ASX Announcement dated 13 November 2020: Strategic Acquisition and Capital Raising).
- Reduces Group All in sustaining costs (AISC) and All in costs (AIC) over forecast LOM ranges for Dargues.
- Improves Aurelia's asset portfolio and weighting towards gold, with substantial benefits realised via by-product credits (portfolio reweights from c. 60% gold revenue to c. 71% based on Aurelia's FY21 guidance plus Dargues' LOM annual average forecast production, refer to ASX Announcement dated 26 August 2020: 2020 Full Year Financial Results).

Aurelia's focus will be to continue the mine production ramp-up, implement its identified mine design and process circuit improvements and extend mine life and annual production rate (subject to permitting approvals).

Minimal drilling has been undertaken at Dargues since 2017. An extensional and infill resource drilling program is being prioritised, with Stage 1 completion targeted during the the second half of FY2021. The program will target Mineral Resource growth along strike and at depth, as well as providing additional confidence to the existing Mineral Resource estimates. Aurelia expects to release updated Mineral Resource and Ore Reserve estimates for Dargues in July 2021, as part of its annual Group Mineral Resource and Ore Reserve Statement.

The consideration for the acquisition included:

- $165.3 million in cash paid (before net working capital adjustments);
- $24.0 million in Aurelia ordinary shares at A$0.43/share. The Scrip Payment will be subject to escrow until at least the release of Aurelia's FY21 Appendix 4E and Financial Reports; and
- Contingent element of up to a maximum of A$5 million, payable in Aurelia ordinary shares or cash which is payable on the addition of incremental JORC compliant Mineral Resources discovered at Dargues up to 30 June 2022.

2.5 Peak Mine

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

Peak Mine		**31-Dec-20**	**31-Dec-19**	**Change**
Ore Processed	kt	340,540	270,985	26%
Gold grade	g/t	2.90	2.81	3%
Silver grade	g/t	21.1	19.7	7%
Copper grade		1.1%	1.4%	(21%)
Lead grade		3.1%	2.3%	35%
Zinc grade		2.6%	1.4%	86%
Gold Recovery		93.0%	93.9%	(1%)
Gold production	oz	**29,535**	**22,978**	29%
Silver production	oz	185,936	127,509	46%
Copper production	t	3,081	3,513	(12%)
Lead production	t	8,231	5,331	54%
Zinc production	t	4,939	2,238	121%
AISC (All in sustaining cost) *	$/oz	**638**	**1,407**	55%

**AISC is a non-IFRS measure.*

Process throughput rates increased by 26% to 341 kt as the site benefited from the plant upgrade (commissioned in February 2020), as well as operational improvements which have enabled improved material handling rates in comparison to the prior half-year ended.

The total gold ounces sold during the half-year ended was 29,754 oz at an AISC of $638/oz (Dec-2019: 24,861 oz at an AISC of $1,407/oz). The higher base metal head grades processed at Peak have resulted in improved lead and zinc production. This has provided for strong base metal by-product credits which have contributed to the AISC cost result for the half-year ended.

Sustaining capital for the half-year of $7.3 million (Dec-2019: $14.5 million) was largely related to mine development and support capital, with a focus on development works towards the Kairos lode which accounted for much of the growth capital expenditure for the half-year ended. Total growth capital expenditure for the half-year ended was $13.0 million.

At 31 December 2020, decline development at the high-grade Kairos lode continued. The installation of ventilation infrastructure and development was impacted by poor ground conditions and first stoped ore is currently expected early in the June quarter of 2021.

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

A newly established underground diamond drill platform has been established in the lower Kairos decline. This has been used to test high priority infill and extensional targets in the Kairos Lode. Drilling has been focused on the first stoping levels at the base of the current Probable Ore Reserve, with initial results from this drilling released to the market (ASX Announcement dated 30 November 2020). Further drilling is set to continue from this position in the coming months, with potential extensions to the Kairos Lode to be targeted at depth and along strike.

2.6 Hera Mine

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

Hera Mine		**31-Dec-20**	**31-Dec-19**	**Change**
Ore Processed	kt	221,506	199,909	11%
Gold grade	g/t	2.38	3.79	(37%)
Silver grade	g/t	34.64	25.93	34%
Lead grade		2.8%	2.7%	4%
Zinc grade		3.9%	3.5%	10%
Gold Recovery		89.5%	88.6%	1%
Gold production	oz	**15,247**	**21,603**	**(29%)**
Silver production	oz	225,238	143,985	56%
Lead production	t	5,689	4,787	19%
Zinc production	t	7,978	6,460	23%
AISC $/oz (All in sustaining cost) *		**1,187**	**1,132**	**5%**

** AISC is a non-IFRS measure.*

The outcomes realised from the Hera Mine during the half-year ended were founded upon a significant focus on incremental plant improvement. This has resulted in both higher mill throughout and improved and consistent gold recoveries. The gold recovery rate of 89.5% was maintained during the half-year ended despite lower head grades. As anticipated and in line with forecast mine plan, reduced gold head grades encountered were somewhat offset by the substantial by-product credits provided by lead and zinc.
In the near-term, the focus for the Company is to accelerate study and evaluation works for Federation, which is located ten kilometres from Hera and its established mine infrastructure (refer to Section 3 for further detail).

3. GROWTH, EXPLORATION AND EVALUATION

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

Aurelia's preeminent growth targets (each in the vicinity of existing infrastructure) are summarised below:

3.1. Federation

The Federation deposit is located approximately ten kilometres south of Aurelia's operating Hera Mine in central western New South Wales. Federation is a near-term growth project that is being progressed with a number of workstreams underway.

Recent drill results have provided Aurelia with further confidence in the development of the deposit as a satellite mine. Exceptional polymetallic intercepts confirm the presence of high-grade gold mineralisation in the Federation system, with the results being amongst the highest-grade mineralisation intercepted in the region.

The strong base metal and gold mineralisation has encouraged the Company to undertake drilling to upgrade and extend the Federation deposit. Recent results indicate a steeply plunging high grade gold corridor that will be modelled in an updated Mineral Resource estimate targeted for completion in the March 2021 quarter.

The Scoping Study on the Federation deposit has progressed during the half-year ended. The baseline development pathway contemplates a satellite underground mine that leverages established infrastructure at the Hera Mine.

The study activities have focused on the assessment of underground geotechnical conditions and stope design parameters, underground mine layout, mineralogical analysis, laboratory metallurgical testing, process flowsheet development, power supply and infrastructure locations. The findings indicate that:

- Underground geotechnical conditions are expected to be similar to those at the Hera Mine;
- Gold mostly occurs as coarse-grained particles amenable to recovery through a gravity circuit; and
- A primary grind size of 75 to 150 µm allows production of separate lead, zinc and copper concentrates

Aurelia is also preparing an application to the NSW Resources Regulator seeking approval for an exploration decline. The proposed exploration decline will provide access to the deposit, ahead of any full project approval, for the purposes of intensive exploration drilling and bulk sampling. Specialist environmental assessments are being conducted over the Federation site in support of this application.

A Statement of Environmental Effects (SoEE) is being prepared to obtain local government development consent for an expansion of the Hera camp.

Geotechnical and sterilisation drilling was completed to support the proposed infrastructure layout including the location of a potential decline boxcut. A capacity assessment of the Hera tailings storage facility has also confirmed the footprint can accommodate the life of mine tailings generated from Hera and the quantity expected from the conceptual mine design for the Federation Project.

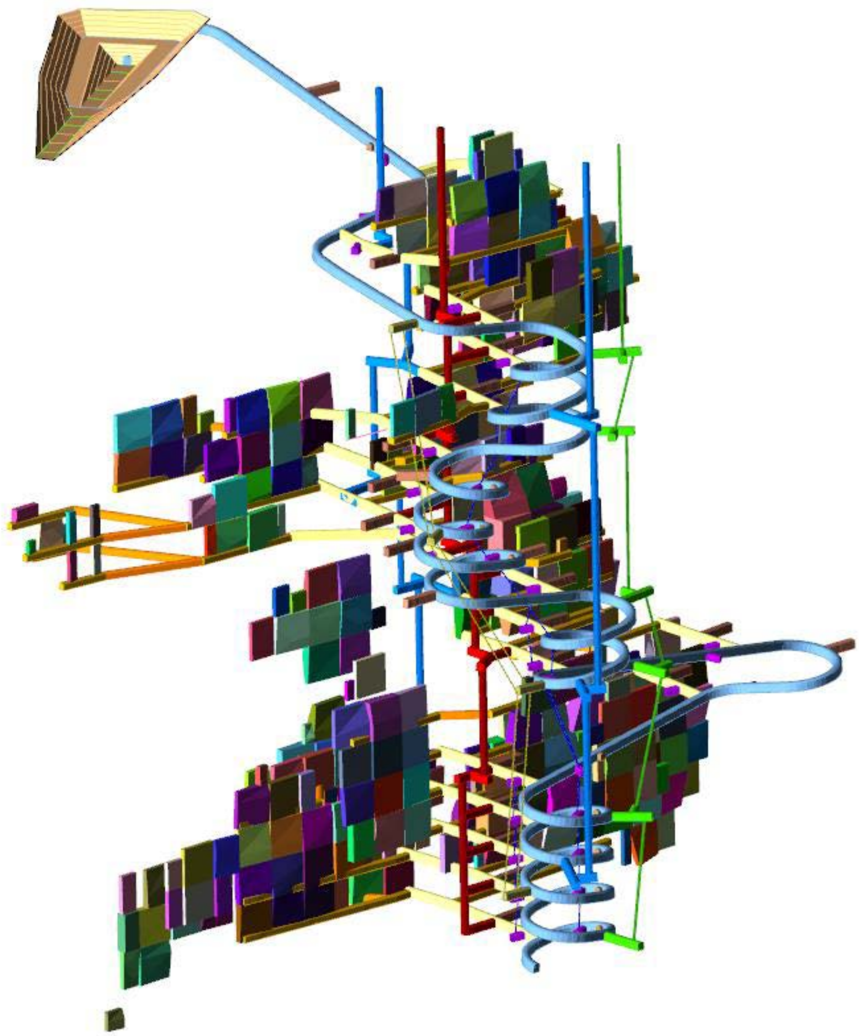


Image: Federation conceptual underground mine layout looking north-northwest.

3.2. Great Cobar

Surface drilling at Great Cobar (located in the vicinity of the Peak Mine) commenced during the half-year ended. The campaign is aimed at both resource upgrade and extensional targets. Along with adding confidence to the copper and gold resources in the deposit, the program will provide fresh drill core for confirmatory metallurgical and geotechnical test work. Ongoing drilling in the coming months is set to target extensions to the mineralisation up and down-plunge.

3.3. Other near-mine and regional exploration

The Company's exploration tenements remain highly prospective. Other near-mine and regional exploration targets will continue to be explored and evaluated based on the ranking of relative prospectivity. Priority targets that the company will evaluate include the Dominion and Lyell prospects (which are both located in the vicinity of Federation and the Hera Mine).

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

4. SAFETY, RISK AND SUSTAINABILITY

Aurelia's "Safe Metals" strategy was an initiative launched during FY20 which has provided a means for renewed emphasis and focus on improved health and safety outcomes. Since the launch of this initiative, which has been supported by other targeted actions, the safety outcomes for the Group have seen a material improvement.

The Group Total Recordable Injury Frequency Rate (TRIFR) improved during the half-year ended, reducing by 26% from 21.9 at 30 June 2020 to 16.1 at 31 December 2020.

The Company will continue to maintain our strong focus on fatal risk, safety intervention and lead indicator performance under the 'Aurelia Metals – Safe Metals' program.

5. RESPONSE TO COVID-19

Aspects of operational productivity were impacted during the half-year ended as State Governments reacted to contain the spread of COVID-19 through border closures which lead to impacts to staff and personnel rosters and logistics for interstate workers.

Within our business, the Company's approach to COVID-19 was to implement measures targeted at minimising the risk of potential transmission, including specific measures associated with underground mining, processing, accommodation, personnel logistics and how our people interact within the workplace and our communities.

Aurelia will remain attuned to the evolving presence of COVID-19 and the potential impacts to our people, communities, and activities.

6. CORPORATE

The increase in corporate costs during half-year ended are indicative of activities undertaken in relation to M&A and group growth focussed activities. The corporate costs for the half-year were $7.3 million (31 December 2019: $4.3 million).

In addition to this, expenditure directly attributable to the acquisition of Dargues Gold mine totalled $19.2 million, which includes stamp duty payable of $13.4 million (due for payment in March 2021).

6.1. Dividends

On 25 August 2020, the Board of Directors resolved to pay a fully franked dividend of $0.01 per share related to the year ended 30 June 2020. The total dividend of $8.7 million was paid in October 2020.

The prior year dividend declared was a fully franked dividend of A$0.02 per share in respect of the year ended 30 June 2019. The total dividend of $17.5 million was paid in October 2019.

6.2. Balance Sheet

The total assets increased during the year to $645.6 million (30 June 2020: $343.8 million), representing an 88% increase, primarily due to the acquisition of Dargues Gold Mine and the build-up of cash at bank.

Total liabilities for the Group increased to $250.3 million (30 June 2020: $108.9 million) largely due the drawdown of a $45.0 million term loan facility to support the acquisition and integration of the Dargues Gold Mine, as well as the recognition of a third-party royalty related to Dargues sales, where a total liability of $48.9 million has been recognised at fair value at 31 December 2020. The royalty spans the life-of-mine and paid based on actual quarterly sales revenue.

Total contributed equity increased in line with the equity raising activities completed during the period to raise a total of $153.4 million through a fully underwritten Institutional Placement and Entitlement Offer and a Retail Entitlement Offer, as well as scrip consideration for the acquisition of Dargues Gold Mine of $24.0 million.

6.3. Hedging

The Company acknowledges that a prudent hedging strategy is an important element of financial risk management and overarching enterprise risk management. At 31 December 2020, the Company had the following hedges in place:

a) Mandatory gold hedging

Under the new secured Syndicated Facilities Agreement effected on 16th December 2020, Aurelia implemented an initial 12-month gold hedging program which entailed 55koz of gold being hedged at an average price of A$2,441.71 per ounce. The program includes monthly maturities through to 31 December 2021.

b) Quotation Period hedging

Aurelia delivers concentrate to customers on the industry standard basis where a provisional payment is received for the provisional metal sold based on the prevailing market price at the time of the shipment. The final sale value for the actual metal sold is determined at the end of the Quotation Period (QP) per the sale contract. The typical QP under Aurelia's arrangements with customers is generally 1 – 3 months.

The Company has initiated a program by which it hedges between 50% to 90% of the metal price exposure based on the provisional invoice pricing to minimise any potential for a liability (repayment of sale proceeds to the customer) which may result from a lower metal price being realised at the end of the QP.

At 31 December 2020, the company had 724 tonnes of Zinc hedged at a price of US$2,749.17 per tonne.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

8. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following significant events occurred after 31 December 2020:

- On 21 January 2021, Ms Helen Gillies was appointed as an independent non-executive director, and was also appointed as a member of the Board's Sustainability and Risk Committee and the Remuneration and Nomination Committee
- On 21 January 2021, Mr Bob Vassie was appointed as an independent non-executive director and was also appointed as a member of the Board's Sustainability and Risk Committee

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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 2020, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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

Ernst & Young

Kellie McKenzie
Partner
24 February 2021

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2020

	Note	31-Dec-20	31-Dec-19
		$000	**$000**
Sales Revenue	4	207,706	165,191
Cost of sales	5	(135,844)	(122,947)
Gross Profit		**71,862**	**42,244**
Commodity derivatives loss		(2,307)	(6,745)
Corporate administration expenses		(7,257)	(4,324)
Acquisition and integration costs	21	(19,182)	-
Exploration and evaluation expenditure written off		(51)	(2,562)
Share based expense		(455)	(600)
Other income and expenses		176	(2,316)
Profit before income tax and net finance expenses		**42,786**	**25,697**
Finance income	4	238	590
Finance costs		(1,588)	(1,457)
Profit before income tax expense		**41,436**	**24,830**
Income tax expense	6	(21,669)	(9,227)
Profit after income tax expense		**19,767**	**15,603**
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges, net of tax		(1,620)	-
Total comprehensive profit for the year		**18,147**	**15,603**
Earnings per share for Profit attributable to the ordinary equity holders of the parent			
Basic earnings per share (cents per share)		2.12	1.79
Diluted earnings per share (cents per share)		2.11	1.78

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Note	31-Dec-20	30-Jun-20
		$000	$000
Assets			
Current Assets			
Cash and cash equivalents		105,759	79,103
Trade and other receivables	7	18,526	6,768
Inventories		27,233	24,763
Prepayments		1,870	1,498
Total current assets		**153,388**	**112,132**
Non-current assets			
Property, plant and equipment	9	175,795	104,538
Mine properties	10	165,540	92,337
Mining Rights	11	106,208	-
Exploration and evaluation assets	12	22,609	15,610
Right of use assets	15	16,860	13,209
Financial assets	8	3,498	4,787
Deferred tax assets		1,652	1,163
Total non-current assets		**492,162**	**231,644**
Total assets		**645,550**	**343,776**
Liabilities			
Current Liabilities			
Trade and other payables	13	55,939	28,682
Provisions	14	9,712	10,573
Lease liabilities	15	7,128	6,318
Interest bearing loans and liabilities	16	15,078	-
Current tax liabilities		15,552	3,568
Derivative financial instruments		1,892	-
Other financial liabilities	17	7,585	-
Total current liabilities		**112,886**	**49,141**
Non-current liabilities			
Provisions	14	56,700	52,514
Lease liabilities	15	8,551	7,217
Interest bearing loans and liabilities	16	26,739	-
Other financial liabilities	17	45,434	-
Total non-current liabilities		**137,424**	**59,731**
Total liabilities		**250,310**	**108,872**
Net assets		**395,240**	**234,904**
Equity			
Contributed equity	18	336,352	185,878
Reserves	19	9,241	10,406
Retained earnings		49,647	38,620
Total equity		**395,240**	**234,904**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Issued share capital	Share based payments reserve	Hedge reserve	Retained earnings/ accumulated losses	Total
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
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		-	600	-	-	600
Dividend payments	18	-	-	-	(17,468)	(17,468)
Balance at 31 December 2019		**185,878**	**9,655**	**-**	**24,781**	**220,314**
Balance at 1 July 2020		**185,878**	**10,406**	**-**	**38,620**	**234,904**
		-	-	-		
Total profit for the period					19,767	19,767
Other comprehensive income	19	-	-	(1,620)	-	(1,620)
Total Comprehensive Income		-	-	**(1,620)**	**19,767**	**18,147**
Transactions with owners in their capacity as owners						
Shares issued, net of costs		150,474	-	-	-	150,474
Share-based payments	19	-	455	-	-	455
Dividend payments	18	-	-	-	(8,740)	(8,740)
Balance at 31 December 2020		**336,352**	**10,861**	**(1,620)**	**49,647**	**395,240**

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

CASH FLOW STATEMENT

For the year ended 31 December 2020

	Note	31-Dec-20 $000	31 Dec-19 $000
Cash flows from operating activities			
Receipts from customers		204,297	161,721
Payments to suppliers and employees		(116,375)	(104,884)
Payments for hedge settlements and foreign exchange		(3,866)	-
Interest received		239	590
Interest paid		(1,371)	(1,228)
Income tax paid, net		(8,544)	(8,779)
Net cash flows from operating activities		**74,380**	**47,420**
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		(4,976)	(30,954)
Payments for mine capital expenditure		(21,231)	(17,112)
Payments for exploration and evaluation		(6,366)	(6,036)
Payment for investment (Dargues Gold Mine)		(165,252)	-
Payments for deferred acquisition costs (Hera Mine)		(1,876)	(1,409)
(Payments)/Proceeds on foreign exchange		(1,012)	429
Proceeds from the sale of property, plant and equipment		6	2,753
Payments on settlement of derivatives		-	(15,292)
Net cash flows used in investing activities		**(200,707)**	**(67,621)**
Cash flows from financing activities			
Dividend payment to shareholders	18	(8,740)	(17,468)
Principal element of lease payments		(4,940)	(3,062)
Proceeds from issue of shares, net of costs		124,846	-
Proceeds from borrowings, net of costs		41,817	-
Net cash flows from/(used) in financing activities		**152,983**	**(20,530)**
Net increase/(decrease) in cash and cash equivalents		26,656	(40,731)
Cash and cash equivalents at beginning of the year		79,103	104,302
Cash and cash equivalents at end of the year		**105,759**	**63,571**

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

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Aurelia Metals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Aurelia has the following wholly-owned subsidiaries incorporated in Australia:

- Defiance Resources Pty Ltd (incorporated 15 May 2007)
- Hera Resources Pty Ltd (incorporated 20 August 2009)
- Nymagee Resources Pty Ltd (incorporated 7 November 2011)
- Peak Gold Asia Pacific Ltd (incorporated 26 February 2003)
- Peak Gold Mines Pty Ltd (incorporated 31 October 1977)
- Dargues Gold Mines Pty Ltd (incorporated 12 January 2006)
- Big Island Mining Pty Ltd (incorporated 3 February 2005)

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

The financial report of Aurelia Metals Limited and its subsidiaries for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 24 February 2021.

2. Operating segments and performance

2.1 Identification and description of segments

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

2. Operating segments and performance (continued)

2.1 Identification and description of segments (continued)

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

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

2.2 Accounting policies adopted

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

2.3 Segment revenue

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

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

The revenue from gold doré sales is attributable to one single gold refinery customer based in Perth, which accounts for 68% of total sales revenue. The concentrate revenue arises from sales to various customers, with the largest customer accounting for 22% of total sales revenue.

2.4 Segment assets and liabilities

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

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

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

Unallocated items

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

- Interest and other income;
- Share based payment expense;
- Transaction and advisory fees and stamp duty expense incurred for the acquisition of Dargues Gold Mine on 17th December 2020; and
- Foreign exchange, commodity derivative transactions, investment revaluations, debt restructuring and gain/loss on the sale of financial assets.

2.5 Segment information

The segment information for the reportable segments is as follows:

Half year to 31 December 2020

	Note	Peak Mine $'000	Hera Mine $'000	Dargues Mine *(i)*	Corporate & Elimination $'000	Total $'000
Revenue	4	131,859	73,705	2,142	-	207,706
Site EBITDA		66,578	31,964	2,881	-	101,423
Reconciliation of profit before tax expense:						
Depreciation and amortisation expense						(29,712)
Corporate costs						(7,106)
Business combinations - acquisition costs and stamp duty expense *(i)*						(19,182)
Interest income and expense, net						(1,350)
Share based expenses						(455)
Exploration costs expensed						(51)
Other income and expenses, net						176
Loss on commodity derivatives and foreign exchange						(2,307)
Income tax expense	6					(21,669)
Profit after income tax						**19,767**

(i) Dargues Mine was acquired on 17th December 2020

	Peak Mine $'000	Hera Mine $'000	Dargues Mine $'000	Corporate & Elimination $'000	Total $'000
Segment assets and liabilities					
Total assets	207,423	71,653	268,023	98,451	645,550
Total liabilities	(68,120)	(26,095)	(71,353)	(84,742)	(250,310)

NOTES TO FINANCIAL STATEMENTS (Continued)

2.5 Segment information (continued)

Half-year to 31 December 2019

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

At 30 June 2020 – Asset and liability position of reportable segments

	Peak Mine $'000	Hera Mine $'000	Corporate & Elimination $'000	Total $'000
Segment assets and liabilities				
Total assets	203,562	72,846	67,368	343,776
Total liabilities	(71,914)	(30,560)	(6,398)	(108,872)

NOTES TO FINANCIAL STATEMENTS (Continued)

3. Summary of Significant Accounting Policies

3.1. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2020 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 2020**.**

The financial report has been prepared on a historical cost basis, except for derivative instruments, 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

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020 in conjunction with the following which became relevant during the half-year period ended 31 December 2020:

- Amendments to AASB 3 *Definition of a Business*
- Amendments to AASB 7, AASB 9 and AASB 139 *Interest Rate Benchmark Reform*
- Amendments to AASB 101 and AASB 108 *Definition of Material*
- Conceptual Framework for Financial Reporting

The amendment to AASB 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. This amendment was considered in the accounting process for the business combination entered into during the reporting period.

The rest of the amendments do not have a material impact on the financial statements.

4. Sales revenue and other income

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

	31-Dec-20	31 Dec-19
Sales revenue	**$000**	**$000**
Gold	125,850	105,310
Copper	20,789	19,529
Lead	24,828	24,512
Zinc	27,521	11,698
Silver	8,718	4,142
Total sales revenue from contracts with customers	**207,706**	**165,191**

4. Sales revenue and other income (continued)

	31-Dec-20	31 Dec-19
	$000	$000
Finance income	238	590
Total finance income	**238**	**590**

Quotation period

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

Quotation period hedging

During the half-year ended, the Company initiated a program by which it hedges up to 90% of the metal price exposure based on the provisional invoice pricing to minimise any potential for a liability (repayment of sale proceeds to the customer) which may result from a lower metal price being realised at the end of the QP.

At 31 December 2020, sales revenue included a realised loss of $3.8 million for quotational period hedging for concentrate sales from Peak and Hera.

5. Cost of sales

	31-Dec-20	31 Dec-19
	$000	$000
Cost of sales		
Site production costs	91,762	83,410
Transport and refining	8,374	7,534
Royalty	6,485	4,687
Inventory movement	(338)	3,034
	106,283	**98,665**
Depreciation and amortisation	29,561	24,282
Total cost of sales	**135,844**	**122,947**

NOTES TO FINANCIAL STATEMENTS (Continued)

6. Income tax

The Group is a tax consolidated group at balance date.

The major components of income tax expense for the half-year ended 31 December 2020 and 2019 are:

6.1. Income tax expense

	31-Dec-20	31 Dec-19
	$000	**$000**
Current income tax		
Current tax on profits for the year	19,498	3,312
Adjustments in respect of current income tax of previous year	1,078	1,798
Deferred tax:		
Deferred tax movements for the year	1,093	4,117
Income tax expense reported in the statement of comprehensive income	**21,669**	**9,227**

6.2. Numerical reconciliation of income tax expense to prima facie tax payable

	31-Dec-20	31 Dec-19
	$000	**$000**
Accounting profit before income tax	41,435	24,830
Prima facie income tax expense @ 30%	12,431	7,449
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Share based payments and other non-assessable items	193	180
Adjustments (including opening balances & acquisition related)	8,391	-
Prior year under provisions	1,078	1,798
Other	(424)	(200)
Income tax expense	**21,669**	**9,227**

For further detail on the tax expense recognised for the half-year ended, refer to Section 2.1 of the Directors' Report and Operations and Financial Review.

NOTES TO FINANCIAL STATEMENTS (Continued)

7. Trade and other receivables

	31-Dec-20	30-Jun-20
	$000	$000
Trade receivables	11,450	4,073
GST receivable	3,500	2,579
Other receivables	3,576	116
	18,526	**6,768**

Recognition and measurement

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

The increase in trade receivables is due to inclusion of trade receivables related to Dargues Gold Mine. Other receivable at 31 December 2020 includes a Net Working Capital Adjustment as provided for under the Share Sale Agreement for the acquisition of Dargues Gold Mine.

8. Financial assets

	31-Dec-20	30-Jun-20
	$000	$000
Movement in carrying value of listed equity investment		
Opening balance	4,787	700
Fair value adjustment	(1,289)	3,887
Purchase of placement shares	-	200
Closing balance	**3,498**	**4,787**

At 31 December 2020 the Company held 18,410,000 shares (30 June 2020: 18,410,000 shares) in Sky Metals Limited (ASX: SKY). The fair value adjustment at 31 December 2020 was determined based on the quoted market share price of Sky Metals Limited as at 31 December 2020.

9. Property, plant and equipment

	31-Dec-20	30-Jun-20
	$000	$000
Plant and equipment at cost	252,219	171,943
Property at cost	764	764
Accumulated depreciation	(77,188)	(68,169)
	175,795	**104,538**

	31-Dec-20	30-Jun-20
	$000	$000
Movement in property, plant and equipment		
Carrying value at the beginning of the year	104,538	85,351
Acquisition of Dargues Gold Mine	76,139	-
Additions/expenditure during the year	4,244	44,727
Depreciation for the year	(9,090)	(16,909)
Assets written off	(36)	(1,502)
Assets disposed or sold	-	(7,129)
Closing balance	**175,795**	**104,538**

Recognition and measurement

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

Derecognition

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

9. Property, plant and equipment (continued)

Depreciation and amortisation

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

The Group uses the units of production basis when depreciating mine specific assets which results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

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

10. Mine properties

	31-Dec-20	30-Jun-20
	\$000	**\$000**
Mine properties at cost	400,920	310,523
Accumulated depreciation and impairment	(235,380)	(218,186)
	165,540	**92,337**
Movement in mine properties		
Carrying value at the beginning of the year	92,337	87,748
Acquisition of Dargues Gold Mine	66,549	-
Development expenditure during the year	23,847	36,308
Amortisation for the year	(17,193)	(31,719)
Closing balance	**165,540**	**92,337**

NOTES TO FINANCIAL STATEMENTS (Continued)

11. Mining Rights

	31-Dec-20	30-Jun-20
	$000	**$000**
Mining Rights	106,208	-
	106,208	**-**
Movement in mining rights		
Carrying value at the beginning of the year	-	-
Mining rights on acquisition of Dargues Gold Mine	106,208	-
Closing balance	**106,208**	**-**

Recognition and measurement

Mining rights relates Mineral Resources and Ore Reserves which are acquired through business combinations and have been recognized at fair value at acquisition. Mineral rights are attributable to specific areas of interest and are amortised when production commences based on the unit of production method over the estimated economically recoverable reserves of the mine they relate to.

12. Exploration and evaluation assets

	31-Dec-20	30-Jun-20
	$000	**$000**
Exploration and evaluation assets at cost	47,449	40,271
Accumulated exploration and evaluation written off	(24,840)	(24,661)
	22,609	**15,610**
Movement in exploration and evaluation assets		
Carrying value at the beginning of the year	15,610	5,878
Expenditure during the year	6,999	12,332
Expenditure written off during the year	-	(2,600)
Closing balance	**22,609**	**15,610**

Recognition and measurement

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

12. Exploration and evaluation assets (continued)

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

A regular review is undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to an area of interest. The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount. No impairment charge has been recognised during the half-year ended (half-year ended 31 December 2019: $2.6 million was recognised).

13. Trade and other payables

	31-Dec-20	30-Jun-20
	$000	$000
Trade payables and accruals	39,096	24,563
Other payables	3,402	4,119
Stamp duty payable	13,441	-
	55,939	**28,682**

14. Provisions

	31-Dec-20	30-Jun-20
	$000	$000
Current		
Deferred acquisition costs	1,488	2,630
Employee	7,170	7,305
Other	1,054	638
Total current provisions	**9,712**	**10,573**
Non-Current		
Rehabilitation	54,900	49,986
Deferred acquisition costs	1,501	2,166
Employee	299	362
Total non-current provisions	**56,700**	**52,514**
Total provisions	**66,412**	**63,087**

14. Provisions (continued)

At 31 December 2020

	Rehabilitation	Deferred acquisition	Employee	Other	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance	49,986	4,796	7,667	638	**63,087**
Acquisition of Dargues Gold Mine	6,433	-	-	-	**6,433**
Re-measurement of provision	(1,737)	29	1,460	766	**518**
Discount unwind charged to Income Statement	218	8	-	-	**226**
Paid/utilised during the year	-	(1,844)	(1,658)	(350)	**(3,852)**
Closing balance	**54,900**	**2,989**	**7,469**	**1,054**	**66,412**

At 30 June 2020

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

Mine rehabilitation

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

The Group has a $50 million Syndicated Credit Facility which covers the environmental guarantee obligation.

At 31 December 2020, Letters of Credit with an aggregate value of $47.7 million ($33.1 million for Peak, $11.1 million for Hera and $3.4 million for Dargues) have been drawn with no cash-backing requirement (30 June 2020: $32.3 million for Peak, and $10.8 million for Hera).

Deferred acquisition costs

This relates to deferred acquisition costs on the purchase of Hera Mine. The Group records deferred acquisition costs at fair value using the discounted cash flow methodology based on the three-year Australian government bond rate of 0.33%.

15. Leases

	Note	31-Dec-20	30-Jun-20
		$000	$000
Right of use assets			
Carrying value at the beginning of the year		13,209	16,945
Acquisition of Dargues Gold Mine	21	6,758	-
Additions		322	2,800
Depreciation expense		(3,429)	(6,536)
Carrying value at the end of the year		**16,860**	**13,209**

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

	Note	31-Dec-20	30-Jun-20
		$000	$000
Lease liabilities			
Current		7,128	6,318
Non-current		8,551	7,217
Closing balance		**15,679**	**13,535**
Movement in lease liabilities			
Carrying value at the beginning of the year		13,535	16,945
Acquisition of Dargues Gold Mine	21	6,758	-
Additions		318	2,799
Interest expense		316	774
Payments		(5,248)	(6,983)
Carrying value at the end of the year		**15,679**	**13,535**

NOTES TO FINANCIAL STATEMENTS (Continued)

16. Interest bearing loans and borrowings

	31-Dec-20	30-Jun-20
	$000	**$000**
Current		
Term loan facility	16,200	-
Less: Borrowing costs	(1,122)	-
	15,078	**-**
Non-current		
Term loan facility	28,800	-
Less: Borrowing costs	(2,061)	-
	26,739	**-**
Total interest-bearing liabilities	**41,817**	**-**

On 16th December 2020, Aurelia entered a new secured syndicated credit and loan facilities totaling $115 million. The facilities comprise a $45 million debt facility (fully drawn), a $20 million working capital facility (undrawn) and a $50 million credit facility ($47.7 million utilized). The banking syndicate providing the facilities comprise Investec, ANZ and BNP Paribas.

The loan facility provides for a term to September 2023, with the first instalment payment of 9% of the drawn value due in March 2021. Interest on the Facility is charged with reference to the Bank Bill Swap Rate (BBSW) plus 4%. The drawn amounts from this facility were applied for the acquisition of the Dargues Gold Mine on 17th December 2020.

Under the loan facility, mandatory gold hedging of 55,000oz of gold over a twelve-month period was undertaken (refer to note 19 for further detail).

The credit facility provides for bank guarantee and environmental bond requirements for the Group.

The facilities replace the previous funding arrangements which included a $30 million working capital facility (undrawn) and a $50 million bond facility.

Recognition and measurement

At initial recognition, Interest bearing loans and borrowings are classified as financial liabilities measured at fair value net of directly attributable transaction costs. Subsequent measurement is at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Establishment fees related to the facilities are capitalized as a prepayment and amortised over the term of the facility to which it relates to.

NOTES TO FINANCIAL STATEMENTS (Continued)

17. Other financial liabilities

	31-Dec-20	30-Jun-20
	$000	$000
Current		
Third party royalty liability *(i)*	7,585	-
	7,585	**-**
Non-Current		
Third party royalty liability *(i)*	41,329	-
Contingent consideration liability *(ii)*	4,105	-
	45,434	**-**

(i) Third party royalty liability

On 21 December 2018, Diversified Minerals executed Royalty purchase and funding agreements with Triple Flag (TFM), where TFM agreed to fund the Dargues Gold Project in consideration for the grant of a royalty. The royalty is based on the gross revenue and is payable in United States Dollars (USD). Following the acquisition of Dargues Gold Mine on 17th December 2020, as a going concern, Aurelia Metals assumed the obligations related to the Dargues Royalty due to the continuing obligation provisions of the royalty deed.

The liability is measured at fair value through profit and loss. The fair value is the present value of the future royalty payments discounted using the 5-year government bond rate plus risk adjustment based on the information available as at reporting date.

The royalty liability is subject to periodic remeasurement for changes in the following assumptions:

- Gold price
- Life of mine extension and related change in sales volumes
- Discount rate
- Foreign exchange rate

(ii) Contingent consideration liability

In accordance with AASB 3 Business Combinations, the Group is required to recognise a contingent consideration liability assumed in a business combination at the acquisition date.

The Company acquired Dargues Gold Mine on 17th December 2020 for $190.3 million and a contingent component of up to a maximum of A$5 million, which may be settled by Aurelia ordinary shares based (or cash at Aurelia's option) which is due on the addition of incremental JORC compliant Mineral Resources discovered at Dargues up to 30 June 2022.

The contingent consideration liability has been recognised at fair value upon acquisition. A fair value assessment for the contingent consideration liability will be undertaken at each reporting date to 30 June 2022.

18. Contributed equity

18.1. Movements in ordinary shares on issue

31 December 2020		Date	Number	$'000
Opening balance			873,983,797	185,878
Shares issued from Placement and Institutional Entitlement Offer	(i)	25-Nov-20	217,006,547	93,313
Shares issued on vesting of performance rights	(ii)	30-Nov-20	1,565,201	-
Shares issued from Retail Entitlement Offer	(iii)	10-Dec-20	85,957,026	36,961
Shares issued as equity consideration	(iv)	17-Dec-20	55,813,954	24,000
Share issue costs net of tax	(v)			(3,800)
Closing balance			**1,234,326,525**	**336,352**

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

(i) On 25 November 2020, the Company completed a Placement and Institutional Entitlements Offer. The proceeds raised were applied towards to the acquisition of Dargues Gold Mine. The shares were issued at $0.43 per share.

(ii) Vesting of 1,565,201 Performance Rights for no consideration. These shares issued will be held in escrow for a period of 12 months from grant date.

(iii) On 10 December 2020, the Company completed the retail component of the Entitlement Offer (the Retail Entitlement Offer). The proceeds raised were applied towards to the acquisition of Dargues Gold Mine. The shares were issued at $0.43 per share.

(iv) On 17 December 2020, a total of 55,813,954 shares were issued as part of the purchase consideration for the acquisition of Dargues Gold Mine. The shares issued at $0.43 per share.

(v) Share issue costs of $5.429 million, net of tax impact of $1.629 million.

(vi) Vesting of employee Performance Rights (Class 16B, Class 16C, Class 18A) for no consideration. 2,541,964 shares are restricted from trading for a period of 12 months from 31 August 2019.

(vii) Vesting of employee Performance Rights (Class 16B).

18.2. Dividends made and proposed

	31-Dec-20	31 Dec-19
	$000	$000
Dividend Paid		
Dividend paid	8,740	17,468
Total	**8,740**	**17,468**

A fully franked dividend of 1 cent per fully paid ordinary share was paid on 2 October 2020 related to the financial year ended 30 June 2020

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

19. Reserves

	31-Dec-20	30-Jun-20
	$000	$000
Share based payment reserve	10,861	10,406
Cash flow hedge reserve	(1,620)	-
	9,241	**10,406**

Movements in reserves	31-Dec-20	30-Jun-20
	$000	$000
Movement in share base payments reserve		
Opening balance	10,406	9,055
Share based payment expense	455	1,351
Closing balance	**10,861**	**10,406**
Movement cash flow hedge reserve		
Opening balance	-	-
Cash flow hedge -gold forwards	(1,620)	-
Closing balance	**(1,620)**	**-**

Hedge reserve

The Group hedges up to 90% of the metal price exposure on provisional invoice pricing to minimize any potential for a liability (refund of proceeds to the customer) resulting from a lower price being realised during the Quotation Period (QP) compared to the provisional payment.

As part of the Syndicated Facility Agreement terms, the Group entered gold forward contract to meet the mandatory gold hedging obligations.

NOTES TO FINANCIAL STATEMENTS (Continued)

19. Reserves (continued)

Hedge Reserve (continued)

A total of 55,000oz of gold was hedged with rolling monthly settlements over a twelve-month period. As at 31 December 2021 there was an unrealised loss of $1.6 million was recognised in the hedge reserve based on a weighted average gold price of $2,441.17/oz.

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered, and they are subsequently remeasured to their fair value at the end of each reporting period.

The group designates derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the group 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 group documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in the cash flow hedge reserve within equity. Amounts included in the hedge reserve are released to profit and loss when the hedge contracts are closed and revenue has been recognised in the profit and loss. When a hedge becomes ineffective the cumulative amount recognised in equity is released to the profit and loss.

20. Commitments and contingencies

20.1 Contingent consideration – Dargues Gold Mine

The Group has a contingent consideration liability on the purchase consideration of Dargues Gold Mine up to a maximum of $5.0 million which is payable should the addition of incremental JORC compliant mineral resources be discovered at Dargues up to 30 June 2022. The group has recognised a discounted value of $4.1 million (Note 17). A balance of $0.75 million is unrecognised and is a contingent liability at 31 December 2020.

20.2 Capital Commitments

The Group had capital commitments of $25.8 million as at 31 December 2020.

21. Acquisition of Dargues Gold Mine

Summary of acquisition

On 17 December 2020, the Group acquired 100% of the voting shares of Dargues Gold Mine Pty Ltd from privately held company Diversified Minerals Pty Ltd. The operation is located in South - Eastern NSW and consists of an underground mine and a newly constructed processing plant which reached nameplate capacity in September 2020. The acquisition is consistent with the Group strategy of re-weighting its portfolio further towards gold and improving the Group's All-In -Sustaining Cost (ASIC) profile.

The acquisition has been provisionally accounted for using the acquisition method and will be finalized within one year from the acquisition date. Assets and liabilities such as the mining assets and the provision for rehabilitation will be remeasured .The interim condensed consolidated financial statements include the results of Dargues Gold Mine Pty Ltd for the period from the acquisition date to 31 December 2020.

	Note	Provisional fair value $000
Cash at bank		372
Trade and other receivables		5,275
Inventories		2,188
Prepayments		127
Property, plant and equipment	9	76,139
Mine properties	10	66,549
Mining rights	11	106,208
Right of use assets	15	6,758
Total Assets		**263,616**
Trade payables and accruals		11,197
Provisions	14	6,433
Lease liabilities	15	6,758
Other financial liabilities	17	48,914
Total Liabilities		**73,302**
Net assets value		**190,314**

Purchased consideration transferred		**$000**
Cash consideration, net of estimated net working capital adjustment		162,209
Scrip consideration fair value	18	24,000
Contingent consideration at fair value	17	4,105
Total consideration		**190,314**

21. Acquisition of Dargues Gold Mine (continued)

The Contingent consideration requires the Group to issue up to a maximum of $5 million in Aurelia ordinary shares based on the addition of incremental JORC compliant Mineral Resources discovered at Dargues up to 30 June 2022. The consideration may be settled in shares. The fair value of the contingent consideration at 31 December 2020 is $4.1 million and has been recognised as a current financial liability (refer to note 17).

A Net Working Capital Adjustment has been provided at 31 December 2020 (refer to Note 7).

Transaction costs of $5.8 million and stamp duty of $13.4 million have been expensed and are included in the corporate and administrative expenses in the Statement of Comprehensive Income and are part of operating cash flows in the Statement of Cash flows.

Recognition and measurement

The acquisition method of accounting is used to account for all business combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred over the net identifiable assets acquired is recognised as mining rights.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

22. Fair Value Hierarchy

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

	Quoted prices in the active market Level 1 $000	Significant observable inputs Level 2 $000	Significant unobservable inputs Level 3 $000
at 31 December 2020			
Assets			
Listed equity investments	3,498	-	-
Liabilities			
Derivative financial instruments	(1,892)	-	-
Deferred acquisition costs	-	-	(2,989)
Contingent consideration	-	-	(4,105)
Third-party royalty liability	-	-	(48,914)
at 30 June 2020			
Assets			
Listed equity investments	4,787	-	-
Liabilities			
Deferred acquisition costs	-	-	(4,796)

23. Events after the reporting period

The following significant events occurred after 31 December 2020:

- On 21 January 2021, Ms Helen Gillies was appointed as an independent non-executive director and was also appointed as a member of the Board's Sustainability and Risk Committee and the Remuneration and Nomination Committee.
- On 21 January 2021, Mr Bob Vassie was appointed as an independent non-executive director and was also appointed as a member of the Board's Sustainability and Risk Committee.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Aurelia Metals Limited, I state that:

In the opinion of the Directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
    a. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
    b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.

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

On behalf of the Board,

Colin Johnstone
Chairman

Daniel Clifford
Managing Director

24 February 2021

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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 2020, 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 2020 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 2020 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.

Building a better working world

Independence

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

Ernst & Young

Ernst & Young

K McKenzie

Kellie McKenzie
Partner
Brisbane
24 February 2021