2017

aurelia
METALS Ltd.

AURELIA METALS LTD
ANNUAL REPORT

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COMPANY INFORMATION

Directors
Colin Johnstone – Chairman
James Simpson – Managing Director & CEO
Lawrence Conway
Paul Espie
Michael Menzies
Rune Symann

Company Secretary
Timothy Churcher

Registered Office and Principal Place of Business

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Stock Exchange Listing
Aurelia Metals Limited shares are listed on the Australian Stock Exchange (ASX Code: AMI), the home branch being Perth.

Auditor
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200 George Street
Sydney NSW 2000

Website
www.aureliametals.com.au

CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors it is my pleasure to introduce my first Annual Report for the Company for the 2017 financial year.

Your Company has changed significantly in the past year. A major change in leadership in 2017 was accompanied with a significant improvement in business performance. Your Company is now a low cost gold and base metal producer, with a reducing debt profile, delivering strong profit and cash flow over an increased mine life.

A relentless focus to drive operational improvements while reducing cost has delivered. The achievements have come through disciplined management and working our existing assets harder.

We have also been fortunate that commodity price markets are in our favour, with a healthy gold price and rising base metal prices providing the business with significant cash flow and 'base metal credits' to our reported All-in Sustaining Costs (AISC). Aurelia is now a very low cost gold producer, delivering an AISC of $968/oz in 2017.

Our key financial metrics were strong in 2017, particularly in comparison to the prior year. Revenue increased by 18% to $108.6 million, EBITDA increased by 18% to $48.5 million and Net Profit increased by 77% to $19.3 million.

Together with operational performance, achieving an optimum level of debt on the balance sheet remains a major focus. Net Debt reduced by 30% in the year to $75 million with $15.4 million in debt repayments completed. A further $10 million voluntary repayment was made in August 2017 reducing the outstanding amount owed to $99.5 million. We will continue to reduce debt and our goal of achieving acceptable levels of debt is, I believe achievable in 2018.

While the results of 2017 have been impressive, we continue to see further improvement in the year ahead. Minor capital has been approved to increase throughput and gold recovery remains a focus. Base metal grades are expected to increase with two concentrate shipments a quarter scheduled, which will lead to more consistent cash flow going forward.

While the major focus has been on reducing our debt position, growing our mine life is equally as important. We were able to undertake a modest exploration program, which delivered success, particularly at the North Pod. This enabled us to more than offset ore mined during the year, and increase the Ore Reserves to sustain a further four years life at Hera, with another year in Mining Inventory. We will continue to test our very prospective ground-holding for further extensions to the Hera Mine.

We also completed a Scoping Study on the Nymagee Deposit, just 5km to the North of the Hera plant. The Scoping Study indicated a robust low capital cost underground Cu-Pb-Zn operation. Whilst further work is required, the addition of Nymagee could extend Hera mine life to around eight years.

Finally there has been an extensive refreshing of the Board to reflect the maturing nature of the business. Jim Simpson was appointed as CEO & Managing Director in August 2017 with Rimas Kairaitis stepping down, I replaced Anthony Wehby as Chairman in November 2017 and finally Lawrie Conway joined the Board in June 2017 to replace Gary Comb. I would like to thank the previous incumbents for their contributions.

The Board is confident that Aurelia has turned a significant corner in its development and with an excellent management team in place, is on track to deliver continued growth in shareholder value.

Cobb Johnstone

Non-Executive Chairman

CHIEF EXECUTIVE OFFICERS REPORT

The financial year delivered a profit of $19.3 million, marked by a strong turnaround in financial performance in the second half of the year, driven by consistent operating improvements in the Hera Mine and favourable commodity pricing.

Net operating cash flow for the period was $46.1 million.

For the year, the Hera Mine produced 45,679 ounces of gold and 32,308 tonnes of lead-zinc concentrates from the processing of 368,086 tonnes of ore.

Gold recoveries improved through the year, reaching 92%.

The Hera orebody performed consistently for the year, delivering grades averaging 100% to estimates. This gold grade reconciliation was addressed in an updated Mineral Resource and Ore Reserves in July 2017.

The Company was in a financial position to make debt repayments during the year of $15.4M ($10M voluntary early debt repayment and $5.4M via the Cash Funds Available for Debt Servicing sweeping arrangement). Consequently total debt reduced from $125M to $109M over the past year.

The Hera Mine has made further operational improvements year on year, including:

- Further improvement in gold recovery (from 78% to 88%)
- Increased plant throughput (from 308,000t to 368,000t)
- Increased base metal shipments (from 25,000t to 31,000t concentrate)
- Further reduction of site operating costs (from $181/t to $156/t)

Aurelia also continues to pursue further expansion opportunities for Hera, with a particular focus on removing the apparent process plant constraints when processing higher lead and zinc ore types.

The mine life has been extended with four years of Reserves at Hera and a mining target of four years at Nymagee. Near mine exploration will continue to be targeted to extend mine life.

HERA-NYMAGEE PROJECT

The Hera-Nymagee Project represents Aurelia Metals' (AMI) flagship Project and consists of the Hera gold-base metal deposit (AMI 100%) and the Nymagee copper deposit (AMI 95%), and is located approximately 100km south-east of Cobar, hosted in the Cobar Basin rocks of central NSW. The Cobar Basin also hosts the major mineral deposits at CSA (Cu-Ag), The Peak (Cu-Au) and Endeavor (Cu-Pb-Zn-Ag).

Company activities for the period were dominated by gold, lead, zinc and silver production from the Hera Mine.

NYMAGEE SCOPING STUDY

The Nymagee Scoping Study revealed positive results confirming that Nymagee is a viable high grade underground opportunity which provides additional overall mine life of 4 years for the Hera/Nymagee project and gives a solid operating base from which to grow. Activity at Nymagee will now focus on the Pre-feasibility Study to provide more accuracy and review alternative mining and processing options.

HERA MINE

The operational performance of the Hera Mine for the 12 months to June 2017 was defined by continuous improvement and strong financial performance for the year.

The performance of the Hera processing plant remained the dominant focus of the business, with progressive year on year improvements including:

- Improvement in gold recovery from 78% to 88%
- Increased throughout from 308,000t to 368,000t

The Hera Mine resources were also closely scrutinised to improve the grade reconciliations from model to mill. Initiatives included increasing the drill spacing, excluding surface drilling from the data base where possible, improving block model estimation techniques and using an independent block modelling expert. The Hera Ore Reserves and Mineral Resources were updated in July 2017.

The Company has maintained a focus of cost reduction through the year with stringent application of capital, improved throughput and operational improvements in processing.

At the close of the year the Hera Mine remained strongly cashflow positive, with some exciting milestones approaching in the 2017/18 Financial Year. These include:

- Further improvements in throughput with a debottlenecking upgrade of the plant in Oct 2018.
- Exploration drilling of the North Pod Deeps and the Northern extensions of Hera in January 2018.
- Development of the North Pod orebody in Dec 2017.

Production physicals for the year are summarised in the table below:

Aurelia Metals Limited Production	Units	2017	2016	Variance
Ore Mined	t	373,795	307,240	21.7%
Mined Grade - Gold	g/t	4.36	6.03	-27.8%
Mined Grade - Silver	g/t	12.72	14.00	-9.1%
Mined Grade - Lead		2.33%	2.66%	-12.3%
Mined Grade - Zinc		3.11%	2.52%	23.6%
Ore Processed	t	368,086	308,118	19.5%
Processed Grade - Gold	g/t	4.37	6.01	-27.2%
Processed Grade - Silver	g/t	12.63	14.27	-11.5%
Processed Grade - Lead		2.33%	2.71%	-14.2%
Processed Grade - Zinc		3.09%	2.58%	19.7%
Gold recovery		88.27%	78.20%	12.9%
Silver recovery		87.82%	84.80%	3.6%
Lead recovery		91.85%	91.00%	0.9%
Zinc recovery		89.66%	90.80%	-1.3%
Gold Production	**oz**	**45,679**	**46,882**	-2.6%
Silver Dore Production	A$	35,794	22,460	59.4%
Concentrate produced	A$	32,308	28,139	14.8%
Gold Sold	oz	46,059	46,439	-0.8%
Concentrate shipped	dmt	31,377	25,406	23.5%
Payable Lead Sold	t	6,759	6,220	8.7%
Payable Zinc Sold	t	7,081	4,402	60.9%
Payable Silver Sold	oz	5,131	19,691	-73.9%

HERA UNDERGROUND

During the year 373,795 tonnes ore was mined grading 4.36g/t Au, 12.7g/t Ag, 2.33% Pb and 3.11% Zn.

Mine development had progressed well ahead of schedule and has been ramped up to meet the expected plant expansion.

HERA PROCESS PLANT

The Hera site processed 368,086 tonnes of ore for the year grading 4.37g/t Au, 2.33% Pb and 3.09% Zn. Process plant throughput through the year averaged 47tph at 91% availability. Process plant throughput achieved DFS levels in November 2016 and achieved instantaneously annualised rates of 408,000t.

The Hera Process plant and the expansion of the tailings facility were the main focuses for business improvement during the year. A number of processing improvement and initiatives were successfully completed in the year, including:

- Improvements in the screening capacity, installation of another gravity gold device, bulk reagent storage and improved smelting operations.
- Improvements in the filter press capacity from 105tpd to over 150tpd. This effectively debottlenecked the base metal circuit to enable the plant to operate at higher throughputs.
- Substantial improvements in the operation of the Merrill Crowe circuit to reduce Pb in gold bars and losses of gold in solution.
- Upgrading the TSF to a central discharge and expand the TSF to cater for LOM tailing.

These initiatives drove a continuous improvement in process plant performance, as highlighted by:

- Improvement in gold recovery from 78.2% to 88.3% over the year
- Increased throughput from 308,000tpa to 368,000tpa
- Concentrate production from 28,139t to 32,308t

At year end, further improvements in the processing plant remain the Company's focus, in particular gold recovery from the gravity circuit, plant throughput and further reduction of process operating costs.

Aurelia also continues to investigate the expansion opportunities for Hera, with a particular focus on removing the apparent process plant constraints when processing higher lead+zinc ore types.

PERMITTING AND LICENCING

During the period Aurelia received another approval for a modification to its existing Hera Project Approval from the NSW Dept of Planning (Mod5). This was the final stage of regulatory approvals required for underground access and mining of the North Pod mineralisation, and provides the opportunity to explore the northern plunge and repeatability of the Hera orebodies.

The modification was sought to adjust approvals to the Hera Project with the addition of another mining lease.

In addition, Aurelia was granted a new Mining Lease to extend the mining area to the north to provide exploration drilling and for the eventual extraction of the high grade North Pod mineralisation.

FINANCIAL PERFORMANCE

The Company achieved a net profit for the year of $19.3 million, an increase of 77% from prior year.

Favourable commodity pricing and increased base metal sales resulted in an 18% increase in sales revenue from prior year, to $108.5 million. Base metal sales accounted for approximately 30% of the total sales and generated $31.1 million, with gold and silver sales generating $77.4 million.

Cost of sales for the year was $81.7 million, and a gross profit (sales less cost of sales) of $26.8 million (25%) was achieved.

Corporate costs for the year reduced by 24% to $3.7 million.

During the year Aurelia implemented a forward gold sales program and a gain of $4.2 million was achieved through gold forward sales activity. At 30 June 2017 the Company's gold forward position was 25,000 ounces of gold at an average price of A$1,706/ounce.

At the period end the Company held cash in bank of $34.8 million. Operating cash generated for the period was $46.1 million, with investment (capital and exploration) cash outflows of $13.2 million and financing (debt servicing, withholding tax and interest) outflows of $16.1 million resulting in a net cash inflow for the year of $16.8 million.

GLENCORE DEBT

The Company's aim is to reduce gearing to manageable levels through the continued repayment of outstanding debt and or debt conversion into equity, if and when commercially prudent and to the extent it is possible.

Debt repayments of $15.4 million were completed during the year and the debt liability to Glencore at 30 June 2017 reduced to a carrying value of $105 million and a face value (nominal value) of $109.6 million.

Net debt (nominal value of debt less cash) reduced by 30% during the year to $74.7 million, a consequence of strong operating cash generation and debt repayments of $15.4 million.

The Company's secured borrowings with Glencore have the following structure and terms.

	Face Value $k	Repayment Start Date		Maturity	Convertible into Shares		Margin over BBSW (pts)(i)
Facility B	54,403	31-Mar-19	(2)	30-Sep-21	Yes	(1)	400-450
Facility C	31,883	31-Mar-18		30-Sep-20	No		400-450
Facility D	-	Undrawn	(3)				
Facility E	5,690	31-Mar-18		30-Apr-19	No		400-450
Facility F	17,638	31-Mar-19	(2)	30-Sep-21	Yes	(1)	400-450
	109,614						

(i) BBSW: "Bank Bill Swap Rate".

Note: After year end, the Company and its major lender in Glencore agreed a mechanism to enable early debt repayments. Any early debt repayments up to 31 March 2018 will be applied against the outstanding balance of Facilities C&E, with the amount of early debt repayments directly reducing the amount of convertible debt able to be converted on 31 March 2018 for Facilities B&F. For example, a $10M early debt repayment would reduce the debt balance of Facilities C&E and reduce the amount of debt in Facilities B&F that could be converted by $10M (without affecting the outstanding balance of Facilities B&F).

(1) Convertible into shares five business days prior to 31 March 2018. Conversion price is based on the 60-day volume weighted average price of the Company's ordinary shares prior to the conversion notice. The amount able to be converted will reduce by the total of all early repayment amounts applied to Facilities C&E up to 31 March 2018. (At balance date, no early repayments had been undertaken).

(2) Repayment Start Date is reset to 31-Mar-18 and Maturity date is reset to 30-Sep-20, if any portion of debt is converted according to (1) above.

(3) $50 million Nymagee facility remains undrawn and unavailable until approved Bankable Feasibility Study delivered for Nymagee project.

EQUITY

In keeping with one of the Company's core objectives of reducing its debt, an early voluntary repayment of Facility A ($10 million) was completed during the year. Importantly the repayment of this Facility, extinguished the 108 million Options issued to Glencore at an exercise price of 4c/share.

During the year the Company's major shareholder, Pacific Road Capital Management ("PacRoad") exercised 40 million Options at an exercise price of 1.25c/share, raising $500,000 and increasing its ownership to 33.9%. PacRoad has also purchased 10 million Options at an exercise price of 1.25c/share, from Pybar Holdings Pty Ltd.

Furthermore, Aurelia Metals issued 2,867,000 fully paid ordinary shares at a price of 1.25c/share to Glencore pursuant to the anti-dilution and top-up rights previously granted to Glencore, when Pacroad exercised their 40 Million Options.

LISTING RULE 6.18 WAIVERS

ASX has granted a waiver from Listing Rule 6.18 to the extent necessary to permit Pacific Road Capital Pty Ltd and Glencore PLC to maintain their respective percentage interests in the Company (anti-dilute right), by way of a right to participate in any issue of shares in respect of a diluting event, subject to certain conditions. The PacRoad waiver came into effective from 28 January 2015 following completion of the issue of 24,661,011 ordinary shares at an issue price of $0.234, and for Glencore the waiver came into effect on 11 February 2013 following the execution of a subscription agreement with the Company. The parties anti-dilute rights remain subject to certain conditions.

CORPORATE GOVERNANCE

A Copy of the Company's Corporate Governance Statement is located on the Company's website: http://www.aureliametals.com/about/Corporate-Governance.aspx

STATEMENT OF RESOURCES AND RESERVES

On 31 July 2017, Aurelia provided an update to the Mineral Resource Estimate and Ore Reserves Estimate for its 100% owned Hera gold-lead-zinc-silver Project in NSW.

Hera Mineral Resource Estimate – June 2017:

Class	Tonnes (Kt)	NSR ($/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Measured	605	260	3.0	2.8	4.0	24
Indicated	1,729	242	3.0	2.3	3.4	16
Inferred	599	231	1.9	3.2	4.6	46
Total	**2,934**	**244**	**2.8**	**2.6**	**3.8**	**24**

Note: The updated Hera Resource Estimate utilises optimised A$120/tonne NSR cut-off shapes that include internal dilution. The previous Resource Estimates did not include internal dilution. This change has been implemented to more realistically represent the tonnages and grades that may become available for potential extraction. Net Smelter Return (NSR) and is an estimate of the net recoverable value per tonne including offsite costs, payabilities, royalties and mill recoveries. Tonnage estimates have been rounded to nearest 1,000 tonnes. A full summary of the Resource Estimate is included with this release below.

The updated Mineral Resource Estimate represents an increase in tonnage over the previous estimate (allowing for mining depletion) and reductions in grades due to the inclusive reporting and improved drilling densities and evaluation techniques. The Mineral Resource Estimate has been completed in accordance with the guidelines of the JORC Code (2012 Edition) of this release. The Ore Reserve Estimate is derived from the Mineral Resource Estimate.

An updated Ore Reserve Estimate has been calculated from the Hera Resource model using Measured and Indicated categories only.

Hera Ore Reserves Estimate – June 2017:

Category	Geological lenses	Tonnes (Kt)	NSR ($/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (g/t)
Probable	Far West	503	268	3.06	2.97	5.06	18.5
	Far West Lower	191	269	3.72	2.59	3.81	16.5
	Hays North	33	200	2.82	2.05	2.70	8.4
	Hays South	30	281	5.30	1.10	1.97	5.4
	Main North	201	233	3.40	2.17	2.96	12.8
	Main South	189	294	4.84	2.39	2.73	12.7
	North Pod	329	285	3.36	3.25	4.39	39.4
Probable		1,476	269	3.53	2.74	4.05	20.9
Total Reserves		**1,476**	**269**	**3.53**	**2.74**	**4.05**	**20.9**

Note: The Hera Reserve Estimate utilises an A$160/tonne NSR cut-off. NSR stands for Net Smelter Return and is an estimate of the net recoverable value per tonne. Tonnage estimates have been rounded to the nearest 1,000 tonnes.

This updated Ore Reserve Estimate represents a 51% increase in tonnage against the previous ore reserve including 409,000t at 4.5g/t of mining depletion since May 2016. This is the result of extensive drilling and conversion of Inferred Resources to Measured and Indicated Resources. This updated Ore Reserve Estimate represents a 31% decrease in gold grade, a 4% decrease in lead grade and a 5% increase in zinc grade. The key reasons for the reduction in gold grade have been the mining of higher gold grade material last year relative to the ore reserve gold grades, the improved metal prices and smelter terms (lead and zinc) that allows more ore to be mined >$160/t, the drop in Reserve cut-off from an NSR of $170/t to an NSR cut-off $160/t and changes in the geological model.

Nymagee Deposit Mineral Resources Estimate (AMI – 95%) – December 2011:

Classification	Material Type	Cut-off grade	Tonnage (Mt)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)
Measured	-	-	-	-	-	-	-
Indicated	Shallow Cu	0.3% Cu	5.15	1.0	0.1	0.2	5
	Deep Cu	0.75% Cu	1.98	1.8	0.3	0.6	11
	Pb-Zn-Ag	5% Pb+Zn	0.36	0.5	4.4	7.8	41
Inferred	Deep Cu	Deep Cu	0.75%	0.60	1.3	0.1	0.2
Total			**8.10**	**1.2**	**0.3**	**0.7**	**9**

COMPETENT PERSONS STATEMENTS

Competent Persons Statement – Hera Resource Estimate

Compilation of the drilling database, assay validation and geological interpretations for the resource update were completed by Adam McKinnon, BSc (Hons), PhD, MAusIMM, who is a full time employee of Aurelia Metals Limited. The resource estimate has been prepared by Rupert Osborn, BSc, MSc, MAIG, who is an employee of H&S Consultants Pty Ltd. Both Dr McKinnon and Mr Osborn have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr McKinnon and Mr Osborn consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Competent Persons Statement – Hera Ore Reserves Estimate

The Ore Reserves were compiled by Jim Simpson, CEO of Aurelia Metals. Mr Simpson has worked at polymetallic mines at Golden Grove, Mt Isa Mines and Peak Gold Mines. Mr Simpson is a mining engineer with a BE Min Eng obtained at the University of NSW and has worked in underground hard rock mines since 1986 with +30 years' experience. The Ore Reserve Estimate was produced on site.

Mr Simpson has sufficient experience which is relevant to the style of mineralisation, type of deposit and mining method under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Simpson is a chartered professional and member of the AusIMM and also a registered mining engineer of Queensland, New South Wales and Western Australia.

Technical guidance and review has been provided Mr Anthony Allman MAusIMM CP(Min), RPEQ, Director of Antcia Consulting Pty Ltd.

Competent Persons Statement – Nymagee Resource Estimate

The Resource Estimation for the Nymagee deposits has been completed by Dean Fredericksen who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Dean Fredericksen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to quality as Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fredericksen consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The information on the Nymagee Resource Estimate is extracted from the ASX Reports available on the Aurelia Metals Website:

- Maiden Nymagee Resource Estimate – 22 December 2011

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

DIRECTORS' REPORT

The following report is submitted in respect of the results of Aurelia Metals Limited ('Aurelia' or 'the Company') and its subsidiaries, together the consolidated group ('Group'), for the financial year ended 30 June 2017, together with the state of affairs of the Group as at that date.

1. DIRECTORS AND OFFICERS

The names, qualifications and experience of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors and Officers were in office for this entire period unless otherwise stated.

Colin Johnstone
Independent Non-Executive Chairman

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

Mr. Johnstone's career spans more than 30 years and he has served as General Manager of some of Australia's largest mines including the Kalgoorlie Super Pit in Western Australia, Olympic Dam in South Australia and Northparkes in New South Wales. He is currently a Non-Executive Director of Evolution Mining, Australia's second largest gold mining company.

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

James Simpson
Managing Director and Chief Executive Officer

Mr. Simpson is a Mining Engineer with a 30 year history, specialising in underground metalliferous mining. His previous roles include General Manager at Mt Isa Mines and at the Peak Gold Mine and Chief Operating Officer for Peak Gold (TSX). Mr Simpson's experience ranges from mine management through to equity market participation in the C$328m listing of Peak Gold on the TSX. In the last three years, Mr Simpson has held one directorship with TSX-listed WCB Resources from 8 April 2010 to 1 August 2016.

Mr Simpson was appointed as Managing Director of the Company on 1 August 2016 and appointed as Chief Executive Officer on 1 September 2016.

Lawrence Conway
Independent Non-Executive Director

Mr. Conway has more than 27 years' experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate and operational commercial roles within Australia, Papua New Guinea and Chile with Evolution Mining, Newcrest and BHP Billiton. Mr Conway is currently Evolution Mining's Finance Director and Chief Financial Officer.

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

Paul Espie
Non-Executive Director

Mr. Espie was the founding principal of Pacific Road Capital, a manager of private equity funds investing in the resources sector internationally, in 2006. He was Chairman of Oxiana Limited during the development of the Sepon copper/gold project in Laos (2000 to 2003) and prior to that Chairman of Cobar Mines Pty Ltd after a management buy-out in 1993. Mr Espie was previously responsible for Bank of America operations in Australia, New Zealand and Papua New Guinea and Chairman of the Australian Infrastructure Fund. He is a Fellow of the Australian Institute of Company Directors, Trustee of the Australian Institute of Mining & Metallurgy, Educational Endowment Fund, and a Director of the Menzies Research Centre.

Mr Espie was appointed as a Director of the Company on 10 December 2013.

Michael Menzies
Non-Executive Director

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

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

Rune Symann
Non-Executive Director

Mr. Symann is a finance professional with over 7 years of experience in mergers & acquisitions, financial advisory and project management within the resources, power & automation and financial sectors. He is currently employed by Glencore. Mr Symann's previous experience includes roles with ABB, Ernst & Young and Amundi. .He holds a bachelor degree in Economics, a Master's degree in International Management from HEC Paris in France and a Master's degree in Finance & Strategic Management from Copenhagen Business School.

Mr. Symann was appointed as a Director of the Company on 15 December 2015.

Timothy Churcher
Chief Financial Officer and Company Secretary

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

His finance experience includes roles as Chief Financial Officer of Evolution Mining Limited and Chief Financial Officer & Company Secretary of Unity Mining Limited. Prior to this, Tim was employed in private equity investment with Renaissance Capital Limited and prior to that in stockbroking with Goldman Sachs (formerly JB Were & Son Limited). He is an Associate of CPA Australia and has a Masters degree from Imperial College London and an MBA from the Cranfield School of Management in the UK.

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

Directors and Officers who no longer held office at the end of the year are as follows:

Gary Comb
Independent Non-Executive Director (retired)

Mr. Comb is an engineer with over 30 years' experience in the Australian Mining Industry. Mr Comb was previously Managing Director of Jabiru Metals Limited and prior to that was Chief Executive Officer of BGC Contracting Pty Ltd. Mr Comb is currently a Non-Executive Director of Ironbark Zinc Ltd and Non-Executive Chairman at Finders Resources Ltd.

Mr Comb was appointed as a Director of the Company on 4 July 2012 and retired on 30 June 2017.

Anthony Wehby
Independent Non-Executive Chairman (retired)

Mr. Wehby was a partner with PWC Australia (Coopers & Lybrand) for 19 years during which time he specialised in the provision of corporate finance advice to a wide range of clients. Mr Wehby is Chairman of Kingston Resources Limited, and a Director of Royal Rehab.

Mr. Wehby retired from the Board on 28 November 2016.

Richard Willson (resigned)
Company Secretary

Mr. Willson is an accountant with more than 20 years' experience. Mr Willson is Company Secretary of ASX listed Beston Global Food Company Limited and Wilgena Resources Limited, Non-Executive Director of ASX listed company AusTin Mining Limited, and a Non-Executive Director and Company Secretary of the not-for-profit Unity Housing Company. Mr. Willson was resigned as Company Secretary on 20 December 2016.

Rimas Kairaitis (resigned)
Chief Executive Officer

Mr. Kairaitis is a geologist with over 20 years' experience. He is a member of the Australian Institute of Mining and Metallurgy and he was the founding Director of Aurelia Metals Limited from 24 March 2004 to 27 March 2007. Mr. Kairaitis resigned as Managing Director on 2 August 2015 and as Chief Executive Officer on 31 August 2016.

2. DIRECTORS' INTERESTS

At the date of this report the interests of the Directors in the shares and other equity securities of the Company were:

Directors	Ordinary Shares	Options	Performance Rights
Johnstone, Colin	800,000	-	-
Simpson, James	331,000	-	4,500,000
Conway, Lawrence	100,000	-	-
Espie, Paul (i)	-	-	-
Menzies, Michael (ii)	462,500	-	-
Symann, Rune (ii)	-	-	-
Total	**1,693,500**	-	**4,500,000**

(i) Paul Espie is a Director nominated by Pacific Road Capital Management Pty Ltd.
(ii) Michael Menzies and Rune Symann are Directors nominated by Glencore International AG.

3. MEETINGS OF DIRECTORS

During the financial year, the number of meetings of Directors attended by each Director and the number of meetings held was as follows:

			Committees of the Board			
	Directors' Meetings		Audit		Remuneration & Nomination	
	(i)	(ii)	(i)	(ii)	(i)	(ii)
Colin Johnstone	6	6	2	2	2	2
James Simpson	9	9	0	0	0	0
Lawrence Conway	1	1	0	0	0	0
Paul Espie	10	10	0	0	2	2
Michael Menzies	10	10	0	0	4	4
Rune Symann	8	10	4	4	0	0
Gary Comb	10	10	2	2	2	2
Anthony Wehby	4	4	2	2	0	0

(i) Attended - Number of Board/Board Committee Meetings attended
(ii) Eligible - Number of Board/Board Committee Meetings held which were eligible to be attended

The members of the Board's Committees at 30 June 2017 are:
Audit Committee: Lawrence Conway, Colin Johnstone, Rune Symann
Remuneration & Nomination Committee: Colin Johnstone, Michael Menzies, Paul Espie

4. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

5. INDEMNIFICATION OF AUDITOR

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

6. DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2017.

7. CORPORATE STRUCTURE

Aurelia Metals Limited is a company limited by shares that is incorporated and domiciled in Australia. Aurelia has four wholly owned subsidiaries, Stannum Pty Ltd (incorporated 15 September 2007), Defiance Resources Pty Ltd (incorporated 15 May 2007), Hera Resources Pty Ltd (incorporated 20 August 2009) and Nymagee Resources Pty Ltd (incorporated 7 November 2011).

8. SHARE OPTIONS

As at the date of this report, there were 10,000,000 un-issued ordinary shares under options. The options are unlisted and have terms as set out below.

Grant Date	Expiry Date	Exercise Price/share	Balance at start of year	Granted during the year	Exercised during the year	Expired during the year	Balance at year end	Exercisable at year end
28/09/15	28/09/20	1.25 cents	40,000,000	-	(40,000,000)	-	-	-
30/11/15	28/09/20	1.25 cents	10,000,000	-	-	-	10,000,000	10,000,000
1/04/16	30/09/20	4 cents	108,000,000	-	-	(108,000,000)	-	-
			158,000,000	-	**(40,000,000)**	**(108,000,000)**	**10,000,000**	**10,000,000**
Weighted average exercise price			3.13 cents	-	1.25 cents	4.00 cents	1.25 cents	1.25 cents

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

9. PERFORMANCE RIGHTS

As at the date of this report, there were 6,570,000 unissued ordinary shares subject to Performance Rights. The Performance Rights are unlisted and have terms as set out below.

Grant Date	Test Date	Exercise Price/share	Balance at start of year	Granted during the year	Vested during the year	Expired during the year	Balance at year end	Exercisable at year end
12/04/13	12/04/16	nil	70,000	-	-	(70,000)	-	-
12/04/13	31/12/13	nil	64,000	-	-	(64,000)	-	-
9/02/15	9/02/18	nil	200,000	-	-	(130,000)	70,000	-
9/02/15	31/12/14	nil	48,000	-	-	(48,000)	-	-
28/11/16	30/06/18	nil	-	2,000,000	-	-	2,000,000	-
28/11/16	30/06/19	nil	-	2,250,000	-	-	2,250,000	-
28/11/16	30/06/20	nil	-	2,250,000	-	-	2,250,000	-
			382,000	**6,500,000**	**-**	**(312,000)**	**6,570,000**	**-**

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

10. FUTURE DEVELOPMENTS

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

11. ENVIRONMENTAL PERFORMANCE

The Directors are not aware of any environmental incident during the year which would have a material adverse impact on the Company.

During the year, there were three minor reportable incidents that had potential to cause harm to the environment at the Hera Mine. The incidents included two discharges from a sediment basin following heavy rainfall, which exceeded stipulated Environmental Protection Licence water quality parameters, and one incident relating to dust in which particulate matter of less than 10 microns, exceeded Project Approval air quality parameters. The impacts of these events were minor and of very short duration and with regards to the water discharge, actions have been taken to prevent a reoccurrence. There have been no regulatory fines in relation to these incidents.

12. CURRENCY AND ROUNDING OF AMOUNTS

All references to dollars are a reference to A$ unless otherwise stated. A$ 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.

OPERATIONS AND FINANCIAL REVIEW

1. OVERVIEW

Aurelia Metals Limited is an Australian gold, silver, lead and zinc mining and exploration company. The Company operates the wholly-owned Hera gold and base metal mine, in central west New South Wales. Key results for the year to 30 June 2017, relative to the prior year, were:

- Revenue increased by 18% to $108.565 million, driven by increased base metal sales.
- Reported profit increased by 77% to $19.333 million
- Net Debt (using nominal or face value of debt) reduced by 30% to $74.750 million

The improvement in Company performance relative to the prior year was significant. Driving this increase in performance were improvement initiatives at the Hera operation, which delivered:

- Increased processing throughput, up 19% to 368,086 tonnes
- Increased gold recovery, up 13% from 78.2% to 88.3%.
- Slightly reduced gold production, down 3% to 45,679 oz, despite a 27% reduction in head grade
- Increased zinc metal production, up 41% to 10,172 tonnes

Activity was also focussed on increasing mine life through successful exploration. During the period the Company completed detailed drilling of the lower portion of the North Pod, with drilling intersecting high grade gold and base metals. Exploration is ongoing to test the potential of the North Pod at depth, and for repetition of the Hera lode system to the north.

Debt reduction commenced in the period with $15.436 million in repayments, reducing the outstanding debt balance at period end to $109.614 million (Carrying value of $105.018 million). The voluntary repayment of Facility A in the year ($10.080 million) had the consequential benefit of cancelling 108 million Glencore Options.

On 3 August 2017, an early debt repayment mechanism was agreed and the first $10 million debt repayment to Glencore completed. The repayment was applied against the outstanding balances of Facilities C and E, and the convertible balances reduced by the same amount, reducing total debt to $99.482 million ($37.573 million senior debt and $61.909 million convertible debt).

On 31 July 2017, the Company released an updated Resources and Reserves Estimate. The updated Ore Reserve estimate represented a 51% increase in tonnage (allowing for mine depletion) and a 31% decrease in gold grade, a 4% decrease in lead grade and a 5% increase in lead grade. The Resource and Reserve Estimate totals were:

- Total Mineral Resource Estimate of 2.934 Mt at 2.8 g/t gold, 2.6% Pb, 3.8% Zn
- Total Ore Reserve Estimate of 1.476 Mt at 3.53 g/t gold, 2.74% Pb, 4.05% Zn

At 30 June 2017, the Company's gold forward position totalled 25,000 ounces of gold at an average price of approximately A$1,706/oz with deliveries to mid-2018.

James Simpson was appointed Managing Director on 1 August 2016 and CEO on 1 September 2016. On 28 November 2016, Anthony Wehby resigned and Colin Johnstone was appointed Director and Chairman. On 1 June 2017, Lawrie Conway was appointed as Director and on 30 June 2017 Gary Comb retired as a Director.

2. OPERATING AND FINANCIAL PERFORMANCE

Key performance metrics for the period are tabulated below.

Performance Indicators		2017 $'000	2016 $'000	Variance
Sales Revenue		108,565	91,945	18%
Profit/(Loss) for the period		19,333	10,943	77%
EBITDA	(a)	48,507	41,139	18%
Net Debt	(b)	74,750	106,938	-30%
Net Operating Cash Flow		46,117	23,365	97%
Ore Processed t		368,086	308,118	19%
Gold grade g/t		4.37	6.01	-27%
Lead grade %		2.3%	2.7%	-14%
Zinc grade %		3.1%	2.6%	20%
Gold Recovery %		88.3%	78.2%	13%
Lead Recovery %		91.9%	91.0%	1%
Zinc Recovery %		89.7%	90.8%	-1%
Gold production oz		45,679	46,882	-3%
Lead production t - contained metal		7,885	7,628	3%
Zinc production t - contained metal		10,172	7,202	41%
Gold sold oz		46,059	46,439	-1%
Average gold price received A$/oz		1,663	1,615	3%
Concentrate sold (DMT)		31,377	25,406	24%

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

Profit/(Loss) for the period	19,333	10,943
Net Interest Cost	(7,712)	(6,526)
Depreciation & Amortisation	(21,462)	(23,669)
EBITDA	48,507	41,139

(b) Net debt is stated using the nominal or face value of debt.

1.1. Sales

Sales revenue for the period was $108.565 million, with $76.580 million derived from gold sales and $31.130 million derived from the sale of lead zinc concentrates. Silver sales were $0.855 million.

Gold sales were derived from the sale of 46,059 oz of gold at an average price of A$1,663/oz. Concentrate sales were derived from the sale of 31,377 dmt of lead zinc concentrate shipped.

1.2. Production

Gold production for the operating period was 45,679 ounces. Gold production was derived from the processing of 368,086 tonnes of ore grading 4.37 g/t gold, 2.3% lead and 3.1% zinc. Gold recovery averaged 88.3%. During the period, the Company produced 32,308 tonnes of lead zinc concentrate grading 56% lead plus zinc.

Processing throughput during the year was 368,086 t which for the first time was above the nameplate capacity of the plant. This was achieved through improved plant stability, improvements in filter concentrate press capacity (up to 150 t/d concentrate) and improvements in the comminution circuit (particularly in ore screening).

Gold recovery improved to 88.3%, with increased gravity gold recovery and a focus on minimising solution losses being key drivers for this success.

The performance of the underground mine remained positive with a total of 373,795 tonnes of ore mined during the year at an average grade of 4.36 g/t gold, 2.3% lead and 3.1% zinc.

Underground lateral development of 2,582 metres was achieved during the year (1,287 metres in the prior year), comprising 1,161 metres of operating and 1,421 metres of capital development. The increase in the current year reflects a full year of active mine development (prior year had only six months of active mine development).

1.3. Operating Costs

Total cost of sales for the period was $81.740 million. Site production costs were $52.519 million (including mining costs of $22.755 million, processing costs of $25.309 million and site admin departments of $4.455 million), transport and refining costs were $5.417 million (gold refining charges, concentrate trucking, rail, port and shipping charges), NSW Government royalty was $2.641 million and a credit to costs of $0.236 million relating to an increase in inventory at year end. Depreciation charged in the period was $21.400 million.

1.4. Corporate Administration costs

Corporate costs for the period were $3.752 million including $0.061 million of depreciation. Included in the prior year costs of $4.935 million were legal, advisory and court costs of $1.263 million associated with the Glencore dispute.

1.5. Capital

Total capital invested in the period was $16.124 million, consisting of $10.163 million of mine development, $4.486 million of PP&E and $1.475 million of exploration capital.

1.6. Gain/Loss on commodity derivatives

A gain of $4.806 million was credited to the Statement of Comprehensive Income during the period.

A gain of $4.156 million relates to gold forward sales activity. With a gain of $1.954 million generated from trading activity, from the close out of 23,450 oz of gold forward sales during the year, and a gain of $2.202 million relating to the marked-to-market value of the hedge book at balance date. At 30 June 2017, the Company's gold forward position was 25,000 ounces of gold at an average price of A$1,706/ounce with deliveries to mid-2018.

A gain of $0.650 million related to base metal sales, the combination of quotational price hedging and the embedded derivative on the June 2017 concentrate sale; which was provisionally priced using metal prices at date of shipment, but will be settled on average July 2017 metal prices.

1.7. Cash flow

At 30 June 2017, the Company held cash in bank of $34.863 million, after $15.436 million of debt repayments made during the year.

Operating cash flow for the period was positive $46.117 million.

Investment cash outflows were $13.248 million relating to mine development, processing plant capital and exploration.

Net cash flow from financing activities was negative $16.118 million. The key outflow related to the $10.080 million voluntary debt repayment of Facility A and cash sweep repayments totalling $5.356 million.

Net cash inflow for the year was $16.752 million.

1.8. Borrowings

The debt liability to Glencore at balance date had a carrying value of $105.018 million and a face value (nominal value) of $109.614 million.

Net debt (nominal value of debt less cash) reduced by 30% over the year to 30 June 2017. At 30 June 2016 the net debt position was $106.938 million (debt of $125.050 million less available cash of $18.112 million) and at 30 June 2017 the position reduced, due to a positive operating surplus and debt repayments, to $74.750 million (debt of $109.614 million less cash of $34.863 million).

The Company's aim is to reduce gearing to manageable levels through the continued repayment of outstanding debt and or debt conversion into equity, if and when commercially prudent and to the extent it is possible (see below Section 2.9).

1.9. Debt Restructure and Carrying Value of Borrowings

The Company's secured borrowings with Glencore have the following structure and terms.

	Face Value $k	Liability value recognised $k	Repayment Start Date		Maturity	Convertible into Shares		Margin over BBSW (pts)
Facility B	54,403	52,204	31-Mar-19	(2)	30-Sep-21	Yes	(1)	400-450
Facility C	31,883	30,461	31-Mar-18		30-Sep-20	No		400-450
Facility D	-	-	Undrawn	(3)				
Facility E	5,690	5,427	31-Mar-18		30-Apr-19	No		400-450
Facility F	17,638	16,925	31-Mar-19	(2)	30-Sep-21	Yes	(1)	400-450
	109,614	105,018						

Note: After year end, the Company and its major lender in Glencore agreed a mechanism to enable early debt repayments. Any early debt repayments up to 31 March 2018 will be applied against the outstanding balance of Facilities C&E, with the amount of early debt repayments directly reducing the amount of convertible debt able to be converted on 31 March 2018 for Facilities B&F. The first early debt repayment of $10 million was completed on 3 August 2017 which reduced the debt balance of Facilities C&E and reduced the amount of debt in Facilities B&F that could be converted by $10M (without affecting the outstanding balance of Facilities B&F).

(1) Convertible into shares five business days prior to 31 March 2018. Conversion price is based on the 60-day volume weighted average price of the Company's ordinary shares prior to the conversion notice. The amount able to be converted will reduce by the total of all early repayment amounts applied to Facilities C&E up to 31 March 2018. At balance date, no early repayments had been undertaken.

(2) Repayment Start Date is reset to 31-Mar-18 and Maturity date is reset to 30-Sep-20, if any portion of debt is converted according to (1) above.

(3) $50 million Nymagee facility remains undrawn and unavailable until approved Bankable Feasibility Study delivered for Nymagee project.

(a) Key terms

The debt has the following key terms:

- all repayments on current facilities are deferred until 31 March 2018
- all interest is suspended until 31 March 2018
- Until 31 March 2018, the Company is obligated to undertake a mandatory upside repayment, applied equally against all facilities, to the extent that the preceding three month Group CFADS (Cash Flow Available for Debt Service) exceeds $10 million. The upside repayment is any excess greater than $10 million over the quarterly CFADS testing period. This financial year there were two upside repayments: $2.626 million (CFADS quarter ended 31Dec16) and $2.730 million (CFADS quarter ended 31Mar17).
- Once repayments commence on a facility, the originally agreed cash sweep mechanism starts. The cash sweep mechanism operates on each quarterly interest date whereby 80% of any available cash is swept and repaid against those facilities. Available cash is the cash balance after payment of all operating costs and mandatory principal and interest debt servicing requirements.

As part of the debt restructure, the Company granted 108 million options exercisable at $0.04/share to Glencore on 1 April 2016. These options were cancelled with the repayment of Facility A in December 2016.

(b) Carrying value adjustment of borrowings

At balance date, the Company has recognised the carrying value of borrowings of $105.018 million (2016; $112.449 million). Repayments have been deferred until March 2018 and amounts due within the next 12 months have been shown as a current liability ($3.000 million).

The carrying value of the debt at balance date can be compared to the face value of debt at balance date of $109.614 million payable to Glencore. As the Company approaches the 31 March 2018 amortisation start date, the carrying value of the debt will increase, through the unwinding of the discount, to approximate the face value of debt. This unwinding of the discount on the carrying value of the debt is expensed in future periods as a finance charge.

3. MATERIAL BUSINESS RISKS

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

Financial solvency

The Company has significant long term financial obligations. Maintaining sufficient liquidity to operate the business is impacted by the operational and financial risk factors identified below. Additional risk factors relate to the Company's ability to reorganise its debts when required to manage any foreseen or unforeseen liquidity events.

The Company currently has a single source of income from one operating asset. The lack of asset diversity, together with significant debt amounts, can exacerbate overall risk to the Company.

Fluctuations in the commodity price

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

Metal prices are denominated in US$, hence the Company has a foreign exchange price risk when the US$ price of a particular commodity is translated back to A$ amounts.

During the financial year, gold sales were 45,679 ounces. The effect on the income statement with an A$50/oz increase/decrease in gold price would have been an increase/decrease in gold revenue of $2.3 million.

During the financial year, the company sold bulk concentrate containing payable lead of 6,582 tonnes and payable zinc of 7,129 tonnes. An increase/decrease of US$50/t in the price of lead and zinc, would increase/decrease revenue by $0.618 million.

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

Ore Reserves and Resources

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

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

Replacement of depleted reserves

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

As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions, or that divestures of assets will lead to a lower reserve base. The mineral base of the Company may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current mine life, based on current production rates.

Mining risks and insurance risks

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

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

Production and cost estimates

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

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

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

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

Environmental, health and safety regulations, permits

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

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

Community relations

The Company operates near established communities. The Company recognises that a failure to appropriately manage local community stakeholder expectations may lead to dissatisfaction with the Company which has the potential to disrupt production and exploration activities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were:

- 1 August 2016: Appointment of James Simpson as Managing Director.
- 1 September 2016: James Simpson assumed the role of Chief Executive Officer.
- 28 November 2016: Resignation of Mr. Anthony Wehby as an Independent Non-Executive Director and Chairman.
- 28 November 2016: Appointment of Mr. Colin Johnstone as an Independent Non-Executive Director and Chairman.
- 9 December 2016: Voluntary repayment of Convertible Note Facility A, resulting in the expiry of 108 million Glencore options which were exercisable at \$0.04/share.
- 13 December 2016: new mining lease (ML1746) granted over the northern portion of Hera deposit, which will enable underground development to access the North Pod and provide development for further drill platforms for exploration to the North.
- 9 February 2017: Pacific Road - share issue on the exercise of 40 million options.
- 23 February 2017: issue of 2,867,000 fully paid ordinary shares to Glencore at a price of \$0.0125/share pursuant to the anit-dilution and top-up rights granted to Glencore.
- 2 May 2017: the Company announces the positive results of the Nymagee Scoping Study.
- 1 June 2017: Appointment of Lawrence Conway as a Non –Executive Director.
- 30 June 2017: Retirement of Gary Comb as a Non-Executive Director

Apart from the above, or as noted elsewhere in this report, no significant changes in the state of affairs of the Company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The following significant events occurred after 30 June 2017:

- 31 July 2017 – release of updated Hera Ore Resources and Reserve Statement
- 3 August 2017 – Early debt repayment mechanism agreed and first \$10M early debt repayment completed (see Section 2.9 of the Operations and Financial Review).

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL REGULATIONS

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

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and includes key management personnel.

1. Key Management Personnel (KMP)

The following table details the Company's KMP during the financial year.

Non-Executive Directors		Position	Term
Colin Johnstone		Independent Non-Executive Chairman	From 28 Nov 2016
Lawrence Conway		Independent Non-Executive Director	From 01 Jun 2017
Paul Espie		Non-Executive Director	Full year
Michael Menzies		Non-Executive Director	Full year
Rune Symann		Non-Executive Director	Full year
Gary Comb	(i)	Independent Non-Executive Director	Full year
Anthony Wehby		Independent Non-Executive Chairman	1 Jul 2016 to 28 Nov 2016
Executive Directors			
James Simpson	(ii)	Managing Director	From 1 Aug 2016
Other KMP			
James Simpson	(ii)	Chief Executive Officer	From 1 Sep 2016
Timothy Churcher		Chief Financial Officer	Full year
Timothy Churcher		Company Secretary	From 20 Dec 2016
Rimas Kairaitis		Chief Executive Officer	1 Jul 2016 to 31 Aug 2016
Richard Willson		Company Secretary	1 Jul 2016 to 20 Dec 2016

(i) Resigned 30 June 2017.

(ii) Appointed to the Board on 1 August as Managing Director and then as Chief Executive Officer on 1 September 2016.

2. Remuneration Policy and Strategy

As part of its Corporate Governance Policies and Procedures, the Board has adopted a Remuneration Committee Charter and has established a Remuneration & Nomination Committee. The Remuneration & Nomination Committee is responsible for determining and reviewing the appointment and compensation arrangements of the KMP. The Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. At the Committee's discretion, the nature and amount of Executive and Director's benefits may be linked to the Company's financial and operational performance. The quantum and level of short and long-term incentives is not fixed and remains at the discretion of the Board.

No remuneration consultants were engaged during the period.

The objectives and principles of the Company's remuneration strategy are:

(i) To align the Board and management performance with the interests of shareholders through the provision of fixed and variable performance based incentives.

(ii) Remuneration is appropriate, market competitive and structured to retain key employees.

(iii) Total Remuneration for Executives and Managers comprise an appropriate mix of fixed and performance linked at risk variable remuneration.

(iv) Variable remuneration consists of short-term incentive plans or STIP and long-term incentive plans or LTIP.

(v) Total Fixed Remuneration (base salary + superannuation) or TFR, is targeted at or below median (P50) range compared to the industry benchmark McDonald Gold & General Mining Industries Report. Exceptions may exist depending on the supply and demand of articular roles or skills or for individuals which are recognised as high achievers within the Company.

(vi) Total Remuneration, including short term and long term incentive plans, for strong business and personal performance may be targeted within the P50-P75 range compared to the industry benchmark. For exceptional business and personal performance, Total Remuneration may exceed the P75 level.

(vii) Performance linked at risk remuneration encourages and rewards high performance aligned with corporate objectives that create strategic or economic value.

(viii) The integrity of the remuneration review process delivers fair and equitable results.

Historical Performance

The following table shows the key performance indicators for the Group for the past five years. Performance across most metrics improved with improved operating performance of the Hera Mine.

Performance Indicators	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Sales revenue	108,565	91,945	13,220	85	288
Profit (loss) for the year	19,333	10,943	(118,158)	(10,623)	536
EBITDA	48,507	41,139	(109,123)	(10,666)	396
Net Debt	74,750	91,759	109,804	84,992	13,363
Basic Profit/(Loss) Per Share (cents)	4.8	2.8	(33.0)	(3.5)	21.0
Share Price (cents)	18.5	13.5	21.5	22.9	15.9

EBITDA is a non-IFRS measure. Reconciliation to Profit (loss) for the year is:

EBITDA	48,507	41,139	(109,123)	(10,666)	396
Net interest cost	(7,712)	(6,526)	(2,376)	261	398
Tax expense	-	-	-	-	-
Depreciation & Amortisation	(21,462)	(23,669)	(6,659)	(218)	(258)
Profit (loss) for the year	19,333	10,943	(118,158)	(10,623)	536

2.1. Non-Executive Directors

The remuneration strategy for Non-Executive Directors is to remunerate at market rates with comparable companies, for the time, commitment and responsibilities involved in being a Director. The Remuneration & Nomination Committee is responsible for reviewing Directors remuneration and reviews fee structures as required, determined by internal or external conditions.

Guidance is obtained as required from independent industry surveys and other sources to ensure that Directors' fees are appropriate and in line with the market. The Chairman's fees reflect the additional responsibilities of the role and are based on comparative positions in the industry.

The Board fees for Non-executive Directors are $65,000 and for the Chairman $100,000. Statutory superannuation contributions are paid to Board members. No fees are paid to Board sub-committee members. The maximum total Directors' fee pool approved by shareholders which may be paid by the Company to all the non-executive Directors is $600,000 per year.

2.2. Executive Directors and Key Management Personnel (KMP)

The remuneration strategy is designed to align the Total Remuneration of the Executive Director and KMP with shareholder and business objectives by providing a fixed TFR component and variable short and long term at risk components. The awarding of variable remuneration will be based on the Company's and individual's achievement of certain performance indicators which are judged to most affect the Company's overall performance and long term value creation.

The Remuneration & Nomination Committee is responsible for reviewing the specifics of Director and KMP remuneration and oversee the effective implementation of the Company's remuneration strategy.

The Board will apply the remuneration strategy with regard to the intersts of shareholders, overall business plan, external market conditions, key value drivers in the business, industry benchmarks and individual performance and contribution towards the Company's objectives.

3. Variable Incentive Plans

The Board has absolute discretion on any payments under the Company's Short Term Incentive and Long Term Incentive Plans, regardless of the achievement of selected targets. The Board will consider the achievement of targets together with overall business performance, individual performance and broader economic environment to decide upon the actual payment or allocation of any variable remuneration.

2.3. Short Term Incentive Plan ("STIP")

The Board has adopted an STIP whereby if the Company exceeds its budgeted targets, taking into consideration a range of relevant physical and financial metrics, the Board may consider the payment of an STIP cash bonus to selected employees. The allocation of the STIP payment, of up to 25% of an individual's TFR, is based on the achievement of corporate targets and the individual's performance during the year under review.

The STIP is assessed and, if applicable, paid each financial year, after the Remuneration & Nomination Committee has assessed the business performance together with individual performance reviews.

For the current year, the corporate measures for the STIP related to gold recovery, throughput, site costs (including sustaining capital) and growth in mine inventory.

Performance Metrics	FY17	FY16	Variance
Process throughput (t)	368,086	308,118	19%
Gold recovery (%)	88.3%	78.2%	13%
Site costs (incl sustaining capex) $/t	175	196	11%
Mine inventory (kt)	1,890	1798	5%

The Remuneration & Nomination Committee determined that for FY17, taking into consideration the performance metrics above and individual performance reviews, and improvement in balance sheet metrics, the Managing Director would receive 100% of his maximum available STIP (25% of FY17 TFR) and the Chief Financial Officer and Company Secretary would receive 80% of his maximum available STIP (25% of FY17 TFR). The STIP amounts payable for FY17 are included in the remuneration disclosure in this report, however these amounts will be paid in FY18.

The total remuneration mix for FY17 for the Chief Executive Officer was 62% fixed, 38% variable; and for the Company Secretary and Chief Financial Officer total remuneration mix was 73% fixed and 27% variable.

2.4. Long Term Incentive Plan ("LTIP")

The LTIP is provided by way of allocation of rights to receive shares in the Company (Rights). Upon vesting, each Right is automatically exercised at nil exercise price and vests into one fully paid ordinary share.

The vesting of Performance Rights incorporates performance conditions which allow for the vesting of a proportion of the allocated Performance Rights.

The LTIP hurdles are agreed prior to the commencement of a new financial year, or as close to the end of the year as practical.

Performance Rights under the LTIP are generally granted each year along with relevant performance testing conditions.

The test date for each issue of performance rights is three years from Grant Date. Noting a departure from this as an interim measure for the 2016 Performance Rights Issue.

The vesting of Performance Rights incorporates performance conditions which trigger vesting for 'threshold' performance, 'on target' performance and vesting for 'stretch' or outstanding performance.

The 2017 Performance Rights have been split over three annual testing dates, starting at 30 June 2018 and ending on 30 June 2020. It is the Board's intention that any future issue of Performance Rights will be issued in a single tranche and will be performance tested over a single three year period.

In accordance with the Company's Remuneration Strategy and standard industry practice, the number of Performance Rights granted to the KMP is based on a multiple of the executive's Total Fixed Remuneration divided by the 30 day VWAP of shares in the Company at the date of grant of the Performance Rights.

(i) Relevant Dates for testing of Vesting Conditions

The issue of Performance Rights to the Managing Director & CEO and the Chief Financial Officer & Company Secretary, have been divided into three tranches and will be tested for Vesting Conditions in accordance with the rules of the Plan. The first tranche will be tested over two years as an interim measure to reflect the Company's critical business objectives to June 2018. The second tranche will be tested over three years and the third tranche will be tested over four years.

2016 Performance Rights Tranches	Number Issued	Relevant Date or Testing Date
Class 16A	2,000,000	30-Jun-18
Class 16B	2,250,000	30-Jun-19
Class 16C	2,250,000	30-Jun-20
Maximum Number of Rights	6,500,000	

The effective testing date for the Performance Rights is the Relevant date, with the testing to occur within 90 days after that date. Performance Rights will lapse after testing if they do not vest. There is no re-testing.

(ii) Vesting Conditions of Performance Rights

The Vesting Conditions applying to the Performance Rights are to be granted is at the discretion of the Board and will be based on measures including the Company's relative total shareholder return (TSR), the growth in processing throughput capacity at the Hera operation, growth in Mine Inventory and a restructuring of the Company’s balance sheet.

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

The number of Performance Rights which vest on the Relevant Date will depend on the extent to which the Vesting Conditions have been satisfied for the relevant period.

Upon the Vesting Conditions having been satisfied (as determined and ratified by the Board), the number of shares for nil value equal to the number of vested Performance Rights will be issued.

The Vesting Conditions will be at the discretion of the Board and will be based on factors including:

Performance Right	Measure
Relative TSR Rights:	The Company's relative total Shareholder Return (TSR) measured against a Comparator Group of companies.
Process Throughput Rights:	Growth in the throughput capacity of the Hera processing plant.
Mine Inventory Rights:	Growth in the Hera Operation's Mineable Inventory.
Balance Sheet Restructure Rights:	Increase in the Company's capacity to appropriately restructure its balance sheet and share ownership structure.

4. Remuneration of Directors and Key Management Personnel

The following tables show details of the remuneration received by Directors and KMP of the Company for the current and previous financial year

		Short Term				Post-employ-ment	Share based payment	
		Base Salary and Fees	Non-Monetary Benefits	Termination	Short Term Incentive Payments	Super-annuation	Amortised Value	Total
2017 - Directors		$	$	$	$	$	$	$
Johnstone, Colin	(i)	63,875	-	-	-	-	-	63,875
Simpson, James	(ii)	391,213	7,084	-	103,152	21,398	150,312	673,160
Comb, Gary		75,000	-	-	-	7,125	-	82,125
Espie, Paul		67,646	-	-	-	-	-	67,646
Menzies, Michael		67,646	-	-	-	-	-	67,646
Symann, Rune		67,646	-	-	-	-	-	67,646
Wehby, Anthony	(iii)	40,000	-	-	-	3,800	-	43,800
Conway, Lawrence	(iv)	5,417	-	-	-	515	-	5,932
2017 - Executives								
Churcher, Timothy	(v)	330,092	14,499	-	72,290	31,359	63,588	511,828
Kairaitis, Rimas	(vi)	53,288	8,154	455,183	-	5,189	-	521,814
Willson, Richard	(vii)	70,313	-	174,380	-	6,680	(8,109)	243,264
Total 2017		**1,232,136**	**29,737**	**629,563**	**175,442**	**76,066**	**205,791**	**2,348,735**

(i) Appointed 28 Nov 16, (ii) Appointed 1 Aug 16, (iii) Resigned 28 Nov 16

(iv) Appointed 1 Jun 17, (v) Appointed as Company Secretary 20 Dec 16, (vi) Resigned 31 Aug 16, (vii) Resigned 20 Dec 16

Note: The FY17 STIP amounts relate to the performance in the current financial year, but will actually be paid in FY18.

		Short Term				Post-employ-ment	Share based payment	
		Base Salary and Fees	Non-Monetary Benefits	Termination	Short Term Incentive Payments	Super-annuation	Amortised Value	Total
2016 - Directors		$	$	$	$	$	$	$
Wehby, Anthony		90,000	-	-	-	8,550	-	98,550
Kairaitis, Rimas	(i)	319,734	32,436	-	-	31,139	-	383,309
Comb, Gary		50,000	-	-	-	4,750	-	54,750
Espie, Paul		50,000	-	-	-	-	-	50,000
Menzies, Michael	(ii)	27,329	-	-	-	-	-	27,329
Milazzo, Mark	(iii)	50,000	-	-	-	4,750	-	54,750
Symann, Rune	(ii)	25,846	-	-	-	-	-	25,846
2016 - Executives								
Churcher, Timothy		312,454	14,499	-	-	26,996	-	353,949
Willson, Richard		150,000	-	-	-	14,250	5,724	169,974
Total 2016		**1,075,363**	**46,934**	-	-	**90,435**	**5,724**	**1,218,456**

(i) Resigned as Managing Director 3 August 2015, (ii) Appointed 16 December 2015, (iii) Resigned 27 June 2016

Executives are employed under executive employment agreements with the Company. The key terms of these agreements with the Executives during the year are outlined below:

Executive	**TFR (i)**	**Notice period by Executive**	**Notice period by Company**	**Termination Benefit**
James Simpson *Managing Director & CEO*	$450,000	3 months	3 months	Accrued entitlements, 12 months TFR
Timothy Churcher *Chief Financial Officer & Company Secretary*	$370,612	3 months	3 months	Accrued entitlements, 12 months Base Salary

(i) TFR=Total Fixed Remuneration (base salary + superannuation). Messrs Simpson and Churcher are entitled to the private use of a company vehicle as part of their remuneration package.

4.1 Details of Share Based Compensation

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

(i) 2015 Class C Performance Rights (2015 Class C)

On the 9 February 2015, the Company granted 490,000 Performance Rights to various employees. These Performance Rights were structured to vest if the Company's share price achieved a 5-day VWAP of $0.40/share by 9 February 2018. These rights remain untested with 70,000 unvested Performance Rights remaining in existence at year end.

(ii) Class 16A Performance Rights

On the 28 November 2016, the Company granted 2,000,000 Performance Rights to the Managing Director & CEO and the Chief Financial Officer & Company Secretary. These Performance Rights are structured to vest based on a variety of performance measures (see LTI Plan for further details). These rights remain untested.

(iii) Class 16B Performance Rights

On the 28 November 2016, the Company granted 2,250,000 Performance Rights to the Managing Director & CEO and the Chief Financial Officer & Company Secretary. These Performance Rights are structured to vest based on a variety of performance measures (see LTI Plan for further details). These rights remain untested.

(iv) Class 16C Performance Rights

On the 28 November 2016, the Company granted 2,250,000 Performance Rights to the Managing Director & CEO and the Chief Financial Officer & Company Secretary. These Performance Rights are structured to vest based on a variety of performance measures (see LTI Plan for further details). These rights remain untested.

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

FY17	Grant Date	Note	Exercise Price	Balance at start of year	Granted during the year	Vested during the year	Expired during the year	Balance at year end
2013 Class A	12-04-13	(i)	nil	70,000	-	-	(70,000)	-
2013 Class B	12-04-13	(i)	nil	64,000	-	-	(64,000)	-
2015 Class C	9-02-15	(i)	nil	200,000	-	-	(130,000)	70,000
2015 Class D	9-02-15	(i)	nil	48,000	-	-	(48,000)	-
Class16A	28-11-16	(ii)	nil	-	2,000,000	-	-	2,000,000
Class16B	28-11-16	(iii)	nil	-	2,250,000	-	-	2,250,000
Class16C	28-11-16	(iv)	nil	-	2,250,000	-	-	2,250,000
				382,000	**6,500,000**	-	**(312,000)**	**6,570,000**

(i) Performance Rights expired due to failure of service condition

(ii) Grant dates were 28 November 16 for 1,500,000 Rights and 20 December 16 for 500,000 Rights

(ii) Grant dates were 28 November 16 for 1,500,000 Rights and 20 December 16 for 750,000 Rights

(iii) Grant dates were 28 November 16 for 1,500,000 Rights and 20 December 16 for 750,000 Rights

4.2 Details of Share Based Compensation to KMP

Details on Rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on Rights that vested during the reporting period are as follows

FY17	Class (1)	Test Date	Number Granted	Grant date	Fair Value at Grant Date $/Right	Number of Rights Vested	Balance at year end
Executives							
Simpson, James	Class 16A	30-06-18	1,500,000	28-11-16	0.145	-	1,500,000
	Class 16B	30-06-19	1,500,000	28-11-16	0.145	-	1,500,000
	Class 16C	30-06-20	1,500,000	28-11-16	0.145	-	1,500,000
			4,500,000		**0.145**	-	**4,500,000**
Churcher, Timothy	Class 16A	30-06-18	500,000	20-12-16	0.150	-	500,000
	Class 16B	30-06-19	750,000	20-12-16	0.150	-	750,000
	Class 16C	30-06-20	750,000	20-12-16	0.150	-	750,000
			2,000,000		**0.150**	-	**2,000,000**

(1) All classes of Performance Rights that Vest into Ordinary Shares, vest at a nil exercise price.

The Performance Rights have been measured at Fair Value using the intrinsic method at grant date (refer to Note 2B (b)(i)). The fair value adjustment expensed during the period for Mr Simpson was $150,312 and for Mr Churcher was $63,588.

5. Shareholdings of Directors and Key Management Personnel

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

FY17			Balance at the start of the year	Vesting of Performance Rights	On Exercise of share options	Other changes during the year	Balance at year end
Directors							
Johnstone, Colin		(i)	-	-	-	800,000	800,000
Simpson, James Bruce		(ii)	-	-	-	331,000	331,000
Comb, Gary		(iii)	281,250	-	-	-	281,250
Conway, Lawrence		(iv)	-	-	-	100,000	100,000
Espie, Paul			-	-	-	-	-
Menzies, Mike			112,500	-	-	350,000	462,500
Symann, Rune			-	-	-	-	-
Wehby, Anthony	(a)	(v)	978,125	-		(978,125)	-
Executives							
Churcher, Timothy			-	-	-	300,000	300,000
Kairaitis, Rimas	(a)	(vi)	4,473,544	-	-	(4,473,544)	-
Willson, Richard	(a)	(vii)	180,000	-	-	(180,000)	-
			6,025,419	-	-	**(3,750,669)**	**2,274,750**

(a) Holding of those KMP who resigned during the year shown as a negative change

(i) Appointed 28 Nov 16, (ii) Appointed 1 Aug 16, (iii) Resigned 30 Jun 17

(iv) Appointed 1 Jun 17, (v) Resigned 28 Nov 16, (vi) Resigned 31 Aug 16, (vii) Resigned 20 Dec 16

FY16		Balance at the start of the year	Vesting of Performance Rights	On Exercise of share options	Other changes during the year	Balance at year end
Directors						
Wehby, Anthony		978,125	-	-	-	978,125
Comb, Gary		281,250	-	-	-	281,250
Espie, Paul		-	-	-	-	-
Menzies, Mike	(i)	112,500	-	-	-	112,500
Milazzo, Mark	(ii)	225,000	-	-	(225,000)	-
Symann, Rune	(i)	-	-	-	-	-
Executives						
Kairaitis, Rimas	(iii)	4,473,544	-	-	-	4,473,544
Churcher, Timothy		-	-	-	-	-
Willson, Richard		180,000	-	-	-	180,000
		6,250,419	-	-	**(225,000)**	**6,025,419**

(i) Appointed 16 Dec 15, (ii) Resigned 27 Jun 16, (iii) Resigned as Managing Director 3 Aug 15

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

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

During the year the Company's auditor, Ernst & Young Australia provided non-audit services. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

The amounts received or due to be received by Ernst & Young Australia for non-audit services are contained in Note 21.

On 8 July 2015 the Board resolved that in accordance with Section 324DAA of the Corporations Act 2001, and the recommendation of the Audit Committee, Mr Ryan Fisk's rotation period as Audit Lead Partner be extended for two years to 30 June 2017. The directors are satisfied that the extension is consistent with maintaining independence, the preservation of knowledge on the engagement, the quality of the audit provided to the Company, and would not give rise to a conflict of interest.

The Company has obtained an independence declaration from its auditor, Ernst and Young, which forms part of this report. A copy of that declaration is included on the following page.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Mr Colin Johnstone

Non-Executive Chairman

30 August 2017

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

As lead auditor for the audit of Aurelia Metals Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Ryan Fisk
Partner
30 August 2017

FINANCIAL STATEMENTS

Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Operating sales revenue	3(a)	108,565	91,945
Cost of sales	3(b)	(81,740)	(78,771)
Gross profit		**26,825**	**13,174**
Corporate administration expenses	3(c)	(3,752)	(4,935)
Gain/(Loss) on debt restructure	3.1	-	10,203
Share based expenses	3(d)	(197)	(973)
Exploration and evaluation costs written off	10	(609)	(174)
Gain/(Loss) on commodity derivatives	3(e)	4,806	(92)
Other income/(expense)	3(f)	(28)	266
Profit/(Loss) before interest and income tax		27,045	17,470
Finance income		453	223
Finance costs	3(g)	(8,165)	(6,749)
Profit/(Loss) before income tax		19,333	10,943
Income tax expense	4	-	-
Profit/(Loss) after income tax		19,333	10,943
Other comprehensive income		-	-
Total Comprehensive Profit/(Loss) for the year		**19,333**	**10,943**
Earnings per share for Profit/(Loss) attributable to the ordinary equity holders of the parent			
Basic Earnings/(Loss) per share (cents per share)	20	4.8	2.8
Diluted Earnings/(Loss) per share (cents per share)	20	3.9	2.4

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

Statement of Financial Position

as at 30 June 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	17	34,863	18,112
Trade and other receivables	5	2,266	2,945
Inventories	6	6,090	5,445
Prepayments		286	358
Financial Assets	7	2,970	455
Total current assets		**46,476**	**27,315**
Non-current Assets			
Mine Properties	8	28,559	30,006
Property, plant and equipment	9	44,796	50,508
Exploration and Evaluation Assets	10	1,581	106
Financial Assets	7	3,625	3,960
Total non-current assets		**78,561**	**84,580**
Total assets		**125,036**	**111,895**
LIABILITIES			
Current liabilities			
Trade and other payables	11	6,934	5,791
Provisions	12	3,326	2,590
Borrowings	13	3,344	329
Total current liabilities		**13,605**	**8,709**
Non-current Liabilities			
Provisions	12	12,910	14,008
Borrowings	13	102,302	113,025
Total non-current liabilities		**115,212**	**127,032**
Total liabilities		**128,817**	**135,742**
Net assets/(liabilities)		**(3,780)**	**(23,847)**
EQUITY			
Contributed Equity	14	100,465	99,929
Reserves	15	4,231	4,034
Retained losses	16	(108,476)	(127,810)
Total equity		**(3,780)**	**(23,847)**

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

Statement of Changes in Equity

for the year ended 30 June 2017

	Note	Issued Share Capital $000's	Share Based Payments Reserve $000's	Accumulated Losses $000's	Total $000's
Balance at 1 July 2015		99,929	3,061	(138,753)	(35,764)
Total Profit/(Loss) for the period		-	-	10,943	10,943
Transactions with owners in their capacity as owners					-
Shares issued for the period		-	-	-	-
Share based payments			973		973
Balance at 30 June 2016		99,929	4,034	(127,810)	(23,847)
Balance at 1 July 2016		99,929	4,034	(127,810)	(23,847)
Total Profit/(Loss) for the period		-	-	19,333	19,333
Transactions with owners in their capacity as owners					-
Shares issued for the period	14	536	-	-	536
Share based payments	26		197		197
Balance at 30 June 2017	14,15	100,465	4,231	(108,476)	(3,780)

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

Cash Flow Statement

for the year ended 30 June 2017

	Note	2017 $000's	2016 $000's
Cash flows from operating activities			
Receipts from customers		109,904	94,750
Payments to suppliers and employees		(64,179)	(71,182)
Interest received		456	238
Interest paid		(64)	(441)
Net cash flows from operating activities	17	46,117	23,365
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,934)	(4,221)
Sale of property, plant and equipment		32	-
Exploration & evaluation expenditure		(2,084)	(164)
Mine capital expenditure		(7,429)	(4,591)
Profit /(loss) on foreign exchange and derivatives		(119)	106
Receipts from settlement of gold forwards		1,955	-
Increase in security deposits		(27)	-
Proceeds from sale of investments		461	
Deferred acquisition (Hera Royalty)	22	(2,103)	(1,214)
		(13,248)	(10,083)
Cash flows from financing activities			
Proceeds from issue of shares		536	-
Repayment of Glencore loans		(15,436)	(13,500)
Drawdown of Glencore loans		-	18,500
Repayment of other borrowings		(391)	(886)
Other finance costs – withholding tax		(827)	(648)
		(16,118)	3,465
Net increase in cash and cash equivalents		16,751	16,747
Cash and cash equivalents at the beginning of the year		18,112	1,365
Cash and cash equivalents at end of the year		34,863	18,112

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 year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 30 August 2017.

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 Metals has four 100% owned subsidiaries, Stannum Pty Ltd (incorporated 15 September 2007), Defiance Resources Pty Ltd (incorporated 15 May 2007), Hera Resources Pty Ltd (incorporated 20 August 2009) and Nymagee Resources Pty Ltd (incorporated 7 November 2011).

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

1A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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.

(i) Going concern

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

For the full year ended 30 June 2017, the Group reported a net profit of $19.333 million (2016: $10.943 million) and net operating cash inflows of $46.118 million (2016: inflows of $23.365 million). At 30 June 2017, the Group is in a net current asset position of $32.871 million (2016: $18.606 million) and net total liability position of $3.780 million (2016: net liability of $23.847 million).

The improvement in the net liability position during the year reflects debt repayments ($15.436 million) to the Company's main financiers and improved operating performance during 2017.

The Company believes that the current debt agreement with the Company's main financier, which includes a deferral of debt obligations and the ability to convert a significant portion of debt into equity (see Operations and Finance Review Section 2.8), combined with improved operating performance and generally positive commodity price environment will enable the business to continue to improve its net liability position and support the going concern basis upon which these financial statements are prepared.

(b) Compliance with IFRS

The Financial Report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted new and amended Australian Accounting Standards and AASB interpretations where applicable from 1 July 2016, which were assessed to have no material impact on the Company, as follows:

Reference	Title	Application date of standard	Application date for Group
AASB 2015-2	Amendments relating to AASB 101 – Disclosure initiative	1 January 2016	1 July 2016

(d) Accounting standards and interpretations issued but not yet effective

The following table sets out new Australian Accounting Standards and Interpretations that have been issued but are not yet mandatory and which have not been early adopted by the Company for the annual reporting period ending 30 June 2017. The Company is the process of assessing the impact of the new standards.

Reference	Title	Application date of standard	Application date for Group
AASB 2016-1	*Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017	1 July 2017
AASB 2016-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*	1 January 2017	1 July 2017
AASB 16	*Leases*	1 January 2019	1 July 2019
AASB 15	*Revenue from Contracts with Customers (i)*	1 January 2018	1 July 2018
AASB 9	*Financial Instruments*	1 January 2018	1 July 2018
AASB 2016-1	*Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017	1 July 2017
AASB 2016-5	*Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018	1 July 2018
AASB 22	*Foreign Currency transactions and Advance Consideration*	1 January 2018	1 July 2018

(i) AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Under AASB 15 the revenue recognition model will change from one based on the transfer of risk and reward of ownership to the transfer of total control. The standard has an effective date for the Group of 1 July 2018. The Group plans to adopt the new standard on the effective date.

During 2017, the Group commenced its preliminary assessment of AASB 15 and the key issues identified are set out below. These are based on the Group's current interpretation of AASB 15 and may be subject to changes as more detailed analysis is completed and as interpretations evolve more generally. The Group is considering and will continue to monitor any further development.

The Groups revenue is derived from bullion and base metal sales:

Bullion sales: For the sale of bullion, ownership and control are passed onto the customer at delivery. We do not anticipate the sales to be materially affected by the new standard.

Base metal sales: For base metal sales, the point of revenue recognition is dependent on the sales contract which is on Cost, Insurance and Freight (CIF) incoterms. As the transfer of title passes to the Buyer upon date of the Holding and Title Certificate and risk passes onto the Buyer once the material has been loaded into the carrying vessel at the Loadport, the timing and amount of revenue recognised for the sale of concentrate is unlikely to be materially affected.

AASB 15 introduces the concept of performance obligations that are defined as "distinct" promised goods or services. For CIF Incoterms, the seller must contact for and pay the costs and freight necessary to deliver the goods to the port of destination. Consequently the freight service on export concentrate represents a separate performance obligation as defined under the new standard. This means a portion of the revenue earned under these contracts, representing the cost of the freight services, will be deferred and recognised at the time the obligation is fulfilled. Based on the preliminary assessment performed the impact of this change on the amount of revenue recorded is not expected to be material.

All other new Australian Accounting Standards that have been issued but are not yet effective are not expected to have a material impact on the group.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Aurelia Metals Limited and its subsidiaries (as outlined in Note 1).

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

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

(f) Foreign Currency

Functional and Presentation Currency

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

Transactions and Balances

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

(g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of less than three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

(h) Trade and other receivables

Trade receivables comprising base metal concentrates and gold bullion awaiting settlement are initially recorded at the fair value of contracted sale proceeds expected to be received only when there has been a passing of significant risks and awards of ownership to the customer. Collectability of debtors is reviewed on an ongoing basis.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Other collectables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

(i) Inventories / Materials on hand

Gold bullion, metal in concentrate, metal in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted. Until mine properties are in production, any differences in cost and net realisable value are capitalised to the respective asset in development.

If the ore stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of spot prices by volume at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

Materials and supplies on hand are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(j) Property, Plant and Equipment and Mine Properties

Items of property, plant and equipment and producing mines are stated at cost, less accumulated depreciation, amortisation and accumulated impairment losses.

Initial recognition

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

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

Depreciation/amortisation

Accumulated mine development costs are depreciated/amortised on a unit-of-production basis over the economically recoverable reserves and the portion of mineral resources considered to be probable of economic extraction, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is applied. The unit of account for run of mines (ROM) costs is Gold Metal Equivalent units mined (measured in ounces), whereas the unit of account for post-ROM costs is Gold Metal Equivalent units processed (measured in ounces). Rights and concessions are depleted on the unit-of-production (UOP) basis over the economically recoverable reserves of the relevant area. The unit-of-production rate calculation for the depreciation/amortisation of mine development costs takes into account expenditures incurred to date, together with planned future development expenditure.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortised on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortisation, until the resource becomes probable of economic extraction in the future and is recognised in exploration and evaluation assets.

Other plant and equipment, is calculated on a straight-line basis over their estimated useful lives as follows:

- Plant and equipment over three to five years
- Land – not depreciated
- Motor vehicles – three to five years
- Leasehold improvements – three to five years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Derecognition

Items of property, plant and equipment and producing mines are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(k) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Exploration and evaluation expenditure

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.

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.

Mines under construction

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised 'Mine properties under construction '. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Producing mines

Upon completion of the mine construction phase, assets are transferred into 'Property, Plant and Equipment' or 'Mine Properties'.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Provisions and employee benefits

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

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(o) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(q) Income recognition

Income, including management fees, is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the income can be reliably measured. The following specific recognition criteria must also be met before income can be recognised:

Gold and Silver Bullion Sales

Revenue from gold and silver bullion sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

Zinc, Lead and Silver in Concentrate Sales

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and three months.

Interest

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

(r) Share-based payment transactions

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using the Black Scholes model or Trinomial Barrier Option model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Aurelia ('market conditions').

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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

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

(s) Income tax

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

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

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

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

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

(t) Other taxes

Income, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(u) Contributed equity

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

(v) Operating 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 maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn income. 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.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(w) Earnings/(loss) per share

Basic earnings/(loss) per share

Basic earnings /(loss) per share is calculated by dividing the profit /(loss) attributable to equity holders of the company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earningst/(loss) per share

Diluted earnings per share is calculated as net profit /(loss) attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in income or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(x) Financial instruments

(i) Financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and de-recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent valuation

After initial recognition, the Group measures financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except for the following financial assets:

- Loans and receivables, which shall be measured at amortised cost using the effective interest method;
- Held-to-maturity investments as, which shall be measured at amortised cost using the effective interest method; and
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities may include trade and other payables, loans and borrowings, including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired or incurred for the purpose of selling or repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer Note 13.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

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

(y) Comparative information

At balance sheet date, cash security deposits supporting environmental bonds of $3.510 million (2016: $3.483 million) have been reclassified from cash and cash equivalents to non-current assets under Financial Assets. The balances of Cash and cash equivalents and Financial Assets at 30 June 2016 have been restated accordingly for comparability purposes.

	Cash & equivalents $'000	Financial Assets $'000	Total $'000
As previously presented - 30 June 16	21,595	477	22,072
As currently presented - 30 June 16	18,112	3,960	22,072

2B. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, income and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(a) Significant accounting judgements

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditure is capitalised when either, costs are expected to be recouped through successful development and exploitation of the area of interest; or alternatively by its sale: or exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Costs incurred on mining tenements are allocated to specific geological structures within the mining tenement. Where specific geological structures within tenement are yet to be identified, the costs are allocated across the entire tenement on a proportional basis. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made and in the event that these assumptions no longer hold valid then this expenditure may, in part or full, be expensed through the income statement in future periods – see Note 10 for disclosure of carrying values.

(b) Significant accounting estimates and assumptions

(i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes or Trinomial Barrier Option Model formula taking into account the terms and conditions upon which the instruments were granted. For equity instruments where the fair value cannot be reliably measured, the equity instruments are measured at their intrinsic value, initially at the grant date, and subsequently at the end of each reporting period and at the date of final settlement, with any change in intrinsic value recognised in profit or loss.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(ii) Deferred acquisition costs in relation to Hera

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

(iii) Fair Value of Debt

The Company is required under accounting standards to account for an exchange between borrower and lender with ‘substantially different’ terms as an extinguishment of the original facility and the recognition of a new financial liability. It is noted that there is significant judgement in determining the fair value of borrowings. Refer to Note 3.1 Significant Items for further detail on the fair value of debt.

(iv) Unit of Production Method of Depreciation/Amortisation

The Company uses the unit-of production basis where depreciating/amortising specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item’s economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

(v) Impairment of Assets

The Company assesses each Cash-Generating Unit (GGU), at each reporting period to determine whether there is any indication of impairment or reversal. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value costs of disposal and value in use calculated in accordance with accounting policy Note 2A(j). These assessments require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, gold multiple values, future operating development and sustaining capital requirements and operating performance.

(vi) Rehabilitation

The Group makes full provision for the future cost of rehabilitating the Hera mine site and related production facilities at the time of developing the mine and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to April 2021. These provisions have been created based on Aurelia's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future gold, lead and zinc prices, which are inherently uncertain.

(vii) Estimate for embedded derivatives

The Company measures embedded derivatives related to provisional pricing on concentrate sales. Concentrate sales are initially recorded using provisional metal prices and metal volumes. Concentrate sales which are not finalised at the reporting date, are re-measured to fair value using quoted forward base metal prices over the agreed quotational period (which can be one to three months after the date of shipment of base metal concentrates). The resulting gain or loss on re-measurement of the provisional invoice value to fair value is recognised through the income Statement at each reporting date.

3. 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:

	2017 $'000	2016 $'000
(a) Operating sales revenue		
Gold	76,580	75,007
Base metal concentrate	31,130	16,418
Silver	855	519
Total operating sales revenue	108,565	91,945
(b) Cost of sales		
Site production costs	52,519	51,264
Transport and refining	5,417	4,618
Royalty	2,641	1,634
Inventory movement	(236)	(2,170)
	60,340	55,346
Depreciation and amortisation	21,400	23,425
Total cost of sales	81,740	78,771
(c) Corporate administration expenses		
Corporate expenses	3,691	4,691
Corporate depreciation	61	244
Total corporate administration expenses	3,752	4,935
(d) Share based expenses		
Share based payments expense - employees	197	59
Share based payments expense - other (i)	-	914
Total share based expenses	197	973

(i) Relates to share options issued to Pybar, Pacific Road and Glencore.

	2017 $'000	2016 $'000
(e) Gain/(Loss) on commodity derivatives		
Gain/(Loss) on foreign exchange	(83)	(116)
Gain on gold forward contracts	4,156	-
Embedded derivatives and hedging on base metals	733	24
Total gain/(loss) on commodity derivatives	4,806	(92)

	2017 $'000	2016 $'000
(f) Other income/(expenses)		
Gain/(Loss) on disposal of plant and equipment	(314)	(354)
Sundry income	187	415
Gain/(loss) on revaluation of financial assets	26	205
Gain/(Loss) on disposal of financial assets	73	-
Total other income/(expenses)	(28)	266
(g) Finance costs		
Interest expense	8,119	3,329
Finance charge on FV debt adjustment	-	1,734
Withholding tax incurred on borrowings	-	893
Amortisation of capitalised borrowing costs	-	753
Unwind of discount - Rehabilitation provision	45	40
Total finance costs	8,165	6,749
(h) Depreciation and amortisation		
Property, plant and equipment	9,852	10,818
Mine properties	11,610	12,851
Total depreciation and amortisation	21,462	23,669
Represented by:		
Cost of sales depreciation	21,400	23,425
Corporate depreciation	61	244
Total depreciation and amortisation	21,462	23,669
(i) Employee benefits expense		
Salaries, on-costs and other employee benefits	10,215	8,123
Superannuation expense	719	633
Share based payments expense - employees	197	59
Total employee benefits expense	11,131	8,815

3.1 SIGNIFICANT ITEMS

Significant items are those items where their nature or amount is considered material to the financial report. There were no significant items for the current year.

In prior year the Company restructured its debt facilities with Glencore which resulted in a gain on debt extinguishment of $10.203 million. This was recognised in the income statement at 30 June 2016.

4. INCOME TAX

a) Income Tax Expense	2017 $'000	2016 $'000
Current income tax charge	5,423	3,623
Adjustment in respect of current income tax from previous years	-	-
Deferred income tax - relating to origination and reversal of temporary differences	(5,423)	(3,623)
Income tax expense reported in the income statement	-	-

b) Numerical reconciliation of income tax expense to prima facie tax payable

Accounting profit/(loss) before income tax	19,333	10,943
Tax at the Australian tax rate of 30%	5,800	3,283
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Share based payments and other non-deductible and non-assessable items	(377)	340
Previously unrecognised tax expense/(benefit) now recognised	(5,423)	(3,623)
Income tax expense	-	-

c) Deferred tax assets recognised

Deferred tax assets of $35.974m (2016: $40.199m) have been recognised to the extent of the deferred tax liabilities of $35.974m (2016: $40.199m). This is made up of the following items:

Deferred Tax Assets	2017 $'000	2016 $'000
Provisions	5,069	4,682
Other	25,484	35,517
Carry forward tax losses recognised	5,421	-
	35,974	40,199
Deferred Tax Liabilities		
Temporary differences:		
Fixed assets	(9,290)	(17,801)
Provisions	-	-
Other	(26,684)	(22,398)
	(35,974)	(40,199)

d) Deferred Tax Assets not recognised

Deferred tax assets have not been recognised in respect of the following item:

Deferred Tax Assets	2017 $'000	2016 $'000
Carry forward tax losses not recognised	25,315	36,159
	25,315	36,159

e) Tax Losses

The Group has available tax losses of $102.4 million (2016: $120.53 million).
Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised.

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5. TRADE AND OTHER RECEIVABLES

	2017 $'000	2016 $'000
Trade debtors	1,572	2,269
GST receivable	677	656
Accrued interest	17	20
Closing balance	2,266	2,945

All of the above are non-interest bearing and generally receivable on 30-90 day terms. Due to the short term nature their carrying value approximates their fair value. At balance date, no material amount of trade receivables were past due or impaired.

6. INVENTORIES

	2017 $'000	2016 $'000
Stores inventory (materials on hand)	2,469	2,060
Ore stockpiles	378	641
Metal in circuit	117	92
Finished concentrate	2,559	1,569
Finished gold dore	568	1,083
Total current inventory	6,090	5,445

All inventory is held at Cost. Adjustments to inventory are recognised through cost of sales.

7. FINANCIAL ASSETS

	2017	2016
Current	**$'000**	**$'000**
Gold Forward Contracts	2,202	0
Embedded Derivatives – provisionally priced sales	769	455
	2,970	455
Non-current		
Shares in Aus Tin Mining Limited (i)	115	477
Term Deposits	3,510	3,483
	3,625	3,960
(i) Movement in carrying value		
Opening balance	477	273
Gain/(Loss) on revaluation	26	205
Sale of investments	(389)	-
Closing balance	115	477

8. MINE PROPERTIES

	2017 $'000	2016 $'000
Opening balance	30,006	33,307
Mine assets scrapped	-	57
Development expenditure during the year	10,163	9,493
Amortisation for the year	(11,610)	(12,851)
Closing balance	28,559	30,006

Impairment losses

Impairment tests are performed when there are indicators for impairment. The Group conducts a review of indicators for impairment at each reporting date. Indicators reviewed include, but are not limited to, the operating performance of the CGU or Cash Generating Unit, future business plans, assumptions around future commodity prices, exchange rates, production rates and production costs.

2017

A review of indicators for impairment was conducted at 30 June 2017. There were no indicators identified that warranted a full impairment test at 30 June 2017.

2016

A review of indicators for impairment was conducted at 30 June 2016. There were no indicators identified that warranted a full impairment test at 30 June 2016.

9. PROPERTY, PLANT AND EQUIPMENT

	2017 $'000	2016 $'000
Plant and equipment at cost	68,111	64,271
Property at cost (i)	275	275
Accumulated depreciation and impairment	(23,591)	(14,038)
Total property, plant and equipment	44,796	50,508
Movement in Property, Plant & Equipment		
Opening balance	50,508	57,459
Additions/expenditure during the year	4,486	4,278
Assets scrapped/written off	(336)	(411)
Disposals of assets	(10)	-
Depreciation for the year	(9,852)	(10,818)
Closing balance	44,796	50,508

(i) Property assets are held at cost and are not depreciated.

10. EXPLORATION AND EVALUATION ASSETS

	2017 $'000	2016 $'000
At cost	24,866	22,782
Accumulated write offs	(23,285)	(22,676)
Total exploration and evaluation assets	1,581	106
Opening balance	106	116
Expenditure during the year	2,084	174
Expenditure written off during the year	(609)	(174)
Disposal of assets	-	(10)
Closing balance	1,581	106

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.

11. TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
Trade payables	2,481	1,887
Accrued expenses	4,453	3,904
	6,934	5,791

Trade payables are non-interest bearing and generally payable on 7 to 30 day terms and due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

12. PROVISIONS

2017	Rehabilitation (i) $'000	Deferred Acquisition Costs (ii) $'000	Employee $'000	Other (iii) $'000	Total $'000
Opening balance	2,384	10,560	692	2,961	16,598
Reclassification to payables	-	-	-	(18)	(18)
Re-measurement of provision	1,813	929	753	-	3,496
Discount unwind charged to Income Statement	(45)	-	-	-	(45)
Paid/utilised during the year	-	(2,103)	(863)	(827)	(3,793)
Closing Balance	4,152	9,386	583	2,115	16,237
Comprising:					
Current 2017	-	2,774	552	-	3,326
Non-current 2017	4,152	6,612	31	2,115	12,910
Total provisions 2017	4,152	9,386	583	2,115	16,237
Current 2016	-	1,971	619	-	2,590
Non-current 2016	2,384	8,589	73	2,961	14,008
Total provisions 2016	2,384	10,560	692	2,961	16,598

(i) Rehabilitation provision represents the present value of the estimated future rehabilitation cost relating to the mine sites. Timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. The Company holds a term deposit of $2.933 million (2016: $2.933 million) as security over the rehabilitation costs.

(ii) Deferred acquisition costs are valued at fair value by using the discounted cash flow methodology based on the five year Australian government bond rate of 2.18% (refer to Note 22).

(iii) Other provisions represent withholding tax which is payable when accrued interest on the Glencore debt is capitalised and/or paid.

13. BORROWINGS

Current	2017 $'000	2016 $'000
Finance leases (a)	343	329
Glencore borrowings (b)	3,001	-
Total current borrowings	**3,344**	**329**
Non-current		
Finance leases (a)	285	575
Glencore borrowings (b)	102,017	112,449
Total Non-current borrowings	**102,302**	**113,025**
Total Current and Non-current borrowings		
Finance leases	628	904
Glencore borrowings	105,018	112,449
Total borrowings	**105,646**	**113,353**

(a) Finance leases have been used to fund light vehicles, and some fixed and mobile plant for the crushing/screening circuit of the processing mill. Terms: Fixed monthly repayments in advance; Period three-five years; Fixed interest rates ranging between 6.7%-7.1%; Nil residual.

(b) The Glencore borrowings are fully secured against all mine property, plant and equipment assets. Under the current agreement with Glencore on each CFADS (Cash Flow Available for Debt Service) testing date, if the total CFADS for the preceding three months is >$10 million, then a mandatory upside repayment is made equally against all drawn facilities. The mandatory repayment equals the quarterly CFADS less $10 million. Double counting is excluded. CFADS equal revenue less all costs relating to mining, processing, site admin, corporate admin, discovery costs and all working capital. It excludes any inflows from any equity issue and excludes and debt servicing costs. The first CFADS testing date was 18 June 2016, then every month thereafter. The mandatory repayment date is the final day of the calendar quarter following the testing date. Total CFADS sweep repayments of $5.356 million were paid during the year. All interest is suspended until 31 March 2018.

Refer to Section 2.9 of the Operating and Financial Report for further details regarding the maturity dates, convertibility and interest rates of the Glencore borrowings.

Summary of Glencore Borrowings		**2017**	**2016**
Carrying Value of Glencore Borrowings		**$'000**	**$'000**
Facility A		-	9,087
Facility B	(i)	52,204	51,442
Facility C		30,461	29,913
Facility D		-	-
Facility E		5,427	5,329
Facility F	(i)	16,925	16,678
Current and Non-Current Glencore Liability Balance		105,018	112,449
Face Value of Glencore Borrowings (undiscounted value)			
Facility A		-	10,080
Facility B		54,403	57,061
Facility C		31,883	33,441
Facility D		-	-
Facility E		5,690	5,968
Facility F		17,638	18,500
Face Value of Current and Non-Current Glencore Borrowings		109,614	125,050

(i) Convertible into shares five business days prior to 31 March 2018. Conversion price is based on the 60-day volume weighted average price of the Company's ordinary shares prior to the conversion notice. The amount able to be converted will reduce by the total of all early repayment amounts applied to Facilities C&E up to 31 March 2018. At balance date, no early repayments had been undertaken. Repayment Start Date is reset to 31-Mar-18 and Maturity date is reset to 30-Sep-20, if any portion of debt is converted.

14. CONTRIBUTED EQUITY

a) Movement in ordinary shares on Issue

2017		**Date**	**Number**	**$'000**
Opening balance		01-Jul-16	387,991,188	99,929
Issue of shares	(i)	08-Feb-17	40,000,000	500
Issue of shares	(ii)	23-Feb-17	2,867,000	36
Closing balance		30-Jun-17	430,858,188	100,465
2016				
Opening balance		01-Jul-15	387,991,188	99,929
Closing balance		30-Jun-16	387,991,188	99,929

(i) Issue related to the exercise of 40,000,000 options, exercisable at 1.25c/share by Pacific Road Capital Management Pty Ltd.

(ii) Issue to Glencore pursuant to the anti-dilution and top-up rights granted to Glencore under the subscription agreement dated 11 February 2013, as amended and restated on 18 December 2015

14.1 Ordinary shares

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

14.2 Capital management

The entity does not have a defined share buy-back plan or a dividend reinvestment plan. No dividends were paid in the year ending 30 June 2017.

15. RESERVES

	2017 $'000	**2016 $'000**
Share based Payments Reserve	4,231	4,034

(a) Movement in Reserves	**2017 $'000**	**2016 $'000**
Opening balance	4,034	3,061
Share based payment expense	197	973
Closing balance	4,231	4,034

(b) Movement in options on issue

		Date	2017 Number	2016 Number
Opening balance		01-Jul-16	158,000,000	2,700,000
40 million option issue at $0.0125	(i)	28-Sep-15	-	40,000,000
10 million option issue at $0.0125	(ii)	30-Nov-15	-	10,000,000
108 million option issue at $0.04	(iii)	01-Apr-16	-	108,000,000
Expiry of options - Glencore	(iii)	09-Dec-16	(108,000,000)	-
Expiry of options - other			-	(2,700,000)
Exercise of options	(iv)	09-Feb-17	(40,000,000)	-
Closing balance		30-Jun-17	10,000,000	158,000,000

(i)&(ii) Relate to share options issued to Pybar and Pacific Road as announced to ASX on 28 September 2015. The options expire on 28 September 2020 with a strike price of 1.25c/share. Calculation of the option value and related expense is based on Black Scholes methodology using a risk free rate of 2.68% and the following assumptions:

(i) Pacific Road: 40 million options - grant date of 28 September 2015, share price at grant date of 1.3c/share, volatility of 107%, fair value per option 1.02c/share

(ii) Pybar: 10 million options - grant date of 30 November 2015, share price at grant date of 4.46c/share, volatility of 111%, fair value per option 4.46c/share

(iii) Relates to share options granted to Glencore on 1 April 2016. These options were cancelled on 9 December 2016 with the full repayment of Facility A.

(iv) Relates to exercise of options by PacRoad Capital Management Pty Ltd.

(c) Movement in Performance Rights on Issue

	Date	2017 Number	2016 Number
Opening balance	01-Jul-16	382,000	1,132,000
Grant of performance rights	28-Nov-16	4,500,000	-
Grant of performance rights	20-Dec-16	2,000,000	-
Expiry of performance rights	various	(312,000)	(750,000)
Closing balance	30-Jun-17	6,570,000	382,000

(d) Total Movement in Options & Rights

	2017 Number	2016 Number
Opening balance	158,382,000	3,832,000
Net movement in options	(148,000,000)	155,300,000
Net movement in performance rights	6,188,000	(750,000)
Closing balance	16,570,000	158,382,000

16. RETAINED LOSSES

Movements in retained losses were as follows:

	2017 $'000	2016 $'000
Opening balance	(127,810)	(138,753)
Profit attributable to members of Aurelia Metals Limited	19,333	10,943
Closing balance	(108,476)	(127,810)

17. CASHFLOW STATEMENT

	2017 $'000	2016 $'000
Reconciliation of the Profit after tax to the net cash flows used in operating activities		
Net Profit after tax	19,333	10,943
Adjustments for:		
Share based payments	197	973
(Gain)/Loss on debt restructure	-	(10,203)
Exploration and evaluation assets written off	609	174
Depreciation and amortisation	21,462	23,669
(Gain)/Loss on revaluation of investments	(99)	(205)
(Gain)/Loss on revaluation of commodity derivatives	(4,806)	92
(Gain)/Loss on scrapping of plant and equipment	314	354
Interest and amortisation of borrowing costs	8,101	5,292
Changes in assets and liabilities:		-
(Increase)/decrease in receivables	1,492	2,785
(Increase)/decrease in prepayments	72	(213)
Increase/(decrease) in trade and other payables	1,042	(8,559)
Increase/(decrease) in provisions	(955)	433
Movement in inventory	(645)	(2,170)
Net cash flow from operating activities	46,117	23,365

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

Of the $34.9 million cash at bank held at 30 June 2017, $29.825 million (2016: $12.840 million) is held within Hera Resources Limited and subject to existing loan agreements is restricted for use by Hera Resources.

18. EXPENDITURE COMMITMENTS

18.1 Operating lease commitments

The Group has entered into commercial leases on certain services and items of plant and machinery. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2017 are as follows:

	2017 $'000	2016 $'000
Within one year	2,853	1,465
Between one and five years	2,178	1,403
More than five years	-	-
Closing balance	5,032	2,868

18.2 Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery.

Future minimum rentals payable under finance leases and hire purchase contracts together with the present value (PV) of the net minimum lease payments are as follows:

	2017 $'000		2016 $'000	
	Minimum payments	PV of payments	Minimum payments	PV of payments
Within one year	373	343	380	329
Between one and five years	293	285	614	575
More than five years	-	-	-	-
Total Payments	667	628	994	904
Less: Finance charges	(38)		(90)	
PV of lease payments	**628**	**628**	**904**	**904**

18.3 Commitments

At 30 June 2017, the Group had commitments of $2.808 million (2016: $2.821 million), including $1.271 million relating to annual exploration/mining lease minimum annual expenditures (2016:$1.394 million)

19. SUBSEQUENT EVENTS

The following significant events occurred after 30 June 2017:

- 31 July 2017 – release of updated Hera Ore Resources and Reserve Statement
- 3 August 2017 – Early debt repayment mechanism agreed and first $10M early debt repayment completed (see Section 2.9 of the Operations and Financial Review).

20. EARNINGS PER SHARE

	2017 $'000	2016 $'000
Profit/(Loss) used in calculating basic and dilutive EPS	19,333	10,943
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	404,667,835	387,991,188
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	490,531,961	452,835,101
Basic Earnings/(Loss) per share (cents per share)	4.8	2.8
Diluted Earnings/(Loss) per share (cents per share)	3.9	2.4

21. AUDITOR'S REMUNERATION

The Auditor of Aurelia Metals Limited is Ernst & Young.

	2017	2016
Audit Services	**$'000**	**$'000**
Audit and Review of Financial Statements	138	140
Non-Audit Services		
Tax compliance & other work	55	32
Total Audit and Non-Audit Services	193	172

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

22. HERA PROJECT DEFERRED ACQUISITION COSTS

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

The Consolidated Entity has recorded deferred consideration of $9.386 million ($10.560 million at 30 June 2016) representing the net present value of projected royalty payments due under the revised terms of the acquisition, calculated based on information available as at 30 June 2017. The deferred consideration is revalued at each reporting date through the carrying value of the asset in accordance with the transitional requirements of AASB 3 Business combinations.

23. OPERATING SEGMENTS

23.1 Identification of reportable segments

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 for and development of minerals in Australia. The operating segments are identified by management based on the size of the exploration tenement. The reportable segments are split between the Hera – Nymagee project, being the most significant current project of the Company, and all other tenements. 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.

23.2 Accounting policies and inter-segment transactions

The accounting policies used by the Company in reporting segments are the same as those contained in Note 2A to the accounts. 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
- Gain/(Loss) recorded on the sale of financial assets, investment revaluations, debt restructuring, foreign exchange and commodity derivative transactions.

23.3 Profit/(Loss) of reportable segments

	Hera-Nymagee project $000's	Corporate $000's	Total $000's
Year ended 30 June 2017			
Sales	108,565	-	108,565
Site EBITDA	48,231	(3,696)	44,535
Depreciation and amortisation	(21,400)	(61)	(21,462)
Exploration costs written off	(588)	(21)	(609)
Segment Profit/(Loss) after tax	26,242	(3,778)	22,464
Reconciliation of Profit/(Loss) before income tax expense			
Interest and other income			453
Gain/(Loss) on foreign exchange, hedging and derivatives			4,806
Gain/(Loss) on revaluation of investments			(28)
Interest, finance and other charges			(8,165)
Share based expenses			(197)
Profit/(Loss) before Income Tax Expense			19,333

	Hera-Nymagee project $000's	Corporate $000's	Total $000's
Year ended 30 June 2016			
Sales	91,945	-	91,945
Site EBITDA	36,599	(4,691)	31,908
Depreciation and amortisation	(23,425)	(244)	(23,669)
Exploration costs written off	(109)	(64)	(174)
Segment Profit/(Loss) after tax	13,064	(4,999)	8,065
Reconciliation of Profit/(Loss) before income tax expense			
Interest and other income			284
Gain/(Loss) on debt restructure			10,203
Gain/(Loss) on foreign exchange, hedging and derivatives			(92)
Gain/(Loss) on revaluation of investments			205
Interest, finance and other charges			(6,749)
Share based expenses			(973)
Profit/(Loss) before Income Tax Expense			10,943

23.4 Asset and Liability position of reportable segments

	Hera-Nymagee project $000's	Corporate $000's	Total $000's
Segment assets at 30 June 2017			
Cash and cash equivalents	29,825	5,038	34,863
Trade and other receivables	1,576	690	2,266
Inventories and materials on hand	6,090	-	6,090
Prepayments	54	232	286
Property, plant and equipment	44,470	325	44,796
Mine properties	28,559	-	28,559
Financial assets	2,970	3,625	6,595
Exploration an and evaluation assets	1,411	170	1,581
Total assets at 30 June 2017	114,956	10,080	125,036
Segment liabilities at 30 June 2017			
Trade and other payables	6,572	362	6,934
Deferred acquisition costs - current	2,774	-	2,774
Deferred acquisition costs - non - current	6,612	-	6,612
Hera Rehabilitation provision	4,152	-	4,152
Provisions	2,570	129	2,698
Borrowings	88,720	16,925	105,646
Total liabilities at 30 June 2017	111,400	17,416	128,817

	Hera-Nymagee project $000's	Corporate $000's	Total $000's
Segment assets at 30 June 2016			
Cash and cash equivalents	12,840	5,272	18,112
Trade and other receivables	2,724	676	3,400
Inventories and materials on hand	5,445	-	5,445
Prepayments	163	195	358
Property, plant and equipment	50,224	284	50,508
Mine properties	30,006	-	30,006
Financial assets	-	3,960	3,960
Exploration an and evaluation assets	19	87	106
Total assets at 30 June 2015	101,420	10,474	111,895
Segment liabilities at 30 June 2016			
Trade and other payables	5,478	312	5,791
Deferred acquisition costs - current	1,971	-	1,971
Deferred acquisition costs - non - current	8,589	-	8,589
Hera Rehabilitation provision	2,384	-	2,384
Provisions	3,318	335	3,653
Borrowings	96,675	16,678	113,353
Total liabilities at 30 June 2016	118,416	17,326	135,742

(1) Geographic and revenue diversity information

During the period the $77.435 million (2016: $75.526million) of gold and silver revenue was derived from customers in Australia and base metal revenue of $31.130 million (2016: $16.418 million) was derived from countries outside of Australia.

The Company has base metal concentrate offtake agreements with Glencore. During the period approximately 28% of revenue relied on the sale of base metal concentrate to Glencore.
All gold and silver sales were to Perth Mint.

24. PARENT COMPANY INFORMATION

Information relating to the parent entity of the Group, Aurelia Metals Limited:

	2017 **$000's**	**2016** **$000's**
Current assets	5,959	9,626
Non-current assets	3,951	761
Total assets at 30 June 2017	9,910	10,387
Current liabilities	460	574
Non-current liabilities	16,956	16,751
Total liabilities	17,416	17,326
Net (liabilities)/assets	(7,507)	(6,938)
Issued capital	100,465	99,929
Reserves	4,231	4,034
Accumulated losses	(112,202)	(110,901)
Total shareholders' equity	(7,507)	(6,938)
Profit/(Loss) for the year	(4,841)	(4,137)

Commitments

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

	Parent **2017** **$000's**	**Parent** **2016** **$000's**
Within one year	54	77
After one year but not longer than five years	111	-
	165	77

Commitments include lease of head office premises, lease of office equipment, and telecommunications services contract.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's management of financial risk aims to ensure cash flows are sufficient to:

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

The Group continually monitors and tests its forecast financial position against these criteria. The key financial risk exposures are liquidity risk, credit risk, and market risk (including foreign exchange risk, commodity price risk and interest rate risk).

The Directors are responsible for monitoring and managing financial risk exposures of the Group. The Group's financial instruments consist mainly of borrowings, deposits with banks, derivatives, payables and receivables.

The Group holds the following financial instruments:

Financial Assets	2017 $'000	2016 $'000
Cash at bank	34,863	18,112
Term deposits	3,510	3,486
Receivables	3,035	3,400
Other financial assets	2,317	477
Balance at year end	43,725	25,475
Financial Liabilities		
Trade and other payables	6,934	5,791
Borrowings	105,646	113,353
Deferred acquisition royalty	9,386	10,560
Closing balance	121,966	129,704

25.1 Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company has significant short and long term financial obligations. The primary risk factor relates to the Company's ability to reorganise its debts when required to manage any foreseen or unforeseen liquidity events.

Liquidity risk is managed through maximising operational cash flow, negotiation of its current debt commitments and a reliance on equity funding from its shareholders or other market participants.

25.2 Maturities of financial liabilities

The table below shows the Group's financial arrangements at 30 June 2017 in their relevant contractual maturity groupings. Trade and other payables are expected to be settled within 12 months.

Maturity Profile of financial liabilities

2017	<1 Yr $'000	1-2 Yrs $'000	2-3 Yrs $'000	3-4 Yrs $'000	>4 Yrs $'000	Contracted cash flow of liability $'000	Carrying value of liability $'000
Facility B	-	3,627	9,020	17,082	24,674	54,403	52,204
Facility C	2,126	5,286	10,011	14,460	-	31,883	30,461
Facility E	875	4,814	-	-	-	5,690	5,427
Facility F	-	1,176	2,925	5,538	8,000	17,638	16,925
Sub-total Debt	**3,001**	**14,904**	**21,956**	**37,080**	**32,673**	**109,614**	**105,018**
Equipment Loans	343	285	-	-	-	628	628
Deferred Acquisition Costs	2,799	3,888	2,087	918	-	9,692	9,386
Total	**6,143**	**19,077**	**24,043**	**37,998**	**32,673**	**119,934**	**115,032**

2016	<1 Yr $'000	1-2 Yrs $'000	2-3 Yrs $'000	3-4 Yrs $'000	>4 Yrs $'000	Contracted cash flow of liability $'000	Carrying value of liability $'000
Facility A	-	672	1,671	3,165	4,572	10,080	9,087
Facility B	-	3,804	9,461	17,917	25,879	57,061	51,442
Facility C	-	2,229	5,545	10,500	15,167	33,441	29,913
Facility E	-	918	5,050	-	-	5,968	5,329
Facility F	-	1,233	3,067	5,809	8,390	18,500	16,678
Sub-total Debt	-	**8,857**	**24,794**	**37,390**	**54,008**	**125,050**	**112,449**
Equipment Loans	329	290	285	-	-	904	904
Deferred Acquisition Costs	1,993	1,938	1,993	1,816	2,793	10,533	10,560
Total	**2,322**	**11,085**	**27,072**	**39,206**	**56,801**	**136,487**	**123,913**

25.3 Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the entity which have been recognised in the Consolidated Statement of Financial Position is the carrying amount, net of any provision for doubtful debts. Credit risk is managed through the maintenance of procedures which ensure, to the extent possible, that counterparties to transactions are of sound creditworthiness. Such monitoring is used in assessing receivables for impairment. No receivables are considered past due or impaired.

25.4 Market Risk Exposures

a) Foreign Currency Risk

The Group undertakes transactions impacted by foreign currencies; hence exposures to exchange rate fluctuations arise. Although the majority of the Group costs, including development expenditure, are in Australian dollars many of these costs are affected either directly or indirectly by movements in exchange rates. Revenue during the year from the sale of commodities is largely affected by movements in the USD:AUD exchange rate.

Currently the Group does not hedge against this risk. The group considers the effects of foreign currency risk on its financial position and financial performance and assesses its option to hedge based on current economic conditions and available market data.

The majority of sales, 100% in the case of gold and 75% to 80% in the case of base metals, are immediately converted to Australian dollars at the time of sale. The foreign currency exposure to revenue not converted at time of sale in the period to a 5% change in US$ exchange rate was an approximately $0.411 million sensitivity in profit/loss and equity.

b) Commodity Price Risk

The Group's revenue is exposed to commodity price fluctuations, particularly gold, lead and zinc prices. Price risk relates to the risk that the fair value of future cash flows of commodity sales will fluctuate because of changes in market prices largely due to supply and demand factors for commodities. The Group is exposed to commodity price risk due to the sale of gold, lead, zinc and copper on physical prices determined by the market at the time of sale.

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

A contract for gold forward sales was implemented during the year and a gain of $4.156 million achieved for the year ($1.954 million generated from the close out of 23,450 oz of gold forwards and a gain of $2.202

million relating to marked-to-market value of the hedge book at 30 June 2017). At balance date, the Company's gold forward position was 25,000 oz of gold at an average price of A$1,706/oz with deliveries to mid-2018. Gold put options and base metal quotational period hedging was not utilised during the year.

During the financial year, gold sales were 45,679 ounces. The effect on the income statement with an A$50/oz increase/decrease in gold price would have been an increase/decrease in profit/loss and equity of $2.3 million.

During the financial year, the company sold bulk concentrate containing payable lead of 6,582 tonnes and payable zinc of 7,129 tonnes. An increase/decrease of US$50/t in the price of lead and zinc, would increase/decrease profit/loss and equity by $0.618 million.

c) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The group has long term financial liabilities on which it pays interest and also holds cash and short term deposits on which it receives interest.

The Group's interest rate risk arises from variable interest rates on interest bearing liabilities. As at 30 June 2017, the Group held variable interest rate debt with a face value of $109.614 million. Interest ceased accruing on this loan on 23 November 2015 and remains in a payment suspension until 31 March 2018. An increase/decrease in the variable interest rates of 0.25% during the year would have resulted in a $108,863 decrease/increase in profit/loss and equity..

The Group has not entered in any hedging activities to cover interest rate risk. The Group continually analyses its exposure to interest rate risk. Consideration is given to alternative financing options, potential renewal of existing positions, alternative investments and the mix of fixed and variable interest rates.

25.5 Capital risk management

The Group's capital structure consists of borrowings and equity. The capital management strategy is to maximise shareholder value through having an appropriate balance of debt and equity in recognition of the maturity and operational risk of the business. The current debt position of the Company is high in absolute and relative terms. The Group has sought to reduce the financial risk of the debt amounts by ensuring a significant part of the debt be convertible to equity, and by having, when commercially possible, commodity price protection.

The Group continues to monitor the capital of Aurelia by assessing the financial risks and adjusting the capital structure in response to changes in the risks. The Group is continually evaluating financing and capital raising opportunities. The Group is not subject to any externally imposed capital requirements.

Aurelia's capital structure consists of:

Capital Structure		**2017**	**2016**
Gearing Ratio (using balance sheet values)		**$'000**	**$'000**
Glencore Borrowings (carrying value value)		105,018	112,449
Cash at bank		34,863	18,112
Net Borrowings (using carrying value)	(1)	70,154	94,337
Shareholders Equity (Balance Sheet)		(3,780)	(23,847)
Total Capital (Net Borrowings + equity)		66,374	70,491
Gearing (Net Borrowings/Total Capital)		106%	134%
Gearing Ratio (using nominal/market values)			
Glencore Borrowings (nominal value)		109,614	125,050
Cash at bank		34,863	18,112
Net Borrowings (using nominal value)	(1)	74,750	106,938
Market Value of Equity (mkt cap)	(2)	79,709	52,379
Total Capital (Nominal Borrowings + Mkt value equity)		154,459	159,317
Gearing (Net Borrowings/Total Capital)		48%	67%

(1) Asset-backed finance leases of $0.628 million ($0.904 million in 30 Jun 16) have been excluded from this calculation.

(2) Market Value of Equity Calculation	2017 $'000	2016 $'000
Share price at period end (c/share)	18.5	13.5
Outstanding shares at period end	430,858,188	387,991,188
Market Value of Equity (mkt cap)	79,709	52,379

Gearing reduced over the year due to positive operating performance and debt repayments. Gearing levels are mitigated by the suspension of all debt obligations until 31 March 2018. The aim is to reduce gearing to manageable levels through the repayment of outstanding debt and/or debt conversion into equity, if and when commercially rational and to the extent it is possible (see the Operations and Financial Review).

25.6 Fair Value

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

At balance date, the Company has recognised the carrying value of Glencore borrowings at $105.018 million. It is noted that there is significant judgement in determining the fair value of borrowings due to the applicable interest rate a market participant might expect to receive on the present borrowings relative to the actual interest rate obtained by the Company at inception of the borrowings. Given this uncertainty and the lack of reliable inputs to arrive at an alternate interest rate, the rate applicable to the loans is deemed to be the most reasonable assessment of a market interest rate.

The fair value is estimated based on parameters such as interest rates, creditworthiness and the risk characteristics of the financing.

a) Fair value hierarchy

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

2017 **Assets**	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Shares in AusTin Mining	115	-	-
Gold Forwards	2,202	-	-
Embedded derivatives on concentrate sales	-	769	-
Term Deposits	3,510	-	-
Liabilities			
Deferred Acquisition Costs	-	-	9,386

2016 **Assets**	Level 1 $'000	Level 2 $'000	Level 3 $'000
Shares in AusTin Mining	477	-	-
Embedded derivatives on concentrate sales	-	455	-
Term Deposits	3,483	-	-
Liabilities			
Deferred Acquisition Costs	-	-	10,560

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:

- Shares – market value of shares listed on the Australian Stock Exchange (ASX).

- 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.
- Term Deposits – Face value of cash deposits
- 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$1605/oz. The discount rate used was the five year government bond rate of 2.18%.

26. SHARE BASED PAYMENT ARRANGEMENTS

Recognised share based payments expenses for employee services received in the reporting period is shown in the table below.

Share based payments	2017 $'000	2016 $'000
Expense from share based payments to employees	197	59
Expense from share based payments to third parties	-	914
Total	197	973

26.1 Type of share based payment plan

a) Employee Share Option Plan and Performance Rights Plan

The Company has established a Performance Rights Plan, as detailed in the Remuneration Report to these Financial Statements. The objective of these is to assist in the recruitment, reward, retention and motivation of employees of Aurelia Metals. The plan is open to Directors and eligible employees of Aurelia Metals.

b) Summary of movements of Options on issue

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the year.

Options on Issue	30 June 2017		30 June 2016	
	Number	WAEP	Number	WAEP
Opening balance issued	158,000,000	3.13	2,700,000	39.07
Granted in the year	-	-	158,000,000	3.13
Exercised in the year	(40,000,000)	1.25	-	-
Expired in the year	(108,000,000)	4.00	(2,700,000)	39.07
Closing balance issued	10,000,000	1.25	158,000,000	3.13
Exercisable at 30 June	10,000,000	1.25	50,000,000	1.25

(1) The weighted average remaining contractual life of Options at balance date was 3.25 years (2016: 4.25 years).

c) Summary of movements of Performance Rights on issue

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

Refer to the Remuneration Report (section 3.2) for the vesting conditions of the performance rights issued during the year.

Performance Rights on Issue	**30 June 2017**		**30 June 2016**	
	Number	**WAEP**	**Number**	**WAEP (c)**
Opening balance issued	382,000	-	1,132,000	-
Granted during the year (1)	6,500,000	-	-	-
Vested during the year	-	-	-	-
Lapsed during the year (2)	(312,000)	-	(750,000)	-
Closing balance issued (3)	6,570,000	-	382,000	-
Exercisable at 30 June	-	-	182,000	-

(1) The 6,500,000 performance rights granted during the year related to the issue of 16A, 16B and 16C Performance Rights.

(2) The 312,000 performance rights expiring during the year relate to the expiry of 70,000 2013 Class A Rights, 64,000 2013 Class B Rights, 130,000 2015 Class C Rights and 48,000 2015 Class D Rights.

(3) Closing balance is comprised of:

2015 Class C Perf. Rights	70,000	Un-vested	Not Exercisable
2016 Class 16A Perf Rights	2,000,000	Un-vested	Not Exercisable
2016 Class 16B Perf Rights	2,250,000	Un-vested	Not Exercisable
2016 Class 16C Perf Rights	2,250,000	Un-vested	Not Exercisable
	6,570,000		

d) Fair Value Determination

Performance Rights granted during the period are measured at fair value using the intrinsic method – refer to Section 4.2 of the Remuneration Report.

27. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

28. DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2017. The balance of the Company's franking account is nil (2016: Nil).

29. RELATED PARTY TRANSACTIONS

Details of Key Management Personnel compensation during the year is contained in the table below.

KMP Compensation	**2017 $'000**	**2016 $'000**
Short-term employee benefits	1,262	1,122
Termination payments	629	-
Post-employment benefits	76	90
Share based payments	206	6
Total	2,173	1,218

Detailed remuneration disclosures are contained in the Remuneration Report of these Financial Statements.

a) Transactions with other related parties

Directors fees in the amount of $67,646 were paid to Pacific Road Capital Management Pty Ltd, a company of which Paul Espie is a Director, for services provided during the period (2016:$50,000).

Directors fees in the amount of $67,646 were paid to Kilorin Pty Ltd, a company of which Mike Menzies is a Director, for services provided during the period (2016: $28,329).

Directors fees in the amount of $67,646 were paid to Glencore International AG, a company of which Rune Symann is an Executive, for services provided during the period (2016: $25,846).

Directors fees in the amount of $63,875 were paid to Lazy 7 Pty Ltd, a company of which Colin Johnstone is a Director, for services provided during the period (2016:Nil).

Consulting fees in the amount of $64,842 were paid to Keronga Developments Pty Ltd, a company of which James Simpson is a Director, for services provided for the period before he was appointed as a Director on 1 August 2016 (2016: $80,310).

The following issues took place during the year:

(i) Issue to Pacific Road Capital Management Pty Ltd, of which Paul Espie is a Director, as a result of the exercise of 40,000,000 options, exercisable at 1.25c/share.

(ii) Issue to Glencore of 2,867,000 shares, of which Michael Menzies and Rune Symann are representatives of Glencore, pursuant to the anti-dilution and top-up rights granted to Glencore under the subscription agreement dated 11 February 2013, as amended and restated on 18 December 2015.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

The Financial Statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2A (b); and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the Financial Year Ending 30 June 2017.

On behalf of the Board,

Colin Johnstone

Non-Executive Chairman

30 August 2017

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aurelia Metals Limited (the Company), and its subsidiaries (collectively, the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion, the accompanying financial report of Aurelia Metals Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Going Concern and funding arrangements

Refer to Note 2A(a)(i) in the financial report

Why significant	How our audit addressed the key audit matter
At 30 June 2017, the Group is in a net current asset position of $32.8m and an overall net liability position of $3.7m (2016: $23.8m). The Group generated profit of $19.3m for the year ending 30 June 2017 and $46.1m in cash flows from operations. The Director's views surrounding the Group's ability to continue as a going concern are outlined in note 2A to the consolidated financial statements. The Directors' assessment of the going concern assumption has been identified as a key audit matter, given the judgments and cash flow estimates it required.	We identified and evaluated the judgments and assumptions within the cash flow forecasts that form the basis of the Directors' assessment which included: ► Assessing the key assumptions and data in the cash flow forecasts with reference to information produced by the Group and external market data, and assessing the accuracy of the Group's historical cash flow forecasting. ► Considering whether the Group's contractual obligations contained in its funding agreements were reflected in the cash flow forecasts. In addition, we assessed the adequacy of the financial report disclosures contained in Note 2A(a)(i) regarding the Group's ability to continue as a going concern.

Recoverability of non-current assets

Refer to Notes 2B(v) and 10 in the financial report

Why significant	How our audit addressed the key audit matter
At 30 June 2017 the carrying value of the Hera cash generating unit ("CGU") is $73m. The Group considered that no indicators of impairment existed at 30 June 2017, which would require an impairment test to be performed in accordance with Australian Accounting Standard AASB 136 *Impairment of Assets*. The recoverability of non-current assets was considered a key audit matter, given the significant judgement and inherent uncertainty involved in the assessment of whether impairment indicators exist.	We have considered the Group's assessment of indicators of impairment at 30 June 2017, which included the following procedures: ► Assessing whether the methodology and principles applied by the Group met the requirements of Australian Accounting Standard AASB 136. ► Comparing the assumptions made by the Group which have the most significant impact on the assessment of whether indicators of impairment existed, to information produced by the Group and to available external data. This included the discount rate, exchange rates, commodity prices and reserves and resources estimates.

- Considering whether other external or internal factors exist that may be an indicator of impairment.

We assessed the adequacy of the financial report disclosures contained in Note 2B(v) and note 10 with respect to the requirements of AASB 136.

Revenue Recognition

Refer to note 2A(q) in the financial report

Why significant	How our audit addressed the key audit matter
During the year, the Group recorded sales revenue of $108.5 million, which included $76.5 million in gold sales and $31.1 million in metal concentrate sales Note 2A (q) to the financial statements sets out the Group's accounting policies relating to the recognition of revenue. Revenue recognition for the gold and metal concentrate sales was a key audit matter. The determination of the appropriate value of gold sales can be complex prior to refining being completed. The determination of timing and value of metal concentrate sales can also be complex as these sales are executed on provisional pricing terms.	Our audit procedures included the following: *Gold Sales* ► For each sale recorded during the year, we determined whether revenue had been recorded in the correct period and at the correct amounts by reference to sales invoices, delivery documentation, customer payments and bank statements. *Metal Concentrate Sales* ► For each sale recorded during the year, we determined whether revenue had been recorded in the correct period and at the correct amounts by reference to provisionally priced sales invoices, bill of lading documentation and other relevant shipping documents, final sales invoices and customer payments and bank statements. ► We considered the fair value calculation of the embedded derivative resulting from the provisionally priced invoices outstanding at year end. We assessed the adequacy of financial report disclosures included in the financial report related to revenue.

Building a better working world

Information Other than the Financial Report and Auditor's Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 18 to 26 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Aurelia Metals Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ryan Fisk
Partner
Sydney
30 August 2017

aurelia METALS Ltd.

ADDITIONAL ASX INFORMATION

Shareholder Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

This additional information was applicable as at 29 September 2017.

Distribution of Security Holders

Analysis of numbers of listed equity security holders by size of holding

1 - 1,000	194
1,001 - 5,000	496
5,001 - 10,000	408
10,001 - 100,000	1,049
100,001 and above	309
Total on Register	**2,456**

Top 20 Shareholders

	HOLDER NAME	NUMBER HELD	PERCENTAGE
1	PACIFIC ROAD CAP MGNT PL	145,014,913	33.66%
2	YUNNAN TIN AUST TDK RES P	30,630,504	7.11%
3	SINGPAC INV HLDG PTE LTD	16,560,316	3.84%
4	J P MORGAN NOM AUST LTD	15,296,774	3.55%
5	NATIONAL NOM LTD	14,592,533	3.39%
6	BOND STREET CUSTS LTD	13,587,968	3.15%
7	GLENCORE AUST HLDGS PL	12,257,000	2.84%
8	YUNNAN TIN YTC HLDGS PL	12,141,905	2.82%
9	BNP PARIBAS NOM PL	6,710,381	1.56%
10	LUJETA PL	6,000,000	1.39%
11	HSBC CUSTODY NOM AUST LTD	5,643,450	1.31%
12	B & R JAMES INV PL	5,000,000	1.16%
13	CITICORP NOM PL	3,665,209	0.85%
14	BNP PARIBAS NOMS NZ LTD	3,371,306	0.78%
15	B & M JACKSON PL	2,541,045	0.59%
16	TEKNIKS PUBLIC PL	2,510,000	0.58%
17	BOND STREET CUSTS LTD	2,391,182	0.55%
18	JORDAN INV GRP PL	2,029,363	0.47%
19	GOH BEE AI	1,913,852	0.44%
20	MASALAI HLDGS PL	1,600,166	0.37%
	TOP 20 TOTAL	**303,457,867**	**70.41%**
	OTHER SHAREHOLDERS	127,400,321	29.59%
	TOTAL ON ISSUE	**430,858,188**	**100.00%**

Statement of Restricted Securities

There are no Restricted Securities

Substantial Shareholders

Substantial Shareholders of the Company are as follows.

Pacific Road Capital Management Pty Ltd ATF the YTC Managed Investment Trust	145,014,913
Yunnan Tin Aust TDK Resources Pty Ltd**	30,630,504
Glencore Australia Holdings Pty Ltd*	28,797,316

** The Holder is a member of the Glencore International Group*

***The Holder is a wholly owned subsidiary of Yunnan Tin Company Group Limited*

The number of securities disclosed above is as per substantial notices given to the Company. Substantial shareholder interests in securities may change without requiring the Holder to provide notice of the change, therefore resulting in a difference between their disclosure and other disclosures in this report.

Unquoted Securities

Holder	Class	Exercise price	Expiry Date	Number
Perform Rights	(Class D)	Nil	9/2/2018	70,000
Perform Rights	(Class 16A)	Nil	30/6/2018	2,000,000
Perform Rights	(Class 16B)	Nil	30/06/2019	2,250,000
Perform Rights	(Class16C)	Nil	30/06/2020	2,250,000
Options		$0.0125	28/09/2022	10,000,000
Total Unlisted Securities on Issue				16,570,000

Voting Rights

The Voting Right attached to each class of equity security are as follows;

Ordinary Shares
Each ordinary share is entitled to one vote when a poll is called otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options & performance Rights
These securities have no voting rights.

SCHEDULE OF TENEMENT INTERESTS

Tenement	Project Name	Location	Holder	Size (km2)	Expiry Date	Notes
ML53	Nymagee Mine	Nymagee NSW	Nymagee Resources Pty Ltd	0.04867	31/12/2021	
ML90	Nymagee Mine	Nymagee NSW	Nymagee Resources Pty Ltd	0.3391	31/12/2021	
ML5295	Nymagee Mine	Nymagee NSW	Nymagee Resources Pty Ltd	0.003339	31/12/2021	
ML5828	Nymagee Mine	Nymagee NSW	Nymagee Resources Pty Ltd	0.01538	31/12/2021	
PLL847	Nymagee Mine	Nymagee NSW	Nymagee Resources Pty Ltd	0.127	31/12/2021	
EL4232	Nymagee	Nymagee NSW	Nymagee Resources Pty Ltd (Ausmindex Pty Limited 5%)	14.5	17/03/2019	
EL4458	Nymagee Mine	Nymagee NSW	Nymagee Resources Pty Ltd (Ausmindex Pty Limited 5%)	11.6	26/11/2018	
ML1686	Hera Mine	Nymagee NSW	Hera Resources Pty Ltd	13.079	16/05/2034	
EL6162	Hera	Nymagee NSW	Hera Resources Pty Ltd	130	25/11/2018	
EL6226	Kadungle	70km north-west of Parkes, central-west NSW	Defiance Resources Pty Ltd	43.5	5/04/2018	Under Farm-In Agreement with Emmerson Resources
EL6258	Doradilla	50km southeast of Bourke, north-west NSW	Stannum Pty Ltd	110.2	21/06/2020	
EL6699	Tallebung	70km north-west of Condobolin, central-west NSW	Stannum Pty Ltd	40.6	10/01/2019	
EL7447	Box Creek	Nymagee NSW	Defiance Resources Pty Ltd	145	2/02/2020	
EL7524	Barrow	20km west of Nymagee; western NSW	Defiance Resources Pty Ltd	60.9	3/05/2020	
EL7529	Lyell	20km west of Nymagee; western NSW	Defiance Resources Pty Ltd	8.7	3/05/2020	
ML1746	Hera North	Nymagee NSW	Hera Resources Pty Ltd	0.618	7/12/2037	Depth Restriction - Underground access only. From 100m below surface to unlimited depth

AURELIA METALS LTD

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