

ANNUAL REPORT

2014



CONTENTS

Chairman's Letter	2
Review of Operations	4
Competent Persons Statements	18
Directors' Report	20
Corporate Governance Statement	42
Statement of Comprehensive Income	48
Statement of Financial Position	49
Statement of Changes in Equity	50
Statement of Cash Flows	51
Notes to the Financial Statements	52
Directors' Declaration	87
Auditor's Independence Declaration	88
Independent Audit Report	89
Additional ASX Information	92

COMPANY INFORMATION

Directors

Mr Anthony Wehby – Chairman
 Mr Rimas Kairaitis – Managing Director
 Mr Gary Comb
 Mr Paul Espie
 Mr Michael Menzies
 Mr Mark Milazzo
 Dr Guoqing Zhang

Company Secretary

Mr Richard Willson

Registered Office and Principal Place of Business

Aurelia Metals Limited,
 2 Corporation Place, ORANGE NSW 2800
 Telephone: (02) 6363 5200
 Facsimile: (02) 6361 4711
 Email: office@aureliametals.com

Share Register

Security Transfer Registrars Pty Ltd, 770 Canning Highway,
 APPLECROSS WA 6153

Telephone: (08) 9315 2333
 Facsimile: (08) 9315 2233

Stock Exchange Listing

Aurelia Metals Limited shares are listed on the Australian
 Stock Exchange, the home branch being Perth.

ASX Code: AMI

Auditors

Ernst and Young, 680 George Street, SYDNEY NSW 2000

Website

www.aureliametals.com

CHAIRMAN'S LETTER

Dear Stakeholders

As I prepare this letter introducing the 2014 Annual Report, I am particularly conscious of the tide of change running at Hera and throughout the Company. Many of the changes resulting from current events at Hera will render the information contained in this Annual Report as merely historically useful.

Nevertheless, there is much to be appreciated by looking back at the achievements of another year and this Annual Report will present those for your consideration.

In addition to those achievements there is a broader observation I wish to highlight. I hope all our stakeholders share my admiration for the men and women who work in the mining industry in Australia, as represented by those who work with Aurelia. Our people have risen to every challenge; they have applied technical skills innovatively; they have accepted difficult conditions; they have developed commercial solutions.

My visits to Head Office and to site always leave me with confidence that we have a team of employees and contractors who take great pride in what is being built and developed. I thank all of them for their efforts and congratulate them on the achievements to date.

At 30 June 2014 the Hera mine and process plant moved to the next critical stage of development - commissioning. Our timetable calls for the first gold production to be in this (September) quarter. While there remains much to be done, the focus is being well managed and our confidence level is high.

Concurrent with the mine and plant developments the exploration programs at both Hera and Nymagee continued to yield exciting results. The full significance of these results will take some time to emerge as we interpret and build our further programs around this data.

Thank you to all shareholders who took the time to participate in the decisions put to the General Meeting in April. Your support is not taken for granted but is greatly appreciated.

As a result of the Phase One equity raising to Pacific Road (approx \$14m) in December 2013, Mr Paul Espie joined the Board. Paul has a wealth of experience and expertise and we are delighted with his contribution to our deliberations. Also during the year we were pleased to welcome back Dr Guoging Zhang, who re-joined the Board.

Other Board changes during the year were the retirements of Ms Christine Ng, Dr Wenxiang Gao and Mr Robin Chambers. Dr Gao and Mr Chambers had served on the Board since before the ASX listing of the Company in May 2007, and Dr Gao served as chairman for almost four years; Ms Ng had joined the Board a year later. On behalf of the Company I thank them for their service and contribution over those years.

The coming year will bring its own challenges as we seek to move into production from Hera. The management team, led by Rimas Kairaitis, has earned our confidence, so I look forward to those challenges.

Finally, thank you for your support. I assure all shareholders of the commitment of your Board and management to the continued success of Aurelia.

Yours sincerely



Tony Wehby
Non-Executive Chairman

4 September 2014





REVIEW AND RESULTS OF OPERATIONS

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 development activities on the Hera Project and exploration activities at the Nymagee copper deposit and the Nymagee North prospect.

HERA PROJECT DEVELOPMENT

Hera Underground Development

The 12 months to June 2014 saw an intense company focus on the construction and development of the Hera gold-lead-zinc project. By 30 June 2014, the Hera project construction was substantially complete, with early stage process plant commissioning activities commenced and the Company well placed to deliver first production in the September quarter of 2014.

At the close of the year, the Hera underground mine was well established, including:

- A total underground lateral development of 4059, including;
- The establishment of ore drives on the 205, 235, 335 and 360 levels;
- Primary ventilation commissioned and three 4m vertical vent-shafts established and three sub-vertical 1.5m ladderways installed;
- A surface ore (ROM) stockpile of > 15,000 tonnes established.

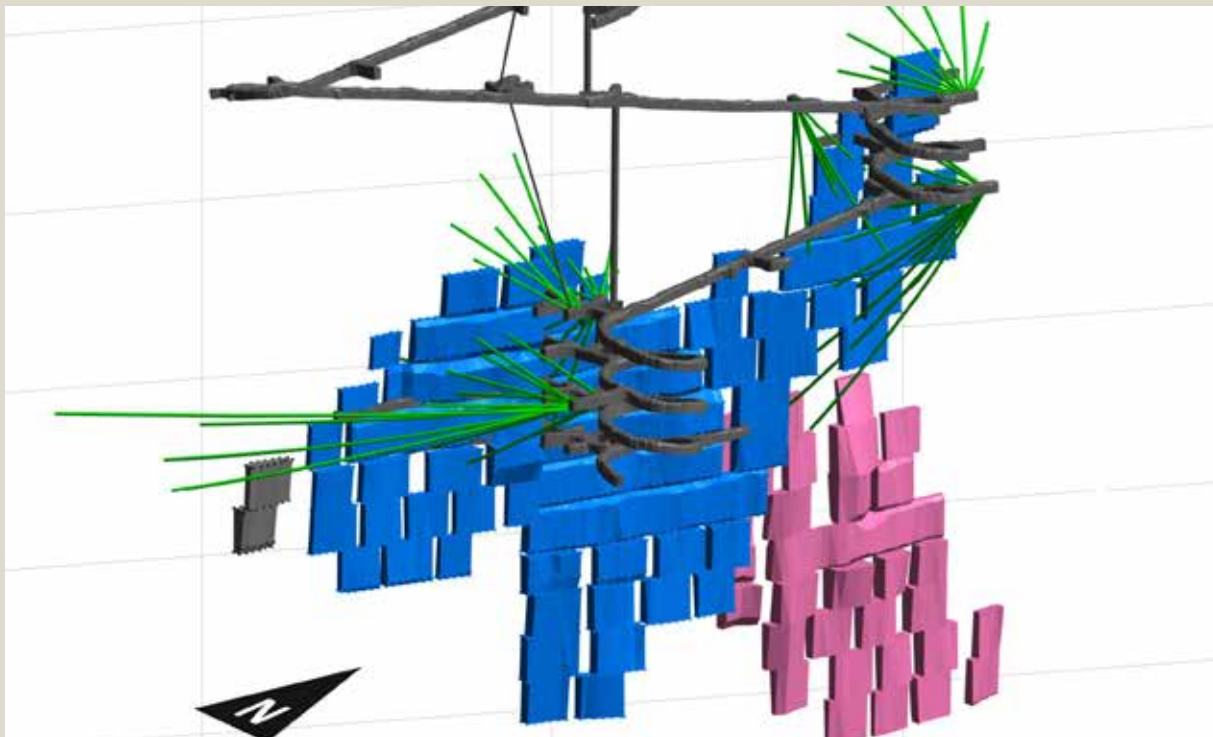


Hera Stope Delineation Drilling

Progressive stope delineation drilling has been completed in line with underground mine development.

Underground stope delineation drill holes from the Hera Main Lens delivered a number of very strong results and continued to confirm the high grade nature of the modelled reserve. Highlight intersections include:

- 3.1m @ 14.7g/t Au, 23g/t Ag, 1.3% Cu, 1.6 %Pb and 3.5% Zn
- 3.9m @ 82.4g/t Au, 42g/t Ag, 9.7% Pb and 10.3% Zn
- 12.1m @ 4.5g/t Au, 20g/t Ag, 4.4% Pb and 4.6% Zn
- 11m @ 16.6g/t Au, 31g/t Ag, 8.5 %Pb and 16.9% Zn
- 6.1 m @ 7.26g/t Au, 41g/t Ag, 5.3% Pb and 11% Zn
- 7.1m @ 8.3g/t Au, 37g/t Ag, 5.3% Pb and 6.8% Zn
- 10.1m @ 5.1g/t Au, 19g/t Ag, 3.4% Pb and 6.6% Zn
- 2.0m @ 175.2g/t Au, 50g/t Ag, 6.8% Pb and 7.8% Zn
- 4.3m @ 15.6g/t Au, 59g/t Ag, 12.3% Pb and 17% Zn
- 4.1m @ 43.2g/t Au, 34g/t Ag, 7.8% Pb and 11.6% Zn
- 3.0m @ 23.5g/t Au, 52g/t Ag, 7.6% Pb and 11.7% Zn
- 1.1m @ 54.9g/t Au, 61g/t Ag, 19% Pb and 8.2% Zn
- 9.0m @ 13.7g/t Au, 16g/t Ag, 5.0% Pb and 7.4% Zn
- 3.1m @ 19.0g/t Au, 25g/t Ag, 5.6% Pb and 6.2% Zn
- 2.0m @ 18.9g/t Au, 16g/t Ag, 4.3% Pb and 5.1% Zn



REVIEW AND RESULTS OF OPERATIONS

Hera Process Plant

Construction of the Hera Process Plant proceeded well during the year, key milestones achieved during the year include:

- Completion of project civils;
- Mechanical installation of most areas of the process plant, including;
 - Primary, secondary and tertiary grinding areas
 - Gravity circuit and verti-mill
 - Reagents area
 - Rougher flotation tanks and thickeners
 - Regrind mill and cleaner flotation circuit
 - Leach circuit and concentrate filters
 - Concentrate and stores sheds

As at 30 June 2014, early stage commissioning activities commenced in June including on the following areas:

- Tertiary crushing circuit;
- Reclaim tunnel; and
- Rougher and cleaner flotation circuits.

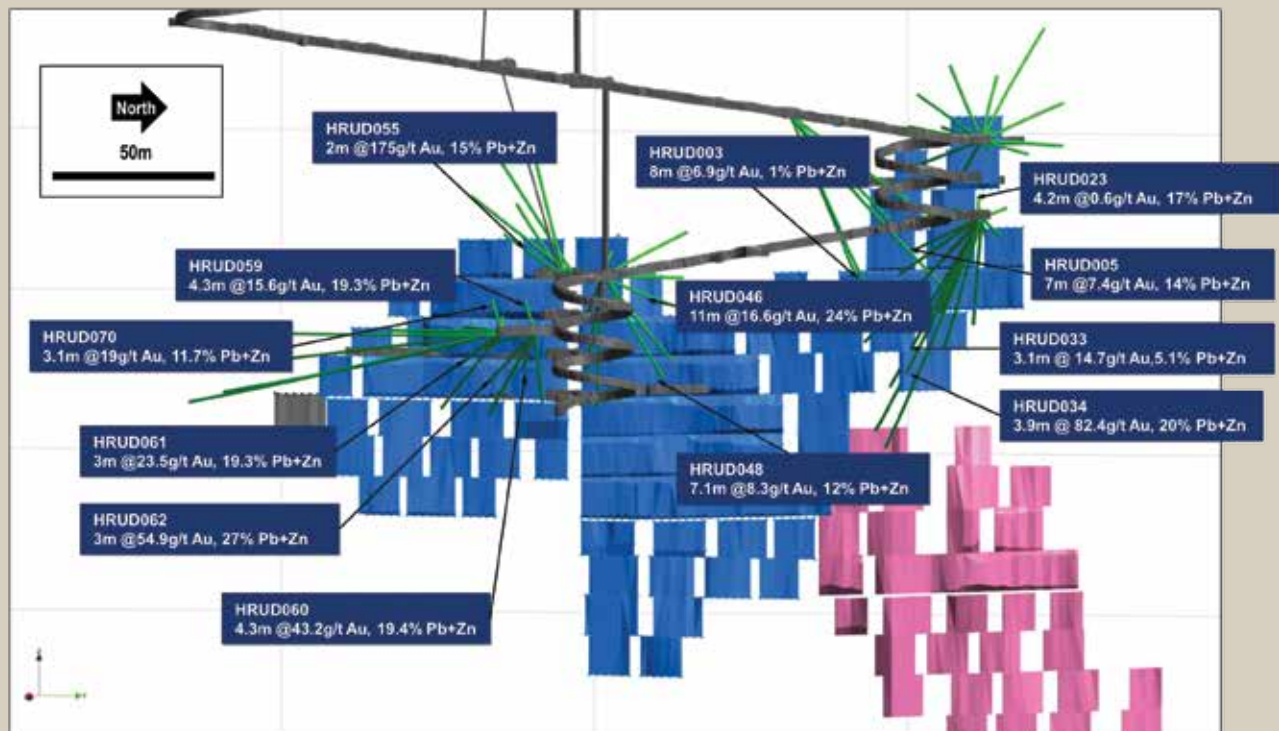
Other Hera project construction activities during the year included:

- Completion of Hera Accommodation Camp and handover to camp manager
- Construction and commissioning of the of long term gas-fired power station
- Construction and completion of Stage 1 of the Tailings Storage Facility (TSF)
- Completion of the Hera Mine offices, washrooms and ancillary buildings and infrastructure

Hera Exploration

AMI maintained a significant exploration effort around the Hera deposit during the year. The Company hold a firm belief that Cobar style deposits like Hera and Nymagee hold very strong potential to evolve into deposits of very significant scale.

Exploration activities at the Hera Project have focussed on extensions to the Hera orebody to the south. Activities included surface drilling, follow-up down-hole EM (DHEM)





and the commencement of exploration drilling from underground positions.

Highlight results from surface drilling at Hera South included hole HRD052W3, which intersected 10m zone of strong sulphide mineralisation and included a 2.2m zone of massive sulphides. The hole recorded results of:

- HRD052W3: 2.0m @ 0.05g/t Au, 55g/t Ag, 0.8% Cu, 5.2% Pb and 4.2% Zn from 722.4m

Follow drilling above and to the south of this intersection, confirmed the continuity of the Hera South mineralisation, recording results of:

- HRD053: 6.0m @ 12g/t Ag, 2.6% Pb and 1.0% Zn from 572m, and
2.0m @ 0.2g/t Au, 18g/t Ag, 4.4% Pb and 1.1% Zn from 594m and
5.0m @ 1.4g/t Au, 9g/t Ag, 2.1% Pb and 0.2% Zn from 601m, and
2.0m @ 0.15g/t Au, 29g/t Ag, 0.9% Cu, 5.6% Pb and 0.1% Zn from 617m

These results are considered encouraging, although not indicative of Hera resource extensions in the immediate term.

Initial results from the first drill hole from the Hera underground were considered strongly encouraging, with

hole HRUD065 intersecting strong sulphide mineralisation and visible gold in areas outside the existing Hera Reserve.

Underground exploration drilling of this area was proceeding aggressively at the close of the year.

Hera Exploration - Regional

Exploration activity during the year included research and development on a computer-based exploration tool capable of combining a number of datasets as a means of improving exploration success over AMI's tenements in Cobar region.

Exploration within the regional tenement package surrounding the Hera and Nymagee deposits generated positive results in the year, including:

- A new large, high-intensity gravity anomaly (the "Pyramid Prospect") located 14km SSE of the Hera Mine. The anomaly is of the same strength and several times as large as that associated with the Hera Deposit.
- The delineation of a robust, 1.5km long, anomalous lead-in-soil trend termed "Hebe East". The anomaly is associated with anomalous topography and rock chip sampling results to 0.2% Pb.

REVIEW AND RESULTS OF OPERATIONS

NYMAGEE

The Nymagee Copper deposit sits approximately 4.5km north of the Hera deposit along the same mineralised horizon. The deposit was subject to significant historical mining up to 1917 which records a production of 422,000t at 5.8% Cu. Following the discovery of high grade copper mineralisation by AML in 2010, attention has been directed toward delivering a maiden Resource (December 2011), advancing the project through feasibility studies, and extending the scale of the Nymagee mineral system through a continued exploration effort.

Nymagee North Exploration

During the year a number of drill holes and down hole EM (DHEM) surveys were completed at Nymagee North, targeting down plunge from strong Cu-Pb-Zn mineralisation DHEM surveys and Aurelia has maintained a view that Nymagee North may represent the upper parts of a new 'Cobar style' ore system. Nymagee North is located approximately 500m north of the Nymagee Copper Deposit.

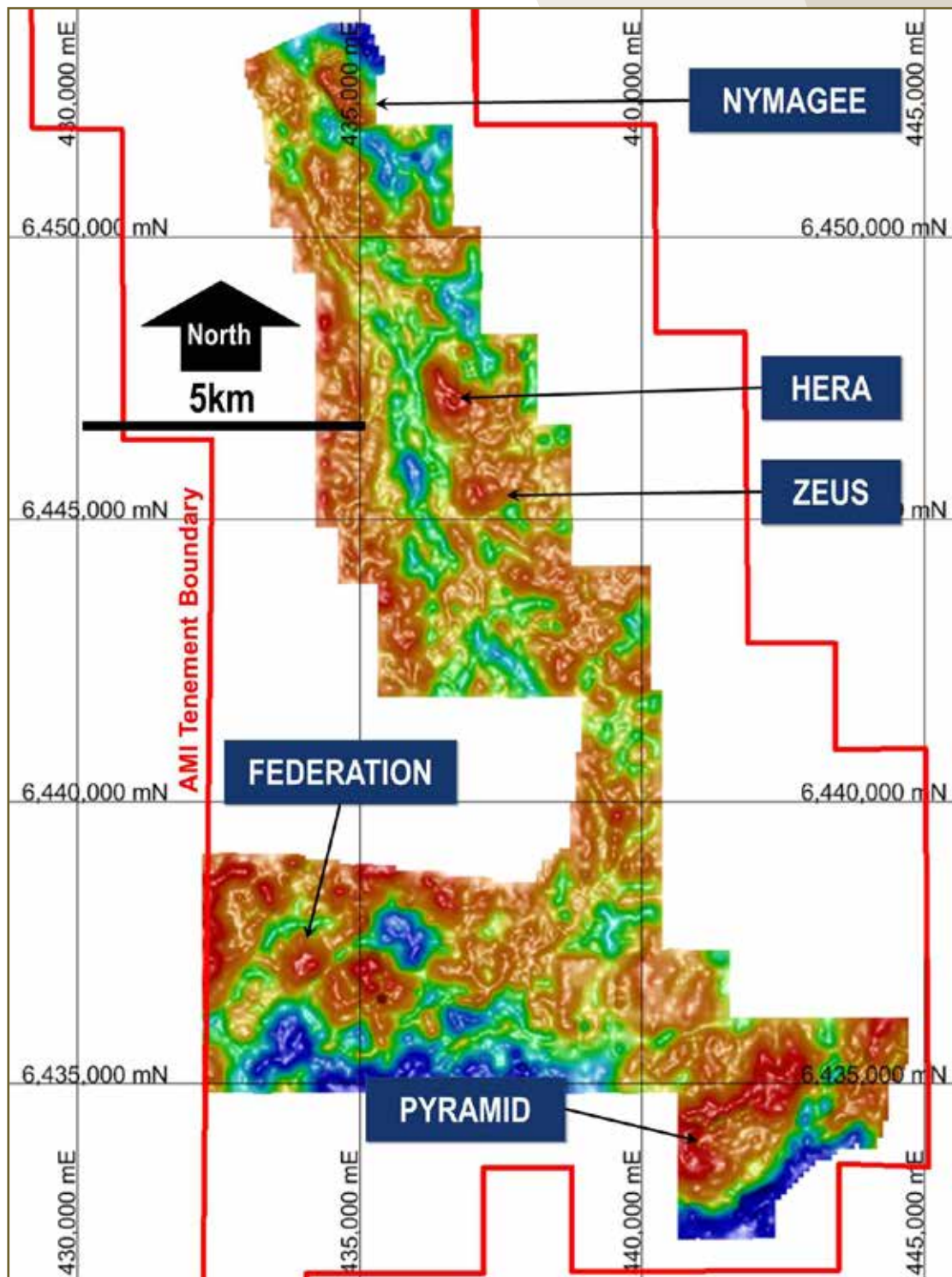
In the first half of the year, a number of strongly encouraging drill results were returned, including:

- NMD084: 10m @ 1.4% Cu, 30g/t Ag and 1.9% Pb + Zn from 545.5m, and
3m @ 1.8% Cu, 23g/t Ag and 1.0% Pb + Zn from 596m, and
3m @ 1.5% Cu, 32g/t Ag, and 2.3% Pb + Zn from 624m
- NMD085: 43.6m @ 0.5% Cu and 0.6% Pb+Zn from 584.4m including:
2.1m @ 1.9% Cu, 0.55g/t Au, 18g/t Ag from 584.4m and
7.8m @ 0.5% Cu, 11g/t Ag, 2.7% Pb+Zn from 596.4m and
1.4m @ 1.8% Cu, 27g/t Ag, 2.4% Pb+Zn from 642.9m

Follow up DHEM and drilling down plunge at Nymagee North, culminated in a zone of massive sulphide mineralisation intersected in NMD092, some 180m down plunge of previous drilling at Nymagee North.

This result is considered to be particularly significant, and very encouraging in the context of how other large Cobar-style mineralised systems evolve at depth. This drill hole looks to have identified part of the mineralisation causing the strong Down-Hole Electro-Magnetic (DHEM) conductive response at Nymagee North. The potential for the zone to have meaningful size and vertical extent will be assessed with follow up down-hole geophysics and structural logging.





REVIEW AND RESULTS OF OPERATIONS

Deep Nymagee Drilling Programme

During the year, three deeper exploration drill holes were completed beneath the Nymagee copper deposit to test for extensions to the Nymagee copper deposit at depth and to provide platforms for downhole geophysics at depth.

Holes NMD089, NMD089W1 and NMD091 each intersected broad low grade copper mineralisation, representing depth extensions to the 'footwall copper' zones. Hole NMD091 also identified the re-development of massive and semi-massive sulphides in the main lens position from 889.5 to 891.5m hosting iron, zinc, lead and copper sulphides. Although not considered to represent economic grades or widths, the redevelopment of massive

sulphide mineralisation at depth is considered encouraging.

Assays results for holes NMD089 and NMD089W1 are consistent with the broad, low grade copper intervals observed. Results include:

- NMD089: 45m @ 0.5% Cu from 623m, including; 2m @ 2.9% Cu and 26g/t Ag from 626m, and 2m @ 1.8% Cu from 641m
- NMD089W1: 1m @ 3.7% Cu from 479m, 8m @ 1.5% Cu from 627m, and 13m @ 0.9% Cu from 690m

The results now demonstrate the vertical continuity of copper mineralisation for over 700m from surface, with the copper mineralisation remaining open at depth.



CORPORATE

PACIFIC ROAD TRANSACTION

On 6th December 2013, AMI announced a strategic transaction with Pacific Road Capital to accelerate exploration and resource development at the Hera-Nymagee Projects.

Phase 1 Funding

Phase 1 was a placement of 58.8m shares to Pacific Road Capital at \$0.2434 per share to raise \$14.3 million which completed on 10th December 2013. The transaction price of \$0.2434, being the VWAP calculated over the 30 days prior to the date of the Agreement, represents a 21.7% premium to the last closing price of AMI on day of announcement.

Phase 1 Funding Use of Proceeds

Phase 1 funding will be applied to:

- Board-approved exploration at Hera and Nymagee Projects;
- Resource delineation and estimation at Hera and Nymagee; and
- Working capital requirements, including financial risk management such as hedging price protection costs (up to \$3 million).

Phase 2 Funding

Should AMI choose to raise further monies after Phase 1, Pacific Road Capital will hold a first right to subscribe further funds, as Phase 2. In this event, AMI will call further funds up to \$10.7 million from Pacific Road, such funding being subject to Pacific Road Capital's election.

- Phase 2 funding of up to \$10.7 million at a 30 day VWAP price from the time of AMI call with Phase 2 funds to include an additional of \$0.7 million at the Phase 1 funding price. This would bring the total Phase 1 funding to \$15 million.
- Up to \$5 million of Phase 2 funds may be used for debt service or Hera Project cost overrun if applicable.
- Phase 2 funding price for those funds used for debt service or Hera Project cost overrun to be priced at a 10% discount to the 30 day VWAP price.
- AMI to seek shareholder approval, and assist with obtaining other necessary Australian regulatory approvals, for Phase 2 funding if required.

Director Appointment

Under the Agreement AMI appointed Pacific Road's Nominee, Mr Paul Espie, to AMI's Board of Directors.

A summary biography of Mr Espie is presented below:

Paul established Pacific Road Group ("PRG"), an investment banking business focussing on resources and infrastructure, in 1986. He was Chairman of Oxiana Limited during the development of the Sepon copper/gold deposit in Laos (2000 to 2003) and prior to that Chairman of Cobar Mines Pty Ltd following a management buy-out in 1993. He was previously responsible for Bank of America operations in Australia, New Zealand and Papua New Guinea: he was Chairman of the Australian Infrastructure Fund and is a Fellow of the Australian Institute of Company Directors and Trustee of the Australian Institute of Mining & Metallurgy, Educational Endowment Fund and Director of the Menzies Research Centre.

Pacific Road will have the right to appoint a Director to the AMI Board for so long as Pacific Road Capital holds at least 10% of issued capital in AMI, subject to limited exceptions.

Non-Dilute

Subject to the grant of an ASX waiver, AMI will, from completion of Phase 2 funding grant Pacific Road an anti-dilution right for so long as Pacific Road holds at least 10% of issued capital in AMI, subject to limited exceptions.

PYBAR AGREEMENT

During the quarter AMI reached an agreement with its primary underground contractor, Pybar Mining Services Pty Ltd ('Pybar'), for a reduction in rates for the provision of mining services in the period from 1 September 2013 to 31 October 2014. In consideration for this reduction, AMI has issued Pybar 4 million AMI shares to be held in escrow until 31 October 2014.

CHANGE OF COMPANY NAME TO AURELIA METALS LTD

In June 2014 the Company completed a change of company name from YTC Resources Ltd to Aurelia Metals Limited. The change in name reflects the considerable changes to the Company since its IPO in early 2007 in terms of the Company's commodity focus, its spread in ownership structure and financial support, and our evolution from explorer to near term producer.

REVIEW AND RESULTS OF OPERATIONS

Table 1: Collar summary for Hera stope delineation drill holes in this report

Hole	GDA_E	GDA_N	RL	DIP	AZI_MGA	Depth m	Comments
HRUD033	436357	6447414	68	-38	216.06	141.4	Delineation drilling Main North Lens
HRUD034	436357	6447415	68	-49	223.8	153.55	Delineation drilling Main North Lens
HRUD035	436358	6447415	68	-54	220.4	182.3	Delineation drilling Main North Lens
HRUD036	436357	6447415	68	-51	239	140.05	Delineation drilling Main North Lens
HRUD037	436357	6447416	68	-40	254.8	120.08	Delineation drilling Main North Lens
HRUD040	436395	6447183	34	17.8	263.38	84.6	Delineation drilling Main North Lens
HRUD041	436395	6447183	32	-1	257.71	66.25	Delineation drilling Main North Lens
HRUD042	436396	6447183	31	-28.29	246.41	73.25	Delineation drilling Main North Lens
HRUD043	436396	6447183	31	-36.53	259.88	80.4	Delineation drilling Main North Lens
HRUD044	436396	6447183	31	-53.4	246.71	103.3	Delineation drilling Main North Lens
HRUD045	436396	6447183	30	-62.57	251.62	126.05	Delineation drilling Main North Lens
HRUD046	436394	6447185	31	-48.86	294.11	127	Delineation drilling Main North Lens
HRUD047	436396	6447185	31	-39.26	295.42	103.4	Delineation drilling Main North Lens
HRUD048	436396	6447184	30	-31.22	286.28	89.3	Delineation drilling Main North Lens
HRUD049	436396	6447185	31	-14.15	289.87	83.5	Delineation drilling Main North Lens
HRUD050	436396	6447185	32	-1.92	294.46	81.27	Delineation drilling Main North Lens
HRUD051	436396	6447184	32	-0.7	281.61	77.6	Delineation drilling Main North Lens
HRUD052	436396	6447184	32	-24.97	275.35	77.97	Delineation drilling Main North Lens
HRUD053	436416	6447161	35	45.45	215.81	60.1	Drill Site: 285 Ladderway
HRUD054	436415	6447168	34	34	191.7	86.1	Drill Site: 285 Ladderway
HRUD055	436417	6447162	33	25.08	215.31	61.8	Drill Site: 285 Ladderway
HRUD056	436415	6447168	34	55.62	192.2	94.3	Drill Site: 285 Ladderway
HRUD057	436417	6447163	36	66.68	219.29	90.2	Drill Site 285: Ladderway
HRUD058	436482	6447159	-0.65	-27.57	260.35	116.4	Drill Site 315 Site 1
HRUD059	436482	6447159	0.5	11.85	253.19	110.6	Drill Site 315
HRUD060	436482	6447159	-0.4	-15.43	252.45	113.95	Drill Site 315
HRUD061	436482	6447158	-0.2	-7.23	234.68	128.2	Drill Site 315
HRUD062	436482	6447158	-0.5	-20.01	239.64	137.5	Drill Site 315
HRUD063	436482	6447158	-0.8	-28.59	240.01	131.2	Drill Site 315
HRUD069	436491	6447140	0.147	3.85	255.57	125.6	Drill Site 315
HRUD070	436491	6447140	0.481	11.6	251.93	122.15	Drill Site 315
HRUD071	436491	6447140	0.004	0.75	242.2	140.4	Drill Site 315



REVIEW AND RESULTS OF OPERATIONS

Table 2: Intersection summary for Hera stope delineation drill holes in this report

Hole ID	From (m)	To (m)	Intercept (m)	Est. true width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Comments
HRUD033	106.9	110	3.1	2.6	14.7	23	1.3	1.6	3.5	Main North Lens
And	112.8	116	3.2	2.7	0.18	16	-	3.5	5.1	Main North Lens
HRUD034	122.9	126.8	3.9	3.0	82.44	42	-	9.7	10.3	Main North Lens
HRUD035	135	147.1	12.1	8.8	4.51	20	0.3	4.4	4.6	Main North Lens
HRUD036	112	114	2	1.5	1.91	15	-	3.3	5.1	Main North Lens
HRUD037	109.1	112	2.9	2.5	0.88	30	-	5.8	6.7	Main North Lens
HRUD039	54	59.1	5.1	4.9	0.03	7	-	1	1.3	
HRUD039	87	91.35	4.35	4.2	0.11	5	-	0.9	2.3	
HRUD040	22	23	1	1.0	0.03	5	-	1.3	2.8	Weakly Mineralised
HRUD040	31	32	1	1.0	0.65	9	-	1.4	2.5	Weakly Mineralised
HRUD040	55	56	1	1.0	-	8	-	1.4	3.4	Weakly Mineralised
HRUD041	-	-	-	-	-	-	-	-	-	No Significant Results
HRUD042	26	29	3	2.7	0.87	10	-	1.7	2.7	
HRUD042	68	70	2	1.8	6.37	9	-	1.0	-	Main Lens
HRUD043	69.95	70.9	0.95	0.8	-	8	-	2.4	2.4	
HRUD044	41.55	45.55	4	2.5	2.34	32	0.2	4.3	10.0	
HRUD044	48.7	53.5	4.8	3.0	0.12	6	-	1.3	1.9	Weakly Mineralised
HRUD044	66	67	1	0.6	-	8	0.2	1.2	2.7	Weakly Mineralised
HRUD045	69.85	72.05	2.2	1.2	0.68	22	0.2	3.2	2.3	
HRUD045	78	80	2	1.1	0.05	7	-	1.3	4.8	
HRUD045	105.1	107	1.1	0.6	0.01	13	-	2.8	3.6	
HRUD046	92	103	11	8.1	16.6	31	0.2	8.5	16.9	Main Lens
HRUD047	82.9	89	6.1	5.02	7.26	41	1.5	5.3	11	Main Lens
HRUD047	92.1	93.1	1	0.8	0.17	14	-	2.5	6.9	Main Lens
HRUD047	94	95	1	0.8	12.5	5	-	0.9	4.5	Main Lens
HRUD048	63.9	71	7.1	6.3	8.3	37	1.21	5.3	6.8	Main Lens
HRUD048	76	77	1	0.9	0.07	14	-	3.6	3.3	Main Lens
HRUD048	78.9	82.25	3.35	3.0	0.19	10	-	2.3	7.3	Main Lens
HRUD049	54	65.9	11.9	11.6	0.23	13	0.2	2.2	3.8	Main Lens
HRUD049	76	77	1	0.98	0.75	9	0.4	1.9	4.2	Main Lens
HRUD050	55.2	69	13.8	13.8	0.29	13	-	2.3	5.9	Main Lens
HRUD051	50.9	53	2.1	2.1	0.04	7	-	2.1	2.1	Main Lens
HRUD051	60.9	62	1.1	1.1	0.14	13	-	2.1	2.4	Main Lens

Hole ID	From (m)	To (m)	Intercept (m)	Est. true width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Comments
HRUD052	51.8	54	2.2	2.03	0.07	41	0.3	8.2	7.0	Main Lens
HRUD052	73	75	1	0.93	0.05	3	-	0.7	4.4	Main Lens
HRUD053	50.1	52.1	2	1.47	1.15	12	0.1	2.03	2.99	Main Lens South
HRUD054	53	56.1	3.1	2.57	-	18	-	3.6	2.8	Main Lens South
HRUD054	63	64	1	0.83	10.15	16	-	3.01	3	Main Lens South
HRUD054	72	82.1	10.1	8.4	5.07	19	-	3.4	6.6	Main Lens South
HRUD055	42.9	44.9	2	1.85	175.25	50	0.8	6.8	7.8	Main Lens South
HRUD058	108.75	111.9	3.15	2.93	2.61	15	-	3.99	5.4	Main Lens South
HRUD059	100	104.35	4.35	4.32	15.6	59	0.3	12.3	17	Main Lens South
HRUD060	100.8	104.9	4.1	3.99	43.2	34	0.5	7.76	11.6	Main Lens South
HRUD061	108	111	3	2.98	23.49	52	0.8	7.56	11.7	Main Lens South
HRUD062	108.95	110.05	1.1	1.05	54.9	61	2.37	18.95	8.2	Main Lens South
HRUD063	118	119	1	0.92	0.12	24	-	5.24	3.15	Main Lens South
HRUD069	103	112	9	9	13.69	16	0.3	5.01	7.4	Main Lens South
Includes	105	111	5	5	24.27	26	0.5	8.6	12.5	Main Lens South
HRUD070	104.9	108	3.1	2.9	18.98	25	0.2	5.58	6.17	Main Lens South
HRUD071	99	140.1	41.1	41.1	1.03	2		0.5	1	Main Lens South
Includes	108	110	2	2	18.9	16	-	4.26	5.07	Main Lens South



REVIEW AND RESULTS OF OPERATIONS

Table 3: Collar summary for Hera surface drill holes in this report

Hole	GDA_E	GDA_N	DIP	AZI_MGA	Depth	Comments
HRD053	436263	6446681	-68	70	672.9	Hera South
HRD052W3	436855	6446937	-72	235.3	773.4	Hera South

Table 4: Intersection summary for Hera surface drill holes in this report

Hole	From (m)	To (m)	Intercept (m)	Est true width (m)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
HRUD053	572	578	6	4.4	-	-	2.6	1.0	12	Hera South
And	594	596	2	1.5	0.2	-	4.4	1.1	18	Hera South
And	601	606	6	4.4	1.4	-	2.1	0.2	9	Hera South
And	617	619	2	1.6	-	0.9	5.6	0.1	29	Hera South
HRD052W3	722.4	724.4	2	2	-	0.8	5.2	4.2	55	Hera South

Table 5: Collar summary for Nymagee surface drill holes in this report

Hole	GDA_E	GDA_N	RL	DIP	AZI_MGA	Depth	Comments
NMD089	435059	6452235	311.5	-77	237.3	825.8	Nymagee Deeps
NMD089W1	435059	6452235	311.5	-77	237.3	850.3	Nymagee Deeps
NMD091	435072	6452361	310	-70	255	967.1	Nymagee Deeps
NMD092	434384	6453090	302.5	-78	232	993.6	Nymagee North

Table 6: Intersection summary for Nymagee surface drill holes in this report

Hole	From (m)	To (m)	Intercept (m)	Est true width (m)	Au (g/t)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Comments
NMD089	623	668	45	33	-	0.5	0.05	0.14	5	Nymagee Deeps
Includes	626	628	2	1.4	0.2	-	4.4	1.1	18	Nymagee Deeps
And	641	643	2	1.5	-	2.3	0.13	0.29	26	Nymagee Deeps
NMD089W1	479	480	1		-	3.7	-	-	5	Nymagee Deeps
And	627	635	8		-	1.5	-	-	6	Nymagee Deeps
And	690	703	13		-	0.9	-	-	9	Nymagee Deeps

STATEMENT OF RESOURCES AND RESERVES

Hera Deposit Mineral Resource Estimate (AMI- 100%) – June 2011

Category	Tonnes	NSR (A\$)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au Eq (g/t)	Contained Au ozs Eq
Indicated	2,113,000	243	4.2	17.0	0.2	2.8	3.9	9.2	
Inferred	330,000	207	3.5	14	0.1	2.3	3.3	7.5	
Total	2,444,000	238	4.1	16.7	0.2	2.8	3.8	8.6	677,200

Hera Deposit – DFS Mining Reserve (AMI-100%) – September 2011

Source	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au Eq (g/t)	Contained Gold Ounces (Au Eq.)
Development Sub-total	278,158	2.86	13.06	0.13	2.26	3.19		
Stope Sub-Total	1,597,760	3.72	15.39	0.17	2.56	3.55		
MINE PROBABLE RESERVE	1,875,918	3.59	15.04	0.16	2.51	3.50	7.00	423,471

Nymagee Deposit Mineral Resource Estimate (AMI- 95%) – December 2011

Description	Cut Off	Tonnes	Cu %	Pb %	Zn %	Ag g/t
INDICATED						
Shallow Cu Resource (above 90mRL)	0.3% Cu	5,147,000	1.00	0.10	0.20	5
Deeper Cu Resource (below 90m RL)	0.75% Cu	1,984,000	1.80	0.30	0.60	11
Lead-Zinc-Silver Lens	5% Pb + Zn	364,000	0.50	4.40	7.80	41
INFERRED						
Deeper Cu Resource (below 90m RL)	0.75% Cu	601,000	1.30	0.10	0.20	8
GLOBAL		8,096,000	1.20	0.30	0.70	9
Contained Metal (tonnes)			96,000t	27,000	53,000	69

Midway & 3KEL deposits – Doradilla JV (AMI earning 70%) – February 2008

		Midway		3KEL		TOTAL	
Category	Sn Cut-off	Tonnes (M)	% Sn	Tonnes (M)	% Sn	Tonnes (M)	% Sn
Inferred	0.1%	4.63	0.25	3.18	0.34	7.81	0.29
Inferred	0.2%	1.97	0.4	1.85	0.48	3.82	0.44
Inferred	0.5%	0.38	0.92	0.56	0.89	0.94	0.90



COMPETENT PERSONS STATEMENTS

Competent Persons Statement – Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimas Kairaitis is a fulltime employee of Aurelia Metals and 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 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 Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – Nymagee & Hera Resource Estimate

The Resource Estimation for both Hera and Nymagee deposits has been completed by Mr Dean Fredericksen, the Chief Operating Officer of Aurelia Metals Ltd who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Dean Fredericksen is a full time employee of Aurelia Metals and 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 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 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 and Hera Resource estimates is extracted from the ASX Reports available on the Aurelia Metals Website:

- Hera Resource Upgrade – 2 June 2011
- 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.

Competent Persons Statement – Hera Ore Reserve

The Information in this report relating to Ore Reserves is based on work undertaken by Mr Michael Leak of Optiro

Pty Ltd under supervision of Mr Sean Pearce. This report has been compiled by Sean Pearce, who is a Member of the Australasian Institute of Mining and Metallurgy. Sean Pearce is a full time employee of Aurelia Metals Resources and 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 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 Pearce 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 Hera Ore Reserve is extracted from the ASX Report available on the Aurelia Website:

- Hera DFS Release – 19 September 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.

Competent Persons Statement – 3KEL-Midway Resource Estimation

The resource estimates of oxide material at 3KEL and Midway have been performed by Dr William Yeo, MAusIMM, who is an employee of Hellman & Schofield Pty Ltd and who qualifies as a Competent Person under the meaning of the 2012 JORC Code. He consents to the inclusion of these estimates, and the attached notes, in the form and context in which they appear.

The information on the Nymagee and Hera Resource estimates is extracted from the ASX Reports available on the Aurelia Website:

- Inferred Resource for 3KEL and Midway Laterite Deposits – 3 March 2008

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.





FINANCIAL REPORT

DIRECTORS REPORT

The following report is submitted in respect of the results of Aurelia Metals Limited ("Aurelia" or "the Company", formerly YTC Resources Limited) and its subsidiaries, together the consolidated group ("Group"), for the financial year ended 30 June 2014, together with the state of affairs of the Group as at that date.

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.

Mr Anthony Wehby - Chairman

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 including those in the mining and exploration sectors. Since 2001, Mr Wehby has maintained a financial consulting practice, advising corporate clients considering significant changes to their business activities. Mr Wehby is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors.

Mr Wehby is a Director of Royal Rehab, and he was the Chairman of Tellus Resources Limited until December 2013.

Mr Rimas Kairaitis – Managing Director

Mr Kairaitis is a geologist with over 20 years' experience in minerals exploration and resource development in gold, base metals and industrial minerals in Queensland and NSW, working with companies including Shell Minerals, Plutonic Resources, CRA (Rio Tinto) and Alkane Resources.

Mr Kairaitis was a founding Director of the mineral exploration company LFB Resources NL (now a subsidiary of Alkane Resources Limited). From 1999 to 2006 he worked as a geological consultant to Alkane until becoming a founding Director of Aurelia Metals Limited and its Chief Executive Officer in 2007.

Mr Kairaitis has a strong exploration track record, leading the geological field team to the discovery of the Tomingley Gold deposit in NSW in 2001 and the McPhillamy's Gold Deposit in 2006.

He graduated with a Bachelor of Applied Science (Geology) with first class Honours and University Medal in 1992 from the University of Technology, Sydney. He is also a member of the Australian Institute of Mining and Metallurgy.

In the last three years Mr Kairaitis has held no other listed company directorships.

Mr Gary Comb

Mr Comb is an engineer with over 28 years' experience in the Australian Mining Industry, both with mining companies and in mining contractor roles. He has a strong track record in successfully commissioning and operating base metal mines.

He spent four years as Chief Executive Officer of BGC Contracting Pty Limited, the mining and civil contracting arm of West Australian construction group BGC Limited.

From 2003, Mr Comb was Managing Director of Jabiru Metals Limited, taking the Jaguar Copper/Zinc Project from discovery through feasibility, construction to operations. Jabiru Metals was taken over by Independence Group Limited for A\$532 million in 2011.

He is currently Chairman of Finders Resources Limited and a Director of Ironbark Zinc Limited, and was Chairman of Zenith Minerals Limited from 2 March 2007 until 11 June 2013.

Mr Paul Espie – Appointed 10 December 2013

Mr Espie established Pacific Road Group, a corporate finance firm focusing on resources and infrastructure in 1986 and Pacific Road Capital, a private equity investor in resources internationally, in 2006. Prior to this, Paul was Managing Director of Bank of America Australia.

He was Chairman of Oxiana Limited during the acquisition and development of the Sepon copper/gold project in Laos and prior to that Chairman of Cobar Mines Pty Ltd following a management buy-out of the CSA copper mine.

He was Chairman of Australian Infrastructure Fund Ltd, Freight Rail Corporation and the Australian Merchant Bankers Association. He was also a Director of Hastings Funds Management and Adelaide Brighton Ltd.

He is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy and is also a member of Australian Committee of the Eisenhower Exchange Foundation, a Director of the Menzies Research Centre and Trustee of the Australian Institute of Mining and Metallurgy, Education Endowment Fund.

Mr Michael Menzies

Mr Menzies has more than 35 years' experience in the mining industry in a variety of operational and management roles covering open cut and underground mining and processing operations in each of base metals, gold and coal.

Mr Menzies has been retained by Glencore in a number of capacities since 2010, including conducting operation

reviews and mining project evaluation work, primarily in the base metals sector.

Mr Menzies was a director of Straits Resources Limited from November 2013 until April 2014.

Mr Mark Milazzo

Mr Milazzo is a mining engineer with over 30 years' experience in the development and management of mines and mineral processing plants across a range of commodities in Australia and overseas. This includes both underground and surface operations, and covers a wide range of mining applications, from small scale selective to mechanised bulk extraction methods. He has been involved in a number of new mine development and mine expansion projects.

Past senior roles include General Manager of the Olympic Dam Mine and Kambalda Nickel Operations with WMC Resources, and General Manager with mining contractor HWE Mining. Mr Milazzo is a Fellow of the Australasian Institute of Mining and Metallurgy.

He is currently a Director of Red 5 Limited and Mirabela Nickel Limited, and was a Director of Cortona Resources Limited from 23 May 2011 until 9 January 2013.

Dr Guoqing Zhang – Appointed 13 March 2014

Dr Zhang is Chief Executive Officer of Yunnan Tin Australia TDK Resources Pty Ltd and Chairman of China Yunnan Tin Minerals Group Company Limited (Hong Kong Stock Exchange), appointed 26 November 2010.

Dr Zhang was previously Deputy General Manager of the Sino-Platinum Metal Company Limited, which is a Shanghai listed subsidiary company of the Yunnan Tin Group. Dr. Zhang is based in Australia and is a Director of Australian companies controlled by the Yunnan Tin Group.

Dr Zhang has extensive experience in research and development of metal alloys and has received a number of Chinese national awards. Dr. Zhang has a B.Sc (Hon) degree and Ph.D. in Material Science.

Mr Robin Chambers AO – Resigned 13 March 2014

Mr Robin Chambers is a lawyer with over 30 years' experience in the resources sector. He is the Senior Partner of Chambers & Company, an international law firm based in Melbourne, and Special Counsel – China and Chief Representative for its affiliate, the New York law firm of Chadbourne & Parke, which has its China office in Beijing. He was previously General Counsel of CRA Limited (now Rio Tinto Limited).

FINANCIAL REPORT

Mr Chambers has advised a number of major Chinese state owned enterprises on their investments in Australia over more than 29 years. He has also advised Australian and US corporations on a range of projects in China. He was appointed as an Officer in the General Division of the Order of Australia for his distinguished service to Australia-China relations, particularly through the promotion of trade and investment relationships in the minerals and metals sector, and as an advisor on international corporation law.

Mr Chambers graduated with an Arts degree and an Honours Law degree from the University of Melbourne and with a Master of Laws degree from Duke University in the United States.

Mr Chambers has held no other listed company directorships in the past three years.

Dr Wenxiang Gao – Resigned 13 March 2014

Dr Gao has over 30 years' experience as a senior mining engineer in China. He graduated as a Master of Mining Engineering from the Mining Academy of Kunming and University of Science and Technology. He earned his Doctor Degree in the School of Resources & Safety Engineering of South Central University, China in June 2009.

Dr Gao commenced work with Yunnan Tin Group in 1984 and has held a number of senior roles before becoming its General Manager.

Dr Gao is currently Acting Chairman of Yunnan Tin Co. Limited (Shenzhen Stock Exchange), appointed 21 October 2006.

Ms Christine Ng – Retired 6 November 2013

Ms Christine Ng is an Executive Director of China Yunnan Tin Minerals Group Co. Limited, which is a shareholder of Aurelia Metals Limited.

Ms Ng has a Bachelor of Economics from the University of Sydney and is fluent in English and Chinese.

Ms Ng is currently a Company Director of China Yunnan Tin Minerals Group (Hong Kong Stock Exchange), appointed 31 August 2007.

Mr Yong Chen – Alternate for Dr Guoqing – Appointed 5 June 2014

Mr Chen is an accountant with more than 20 years' experience in both Australia and China.

Mr Chen is a Director & CFO of Yunnan Tin Australia Investment Holding Pty Limited, a subsidiary of Yunnan Tin Group Limited based in China which is the world's largest tin producer.

He has worked in various accounting roles including 9 years as the GST & Investment Accountant with Sydney Church of England Grammar School (Shore School) in North Sydney.



Mr Chen has a Bachelor of Economics from the Shanghai University of Finance & Economics and a Master of Business in Accounting and Finance from the University of Technology, Sydney.

Ms Susan Corlett – Alternate for Mr Paul Espie on 30 January 2014 and 17 July 2014

Ms Corlett is a geologist and executive with over 20 years' experience in exploration, mining, and finance in Africa, Australasia and the Pacific Rim.

Ms Corlett is currently a Non-Executive Director of Mawson West Limited and an Investment Director of Pacific Road Capital and is a Director of the not-for-profit charity, the David Burgess Foundation.

Ms Corlett's experience includes exploration and mine geology with RGC Limited and Goldfields Limited, and broad experience in the banking industry with Standard Bank, Macquarie Bank and Deutsche Bank.

Ms Corlett holds a BSc Hons (Geology) from the University of Melbourne, is a Member of the AusIMM and a graduate of the Australian Institute of Company Directors.

Mr Richard Willson – Company Secretary & Chief Financial Officer, Alternate for Mr Gary Comb

Appointed 20 November 2012, Alternate for Mr Mark Milazzo Appointed 8 March 2013 and Alternate for Mr Michael Menzies on 31 July 2013.

Mr Willson is an accountant with more than 20 years' experience in public practice and in various financial management and company secretarial roles within the resources and agricultural sectors for both publicly listed and private companies.

Mr Willson has a Bachelor of Accounting from the University of South Australia, is a fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors.

In addition to his role as Chief Financial Officer and Company Secretary with Aurelia Metals Limited, Mr Willson is a Non-Executive Director of the ASX listed company Aus Tin Mining Limited and a Non-Executive Director and Company Secretary of the not-for-profit Unity Housing Company. Mr Willson was a Non-Executive Director of Tellus Resources Limited until December 2013.

Directors' Interests in the Shares and Options of the Company

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

	Ordinary Shares	Options over Ordinary Shares	Performance Rights
Directors			
Mr Anthony Wehby	845,000	600,000	-
Mr Rimantas Kairaitis	4,468,544	600,000	250,000
Mr Gary Comb	250,000	500,000	-
Mr Paul Espie	-	-	-
Mr Michael Menzies	100,000	-	-
Mr Mark Milazzo	200,000	500,000	-
Dr Guoqing Zhang	-	-	-
Mr Robin Chambers	860,003	250,000	-
Dr Wenxiang Gao	510,000	250,000	-
Ms Christine Ng	-	-	-
Mr Yong Chen	-	-	-
Ms Susan Corlett	-	-	-
Mr Richard Willson	37,574	100,000	50,000
Total	7,271,121	2,800,000	300,000

FINANCIAL REPORT

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 2014.

CORPORATE STRUCTURE

Aurelia Metals Limited (formerly YTC Resources 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).

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the Group's principal activity was mineral exploration and development. At the date of this report the Group holds interests in gold, base metals and tin projects in New South Wales.

OPERATING AND FINANCIAL REVIEW

HERA-NYMAGEE PROJECT

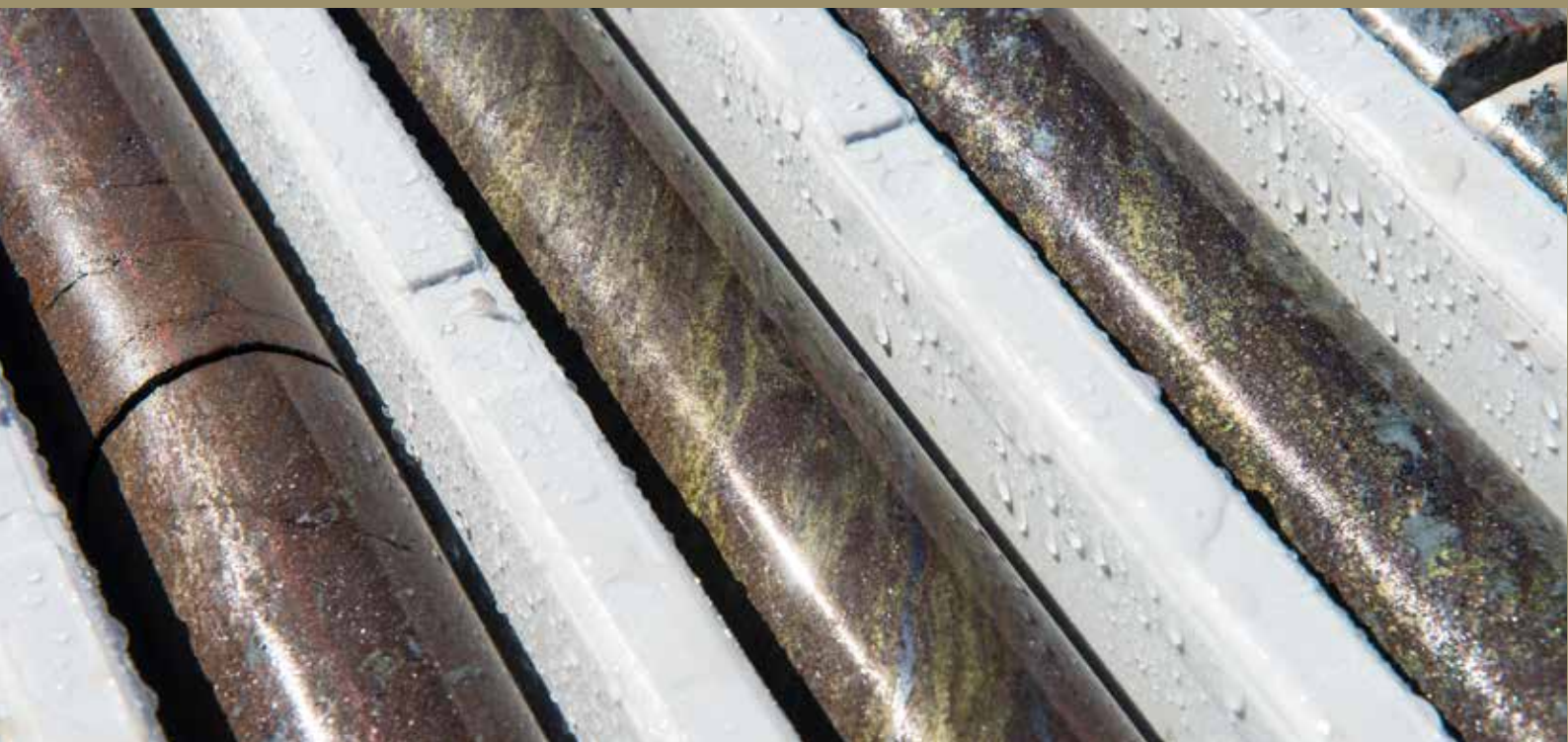
The Hera-Nymagee Project represents Aurelia Metals' flagship Project and consists of the Hera gold-base metal deposit (Aurelia 100%) and the Nymagee copper deposit (Aurelia 95%), and is located approximately 100km south-east of Cobar, hosted in the Cobar Basin rocks of central NSW. The Cobar Basin also 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 development activities at the Hera Project and exploration activities at the Nymagee copper deposit and the Nymagee North prospect.

HERA PROJECT DEVELOPMENT

The 12 months to June 2014 saw an intense company focus on the construction and development of the Hera gold-lead-zinc project. By 30 June 2014, the Hera project construction was substantially complete, with early stage process plant commissioning activities commenced.

At the close of the year, the Hera underground mine was well established, including:



- A total underground lateral development of 4,059 metres, including;
- The establishment of ore drives on the 205, 235, 335 and 360 levels;
- Primary ventilation commissioned and three 4m vertical vent-shafts established and three sub-vertical 1.5m ladderways installed; and
- A surface ore (ROM) stockpile of > 15,000 tonnes established.

Construction of the Hera Process Plant proceeded well during the year, key milestones achieved during the year include:

- Completion of project civils
- Mechanical installation of most areas of the process plant, including;
 - Primary, secondary and tertiary grinding areas
 - Gravity circuit and verti-mill
 - Reagents area
 - Rougher flotation tanks and thickeners
 - Regrind mill and cleaner flotation circuit
 - Leach circuit and concentrate filters
 - Concentrate and stores sheds

As at 30 June 2014, early stage commissioning activities had commenced including on the following areas:

- Tertiary crushing circuit;
- Reclaim tunnel; and
- Rougher and cleaner flotation circuits.

Other Hera project construction activities during the year included:

- Completion of the Hera Accommodation Camp and handover to camp manager;
- Construction and commissioning of the of long term gas-fired power station;
- Construction and completion of Stage 1 of the Tailings Storage Facility (TSF); and
- Completion of the Hera Mine offices, washrooms and ancillary buildings and infrastructure.

HERA EXPLORATION

Exploration activities at the Hera Project focussed on extensions to the Hera ore body to the south. Activities included surface drilling, follow-up, down-hole EM (DHEM) and the commencement of exploration drilling from underground positions.

Highlight results from surface drilling at Hera South included hole HRD052W3, which intersected a 10m zone of strong sulphide mineralisation and included a 2.2m zone of massive sulphides. The hole recorded results of:

- HRD052W3: 2.0m @ 0.05g/t Au, 55g/t Ag, 0.8% Cu, 5.2% Pb and 4.2% Zn from 722.4m

Follow up drilling above and to the south of this intersection, confirmed the continuity of the Hera South mineralisation, recording results of:

- HRD053: 6.0m @ 12g/t Ag, 2.6% Pb and 1.0% Zn from 572m, and
- 2.0m @ 0.2g/t Au, 18g/t Ag, 4.4% Pb and 1.1% Zn from 594m and
- 5.0m @ 1.4g/t Au, 9g/t Ag, 2.1% Pb and 0.2% Zn from 601m, and
- 2.0m @ 0.15g/t Au, 29g/t Ag, 0.9% Cu, 5.6% Pb and 0.1% Zn from 617m

These results are considered encouraging, although not indicative of Hera resource extensions in the immediate term.

Initial results from the first drill hole from the Hera underground were considered strongly encouraging, with hole HRUD065 intersecting strong sulphide mineralisation and visible gold in areas outside the existing Hera Reserve.

Underground exploration drilling of this area was proceeding aggressively at the close of the year.

HERA REGIONAL EXPLORATION

Exploration within the regional tenement package surrounding the Hera and Nymagee deposits generated positive results in the year, including:

- A new large, high-intensity gravity anomaly (the "Pyramid Prospect") located 14km SSE of the Hera Mine. The anomaly is of the same strength and several times as large as that associated with the Hera Deposit.
- The delineation of a robust, 1.5km long, anomalous lead-in-soil trend termed "Hebe East". The anomaly is associated with anomalous topography and rock chip sampling results to 0.2% Pb.

NYMAGEE NORTH EXPLORATION

During the period a number of drill holes and down hole EM (DHEM) surveys were completed at Nymagee North, targeting down plunge from strong Cu-Pb-Zn mineralisation. Aurelia maintains a view that Nymagee North may represent the upper parts of a new 'Cobar style' ore system. Nymagee North is located approximately 500m north of the Nymagee Copper Deposit.

In the first half of the year, a number of strongly encouraging drill results were returned, including:

- NMD084: 10m @ 1.4% Cu, 30g/t Ag and 1.9% Pb + Zn from 545.5m, and
- 3m @ 1.8% Cu, 23g/t Ag and 1.0% Pb + Zn from 596m, and
- 3m @ 1.5% Cu, 32g/t Ag, and 2.3% Pb + Zn from 624m

- NMD085: 43.6m @ 0.5% Cu and 0.6% Pb+Zn from 584.4m including:
- 2.1m @ 1.9% Cu, 0.55g/t Au, 18g/t Ag from 584.4m and
- 7.8m @ 0.5% Cu, 11g/t Ag, 2.7% Pb+Zn from 596.4m and
- 1.4m @ 1.8% Cu, 27g/t Ag, 2.4% Pb+Zn from 642.9m

Follow up DHEM and drilling down plunge at Nymagee North, culminated in a zone of massive sulphide mineralisation intersected in NMD092, some 180m down plunge of previous drilling at Nymagee North.

This result is considered to be particularly significant, and very encouraging in the context of how other large Cobar-style mineralised systems evolve at depth. This drill hole looks to have identified part of the mineralisation causing the strong Down-Hole Electro-Magnetic (DHEM) conductive response at Nymagee North. The potential for the zone to have meaningful size and vertical extent will be assessed with follow up down-hole geophysics and structural logging.

DEEP NYMAGEE DRILLING PROGRAMME

During the year, three deeper exploration drill holes were completed beneath the Nymagee copper deposit to test for extensions to the Nymagee copper deposit at depth and to provide platforms for downhole geophysics at depth.

Holes NMD089, NMD089W1 and NMD091 each intersected broad low grade copper mineralisation, representing depth extensions to the 'footwall copper' zones. Hole NMD091 also identified the re-development of massive and semi-massive sulphides in the main lens position from 889.5 to 891.5m hosting iron, zinc, lead and copper sulphides. Although not considered to represent economic grades or widths, the redevelopment of massive sulphide mineralisation at depth is considered encouraging.

Assays results for holes NMD089 and NMD089W1 are consistent with the broad, low grade copper intervals observed. Results include:



- NMD089: 45m @ 0.5% Cu from 623m, including;
- 2m @ 2.9% Cu and 26g/t Ag from 626m, and
- 2m @ 1.8% Cu from 641m
- NMD089W1: 1m @ 3.7% Cu from 479m,
- 8m @ 1.5% Cu from 627m, and
- 13m @ 0.9% Cu from 690m

The results now demonstrate the vertical continuity of copper mineralisation for over 700m from surface, with the copper mineralisation remaining open at depth.

CORPORATE

PACIFIC ROAD TRANSACTION

On 6th December 2013, Aurelia announced a strategic transaction with Pacific Road Capital to accelerate exploration and resource development at the Hera-Nymagee Project.

Phase 1 Funding

Phase 1 was a placement of 58.8m shares to Pacific Road Capital at \$0.2434 per share to raise \$14.3 million which completed on 10th December 2013. The transaction price of \$0.2434, being the VWAP calculated over the 30 days prior to the date of the Agreement, represents a 21.7% premium to the last closing price of Aurelia on the day of announcement.

Phase 1 Funding Use of Proceeds

Phase 1 funding is being applied to:

- Board-approved exploration at the Hera-Nymagee Project;
- Resource delineation and estimation at Hera and Nymagee; and
- Working capital requirements, including financial risk management such as hedging price protection costs (up to \$3 million).

Phase 2 Funding

Should Aurelia choose to raise further monies after Phase 1, Pacific Road Capital will hold a first right to subscribe further funds, as Phase 2. In this event, Aurelia will call further funds up to \$10.7 million from Pacific Road, such funding being subject to Pacific Road Capital's election.

- Phase 2 funding of up to \$10.7 million inclusive of \$0.7 million at the Phase 1 funding price, and the

\$10.0 million balance of the Phase 2 funding to be priced at a 30 day VWAP price from the time of Aurelia call.

- Up to \$5 million of Phase 2 funds may be used for debt service or Hera Project cost overrun if applicable.
- Phase 2 funding price for those funds used for debt service or Hera Project cost overrun to be priced at a 10% discount to the 30 day VWAP price.
- Aurelia to seek shareholder approval, and assist with obtaining other necessary Australian regulatory approvals, for Phase 2 funding if required.

Director Appointment

Under the Agreement Aurelia appointed Pacific Road's Nominee, Mr Paul Espie, to Aurelia's Board of Directors.

A summary biography of Mr Espie is presented on page 21.

Pacific Road will have the right to appoint a Director to the Aurelia Board for so long as Pacific Road Capital holds at least 10% of Aurelia's issued capital, subject to limited exceptions.

Non-Dilute

Subject to the grant of an ASX waiver, Aurelia will, from completion of Phase 2 funding, grant Pacific Road an anti-dilution right for so long as Pacific Road holds at least 10% of Aurelia's issued capital, subject to limited exceptions.

PYBAR AGREEMENT

During the year Aurelia reached an agreement with its primary underground contractor, Pybar Mining Services Pty Ltd ('Pybar'), for a reduction in rates for the provision of mining services in the period from 1 September 2013 to 31 October 2014. In consideration for this reduction, Aurelia issued Pybar 4 million Aurelia shares to be held in escrow until 31 October 2014.

CHANGE OF COMPANY NAME TO AURELIA METALS LTD

In June 2014 the Company completed a change of company name from YTC Resources Ltd to Aurelia Metals Limited. The change in name reflects the considerable changes to the Company since its IPO in early 2007 in terms of the Company's commodity focus, its spread in ownership structure and financial support, and its evolution from explorer to near term producer.

FINANCIAL REPORT

STATEMENT OF RESOURCES AND RESERVES

Hera Deposit Mineral Resource Estimate (AMI-100%) – June 2011

Category	Tonnes	NSR (A\$)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au Eq (g/t)	Contained Au ozs Eq
Indicated	2,113,000	243	4.2	17.0	0.2	2.8	3.9	9.2	
Inferred	330,000	207	3.5	14	0.1	2.3	3.3	7.5	
Total	2,444,000	238	4.1	16.7	0.2	2.8	3.8	8.6	677,200

Hera Deposit – DFS Mining Reserve (AMI-100%) – September 2011

Source	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au Eq (g/t)	Contained Gold Ounces (Au Eq.)
Development Sub-total	278,158	2.86	13.06	0.13	2.26	3.19		
Stope Sub-Total	1,597,760	3.72	15.39	0.17	2.56	3.55		
MINE PROBABLE RESERVE	1,875,918	3.59	15.04	0.16	2.51	3.50	7.00	423,471

Nymagee Deposit Mineral Resource Estimate (AMI-95%) – December 2011

Description	Cut Off	Tonnes	Cu %	Pb %	Zn %	Ag g/t
INDICATED						
Shallow Cu Resource (above 90mRL)	0.3% Cu	5,147,000	1.00	0.10	0.20	5
Deeper Cu Resource (below 90m RL)	0.75% Cu	1,984,000	1.80	0.30	0.60	11
Lead-Zinc-Silver Lens	5% Pb + Zn	364,000	0.50	4.40	7.80	41
INFERRED						
Deeper Cu Resource (below 90m RL)	0.75% Cu	601,000	1.30	0.10	0.20	8
GLOBAL		8,096,000	1.20	0.30	0.70	9
Contained Metal (tonnes)			96,000t	27,000	53,000	69

Midway & 3KEL deposits – Doradilla JV (AMI earning 70%) – February 2008

		Midway		3KEL		TOTAL	
Category	Sn Cut-off	Tonnes (M)	% Sn	Tonnes (M)	% Sn	Tonnes (M)	% Sn
Inferred	0.1%	4.63	0.25	3.18	0.34	7.81	0.29
Inferred	0.2%	1.97	0.4	1.85	0.48	3.82	0.44
Inferred	0.5%	0.38	0.92	0.56	0.89	0.94	0.90

COMPETENT PERSONS STATEMENTS

Competent Persons Statement – Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimas Kairaitis is a fulltime employee of Aurelia Metals and 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 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 Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – Nymagee & Hera Resource Estimate

The Resource Estimation for both Hera and Nymagee deposits has been completed by Mr Dean Fredericksen, the Chief Operating Officer of Aurelia Metals Ltd who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Dean Fredericksen is a full time employee of Aurelia Metals and 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 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 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 and Hera Resource estimates is extracted from the ASX Reports available on the Aurelia Metals Website:

- Hera Resource Upgrade – 2 June 2011
- 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.

Competent Persons Statement – Hera Ore Reserve

The Information in this report relating to Ore Reserves is

based on work undertaken by Mr Michael Leak of Optiro Pty Ltd under supervision of Mr Sean Pearce. This report has been compiled by Sean Pearce, who is a Member of the Australasian Institute of Mining and Metallurgy. Sean Pearce is a full time employee of Aurelia Metals and 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 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 Pearce 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 Hera Ore Reserve is extracted from the ASX Report available on the Aurelia Website:

- Hera DFS Release – 19 September 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.

Competent Persons Statement – 3KEL-Midway Resource Estimation

The resource estimates of oxide material at 3KEL and Midway have been performed by Dr William Yeo, MAusIMM, who is an employee of Hellman & Schofield Pty Ltd and who qualifies as a Competent Person under the meaning of the 2012 JORC Code. He consents to the inclusion of these estimates, and the attached notes, in the form and context in which they appear.

The information on the Nymagee and Hera Resource estimates is extracted from the ASX Reports available on the Aurelia website:

- Inferred Resource for 3KEL and Midway Laterite Deposits – 3 March 2008

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.

FINANCIAL REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total Group equity increased by \$5,058,402. The movement was mainly due to the increase in contributed equity of \$15,180,489, including \$14,323,823 of shares being issued to Pacific Road Group during the year. This was offset by the loss of \$10,623,441 for the financial year which was largely due to a loss on revaluation of gold put options of \$6,318,966 (revaluation loss).

A further \$70 million was drawn on the Glencore project finance facility, bringing the total loan drawn at year end to \$105 million. Deferred exploration and evaluation assets increased by \$3,079,128, net of an impairment adjustment of \$788,291. Mine properties increased by \$85,474,613 (including capitalised project loan interest of \$5,830,287) as progress on the underground development continued, and the processing mill and other surface infrastructure neared completion. The estimated royalty payable on gravity gold production from the Hera deposit increased by \$754,065. Ore inventory with a value of \$2,349,771 is recorded at year end.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report which may significantly impact on the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group carries out operations in New South Wales that are subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities. The Group has formal procedures in place to ensure regulations are adhered to. During the financial year there has been no significant breach of these regulations.

SHARE OPTIONS

(i) Unissued shares under option

As at the date of this report, there were 3,990,000 unissued ordinary shares under options. The options are unlisted and have various terms as set out below.

Number of Options	Expiry	Exercise Price (per share)
340,000	31-Dec-2014	\$0.40
950,000	31-Dec-2014	\$0.45
1,600,000	29-Nov-2015	\$0.35
1,100,000	29-Nov-2015	\$0.45
3,990,000		

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

(ii) Shares issued as a result of the exercise of options

During the year no unlisted options were exercised.

(iii) Expiry of options

During the year 1,000,000 unlisted options expired.

PERFORMANCE RIGHTS

(i) Unissued shares under performance right

As at the date of this report, there were 1,570,000 unissued ordinary shares subject to Performance Rights. The Performance Rights are unlisted and have terms as set out below.

Number of Performance Rights	Expiry	Performance Hurdle
840,000	15-Mar-2016	5 Day Aurelia VWAP of 80 cents per share
730,000	18-Jun-2016	Various share price and operational performance measures
1,570,000		

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.

(ii) Shares issued as a result of the exercise of performance rights

During the year 680,000 shares were issued as a result of the exercise of Performance Rights.

(iii) Expiry of performance rights

During the year 260,000 unlisted performance rights expired.

MEETINGS OF DIRECTORS

During the financial year, in addition to regular Board discussions, the number of meetings of Directors attended during the year by each director and the number of meetings held was as follows:

Board Meetings

Name	Attended	Eligible
Mr Anthony Wehby	11	11
Mr Rimas Kairaitis	11	11
Mr Gary Comb	9	11
Mr Paul Espie	4	5
Mr Michael Menzies	9	11
Mr Mark Milazzo	10	11
Dr Guoqing Zhang	10	11
Mr Robin Chambers	7	9
Dr Wenxiang Gao	0	9
Ms Christine Ng	2	4
Mr Yong Chen	4	4
Ms Susan Corlett	1	1
Mr Richard Willson	3	3



FINANCIAL REPORT

Board Committee Meetings

	Audit Committee		Finance Committee		Nomination Committee	
Name	Attended	Eligible	Attended	Eligible	Attended	Eligible
Mr Anthony Wehby	2	2	4	4	-	-
Mr Rimantas Kairaitis	1	1	4	4	-	-
Mr Gary Comb	1	1	4	4	-	-
Mr Paul Espie	-	-	2	2	-	-
Mr Michael Menzies	1	1	-	-	-	-
Mr Mark Milazzo	1	1	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-	-
Mr Robin Chambers	-	-	-	-	-	-
Dr Wenxiang Gao	-	-	-	-	-	-
Ms Christine Ng	1	1	-	-	-	-
Mr Yong Chen	-	-	-	-	-	-
Ms Susan Corlett	-	-	-	-	-	-
Mr Richard Willson	-	-	-	-	-	-
	Remuneration Committee		Operations Committee			
Name	Attended	Eligible	Attended	Eligible		
Mr Anthony Wehby	2	2	-	-		
Mr Rimantas Kairaitis	-	-	6	6		
Mr Gary Comb	-	-	6	6		
Mr Paul Espie	-	-	-	-		
Mr Michael Menzies	1	1	-	-		
Mr Mark Milazzo	2	2	6	6		
Dr Guoqing Zhang	-	-	-	-		
Mr Robin Chambers	1	1	-	-		
Dr Wenxiang Gao	-	-	-	-		
Ms Christine Ng	-	-	-	-		
Mr Yong Chen	-	-	-	-		
Ms Susan Corlett	-	-	-	-		
Mr Richard Willson	-	-	-	-		

Attended – Number of Board/Board Committee Meetings attended by each Director/Alternate Director

Eligible – Number of Board/Board Committee Meetings held which were eligible to be attended by each Director/Alternate Director

Current members of various Board Committees at 30 June 2014:

Board Committee	Members of Each Committee
Audit Committee	Mr Michael Menzies, Mr Mark Milazzo, Mr Anthony Wehby
Finance Committee	Mr Gary Comb, Mr Paul Espie, Mr Rimas Kairaitis, Mr Anthony Wehby
Remuneration Committee	Mr Michael Menzies, Mr Mark Milazzo, Mr Anthony Wehby
Nomination Committee	Mr Gary Comb, Mr Paul Espie, Mr Anthony Wehby
Operations Committee	Mr Gary Comb, Mr Rimas Kairaitis, Mr Mark Milazzo

EMPLOYEES

The Company had 27 employees at 30 June 2014 (2013: 20 employees).

Of the 27 employees at 30 June 2014, 12 (44%) are female (2013: 9 female 45%). None of the senior executives is female. The Company's Board has no female directors.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has not indemnified the directors and executive officers for any breach of laws for which they may be held personally liable. The Company has however paid insurance premiums in respect of Directors' and Officers' and Employment practices liability for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as officers of entities in the Group and related joint venture companies. The total amount of insurance premiums paid has not been disclosed for confidentiality reasons.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 Ernst & Young during or since the financial year.

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.

Remuneration Policy and Committee

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter and has established a Remuneration Committee.

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and executives. 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 emoluments may be linked to the Company's financial and operational performance.

FINANCIAL REPORT

Details of Directors and Key Management Personnel

Directors	Position	Appointed	Resigned
Mr Anthony Wehby	Independent Non-Executive Director Independent Non-Executive Chairman	14-Sep-2006 13-Dec-2011	- -
Mr Rimas Kairaitis	Managing Director	12-Jun-2008*	-
Mr Gary Comb	Independent Non-Executive Director	4-Jul-2012	-
Mr Paul Espie	Non-Executive Director	10-Dec-2013	-
Mr Michael Menzies	Non-Executive Director	26-Mar-2013	-
Mr Mark Milazzo	Independent Non-Executive Director	6-Aug-2012	-
Dr Guoqing Zhang	Non-Executive Director Alternate Director	13-Mar-2014 24-Nov-2011	- 13-Mar-2014
Mr Robin Chambers	Non-Executive Director	27-Mar-2007	13-Mar-2014
Dr Wenxiang Gao	Non-Executive Director Non-Executive Chairman	27-Mar-2007 25-Feb-2008	13-Mar-2014 13-Dec-2011
Ms Christine Ng	Non-Executive Director	12-Jun-2008	6-Nov-2013
Mr Yong Chen	Alternate Director	4-Jun-2014 5-Dec-2011	- 6-Nov-2013
Ms Susan Corlett	Alternate Director	17-Jul-2014 30-Jan-2014	17-Jul-2014 30-Jan-2014
Mr Richard Willson	Alternate Director	4-Jul-2012 22-Sep-2012 20-Nov-2012	4-Jul-2012 22-Oct-2012 -
Executives			
Mr Dean Fredericksen	Chief Operating Officer	1-Mar-2011	-
Mr Sean Pearce	General Manager – Hera Project	1-Mar-2011	-
Mr Richard Willson	Chief Financial Officer & Company Secretary	5-Feb-2010	-

* Mr Kairaitis was also a Director from 24 March 2004 - 27 March 2007.

Remuneration of Directors and Key Management Personnel

	Short Term			Post Employment	Share Based Payment		
	Directors Fees	Salary and Fees	Non-Monetary	Super-annuation	Options/ Performance Rights	Total	Remuneration Consisting of Options/ Performance Rights
	\$	\$	\$	\$	\$	\$	%
2014 - Directors							
Mr Anthony Wehby	60,000	-	-	5,550	45,700	111,250	41%
Mr Rimas Kairaitis	-	308,174	28,027	25,204	45,700	407,105	11%
Mr Gary Comb	50,000	7,500	-	5,319	38,083	100,902	38%
Mr Paul Espie	27,842	-	-	-	-	27,842	-
Mr Mike Menzies	50,000	-	-	-	-	50,000	-
Mr Mark Milazzo	50,000	-	-	4,625	38,083	92,708	41%
Dr Guoqing Zhang	15,102	-	-	1,397	-	16,499	-
Mr Robin Chambers	34,863	-	-	3,224	7,802	45,889	17%
Dr Wenxiang Gao	38,087	-	-	-	7,802	45,889	17%
Ms Christine Ng	19,162	-	-	-	(37,698) ⁽ⁱ⁾	(18,536)	-
2014 - Executives							
Mr Dean Fredericksen	-	297,577	20,238	24,923	23,473	366,211	6%
Mr Sean Pearce	-	301,044	32,471	26,039	19,473	379,027	5%
Mr Richard Willson	-	237,739	-	18,760	-	256,499	-
Total 2014	345,056	1,152,034	80,736	115,041	188,418	1,881,285	10%
2013 - Directors							
Mr Anthony Wehby	60,000	27,500	-	5,400	45,238	138,138	33%
Mr Rimas Kairaitis	-	285,000	26,691	25,650	45,238	382,579	12%
Mr Gary Comb	49,692	32,500	-	7,397	37,698	127,287	30%
Mr Mike Menzies	13,322	-	-	-	-	13,322	-
Mr Mark Milazzo	45,171	-	-	4,065	37,698	86,934	43%
Mr Robin Chambers	50,000	-	-	4,500	37,698	92,198	41%
Dr Wenxiang Gao	54,500	-	-	-	37,698	92,198	41%
Ms Christine Ng	54,500	-	-	-	37,698	92,198	41%
Mr Richard Hill	1,507	-	-	136	-	1,643	-
Mr Stephen Woodham	5,068	-	-	456	-	5,524	-
2013 - Executives							
Mr Dean Fredericksen	-	272,936	19,474	24,564	19,295	336,269	6%
Mr Sean Pearce	-	258,482	56,992	26,640	18,428	360,542	5%
Mr Richard Willson	-	230,161	-	20,714	-	250,875	-
Total 2013	333,760	1,106,579	103,157	119,522	316,689	1,979,707	16%

(i) Reversal of prior year share based payment income, due to vesting conditions not being met.

FINANCIAL REPORT

Shareholdings of Directors and Key Management Personnel (Consolidated)

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

2014	Balance at the Start of the Year	Granted During the Year as Compensation	On Exercise of Share Options	Other Changes During the Year	Balance at the End of the Year
Directors					
Mr Anthony Wehby	745,000	-	-	100,000 ^(a)	845,000
Mr Rimas Kairaitis	4,468,544	-	-	-	4,468,544
Mr Gary Comb	250,000	-	-	-	250,000
Mr Paul Espie	-	-	-	-	-
Mr Mike Menzies	-	-	-	100,000 ^(a)	100,000
Mr Mark Milazzo	-	-	-	200,000 ^(a)	200,000
Dr Guoqing Zhang	-	-	-	-	-
Mr Robin Chambers	860,003	-	-	-	860,003
Dr Wenxiang Gao	510,000	-	-	-	510,000
Ms Christine Ng	-	-	-	-	-
Mr Yong Chen	-	-	-	-	-
Ms Susan Corlett	-	-	-	-	-
Executives					
Mr Dean Fredericksen	-	-	200,000	-	200,000
Mr Sean Pearce	-	-	100,000	-	100,000
Mr Richard Willson	20,000	-	-	17,574 ^(a)	37,574
	6,853,547	-	300,000	417,574	7,571,121
2013	Balance at the Start of the Year	Granted During the Year as Compensation	On Exercise of Share Options	Other Changes During the Year	Balance at the End of the Year
Directors					
Mr Anthony Wehby	745,000	-	-	-	745,000
Mr Rimas Kairaitis	4,438,544	-	-	30,000 ^(a)	4,468,544
Mr Gary Comb	-	-	-	250,000 ^(a)	250,000
Mr Paul Espie	-	-	-	-	-
Mr Mike Menzies	-	-	-	-	-
Mr Mark Milazzo	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Mr Robin Chambers	860,003	-	-	-	860,003
Dr Wenxiang Gao	510,000	-	-	-	510,000
Ms Christine Ng	-	-	-	-	-
Mr Yong Chen	-	-	-	-	-
Executives					
Mr Dean Fredericksen	-	-	-	-	-
Mr Sean Pearce	-	-	-	-	-
Mr Richard Willson	-	-	-	20,000 ^(a)	20,000
	6,553,547	-	-	300,000	6,853,547

(a) Acquired or disposed via on, or off market transaction.

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.

Option Holdings of Directors and Key Management Personnel (Consolidated)

The numbers of options over ordinary shares in the Company held during the financial year by each director, executive and key management personnel of Aurelia Metals Limited and specified executive of the Group, including their personally related parties, are set out below.

2014	Balance at the Start of the Year	Granted During the Year as Compensation	Exercised During the Year	Other Changes During the Year	Balance at the End of the Year
Directors					
Mr Anthony Wehby	600,000	-	-	-	600,000
Mr Rimantas Kairaitis	600,000	-	-	-	600,000
Mr Gary Comb	500,000	-	-	-	500,000
Mr Paul Espie	-	-	-	-	-
Mr Mike Menzies	-	-	-	-	-
Mr Mark Milazzo	500,000	-	-	-	500,000
Dr Guoqing Zhang	-	-	-	-	-
Mr Robin Chambers	500,000	-	-	(250,000) ^(a)	250,000
Dr Wenxiang Gao	500,000	-	-	(250,000) ^(a)	250,000
Ms Christine Ng	500,000	-	-	(500,000) ^(a)	-
Mr Yong Chen	-	-	-	-	-
Ms Susan Corlett	-	-	-	-	-
Executives					
Mr Dean Fredericksen	340,000	-	-	-	340,000
Mr Sean Pearce	500,000	-	-	-	500,000
Mr Richard Willson	100,000	-	-	-	100,000
	4,640,000	-	-	(1,000,000)	3,640,000

(a) Lapsed due to vesting conditions not being met

FINANCIAL REPORT

2013	Balance at the Start of the Year	Granted During the Year as Compensation	Exercised During the Year	Other Changes During the Year	Balance at the End of the Year
Directors					
Mr Anthony Wehby	-	600,000	-	-	600,000
Mr Rimantas Kairaitis	-	600,000	-	-	600,000
Mr Robin Chambers	-	500,000	-	-	500,000
Mr Gary Comb	-	500,000	-	-	500,000
Dr Wenxiang Gao	-	500,000	-	-	500,000
Mr Mike Menzies	-	-	-	-	-
Mr Mark Milazzo	-	500,000	-	-	500,000
Ms Christine Ng	-	500,000	-	-	500,000
Mr Yong Chen	-	-	-	-	-
Dr Guoqing Zhang	-	-	-	-	-
Executives					
Mr Dean Fredericksen	340,000	-	-	-	340,000
Mr Sean Pearce	500,000	-	-	-	500,000
Mr Richard Willson	600,000	-	-	(500,000) ^(b)	100,000
	1,440,000	3,700,000	-	(500,000)	4,640,000

(b) Expired during the year



Performance Right Holdings of Directors and Key Management Personnel (Consolidated)

The numbers of performance rights held during the financial year by each director, executive and key management

personnel of Aurelia Metals Limited and specified executive of the Group, including their personally related parties, are set out below.

2014	Balance at the Start of the Year	Granted During the Year as Compensation	Exercised During the Year	Other Changes During the Year	Balance at the End of the Year
Directors					
Mr Rimas Kairaitis	250,000	-	-	-	250,000
Executives					
Mr Dean Fredericksen	410,000	-	(200,000)	(50,000) ^(a)	160,000
Mr Sean Pearce	320,000	-	(100,000)	(25,000) ^(a)	195,000
Mr Richard Willson	50,000	-	-	-	50,000
	1,030,000	-	(300,000)	(75,000)	655,000

2013	Balance at the Start of the Year	Granted during the Year as Compensation	Exercised During the Year	Other Changes During the Year	Balance at the End of the Year
Directors					
Mr Rimas Kairaitis	250,000	-	-	-	250,000
Executives					
Mr Dean Fredericksen	80,000	330,000	-	-	410,000
Mr Sean Pearce	50,000	270,000	-	-	320,000
Mr Richard Willson	50,000	-	-	-	50,000
	430,000	600,000	-	-	1,030,000

(a) Expired during the year

Compensation Options and Performance Rights: Granted and Vested During the Year (Consolidated)

During the year, 300,000 Performance Rights previously issued to key management personnel vested and were exercised, Dean Fredericksen 200,000 and Sean Pearce 100,000. A further 75,000 Performance Rights previously issued to key management personnel expired.

No other options or performance rights were granted or vested in relation to key management personnel during the financial year ended 30 June 2014.

Directors and Executives

A summary of the key terms of remuneration agreements with directors and executives are outlined below:

Executive Directors and Executives

The Managing Director, Mr Rimas Kairaitis, is employed under an executive employment agreement. The

agreement may be terminated by Mr Kairaitis at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by the Board giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent breach of the employment agreement or without notice in case of Mr Kairaitis being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Kairaitis would be entitled to that portion of remuneration arising up to the date of termination. Mr Kairaitis' annual salary is \$358,886 inclusive of superannuation for services as the Managing Director and Executive Director. Mr Kairaitis is entitled to the private use of a Company motor vehicle.

The Chief Financial Officer and Company Secretary, Mr Richard Willson, is employed under an executive

employment agreement. The agreement may be terminated by Mr Willson at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent breach of the employment agreement or without notice in case of Mr Willson being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Willson would be entitled to that portion of remuneration arising up to the date of termination. Mr Willson's annual salary is \$257,087 inclusive of superannuation for services as the Chief Financial Officer and Company Secretary.

The Chief Operating Officer, Mr Dean Fredericksen, is employed under an executive employment agreement. The agreement may be terminated by Mr Fredericksen at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent breach of the employment agreement or without notice in case of Mr Fredericksen being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Fredericksen would be entitled to that portion of remuneration arising up to the date of termination. Mr Fredericksen's annual salary is \$323,238 inclusive of superannuation for services as the Chief Operations Officer. Mr Fredericksen is entitled to five weeks annual leave and the private use of a Company motor vehicle.

The General Manager – Hera Project, Mr Sean Pearce, is employed under an executive employment agreement. The agreement may be terminated by Mr Pearce at any time by giving three months' notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice and making a payment equivalent to nine months remuneration or by paying an amount equivalent to twelve months remuneration or by giving one months' notice for gross misconduct or a serious persistent breach of the employment agreement or without notice in case of Mr Pearce being convicted of a major criminal offence which brings the Company into lasting disrepute, at which time Mr Pearce would be entitled to that portion of remuneration arising up to the date of termination. Mr Pearce's annual salary is \$340,858 inclusive of superannuation for services as the General Manager – Hera Project. Mr Pearce is entitled to the private use of a Company motor vehicle.

No performance conditions are currently stipulated in any of the executive agreements.

Non-Executive Directors

The constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was an aggregate remuneration excluding consulting fees of \$600,000 per year. Directors' fees are as follows:

- Chairman \$60,000 p.a. plus superannuation or equivalent
- Directors \$50,000 p.a. plus superannuation or equivalent

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

During the year the Company's auditors did not provide any non-audit services.

The Company has obtained an independence declaration from its auditors, Ernst and Young, which forms part of this report. A copy of that declaration is included at page 88 of this report.

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



Mr Anthony Wehby
Non-Executive Chairman
4 September 2014





CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Aurelia Metals Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Upon listing the Company established a set of corporate governance policies and procedures. These were revised to take into account the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principles and Recommendations with 2010 Amendments" (the Recommendations). For further information on corporate governance policies adopted by the Company, refer to our website: www.aureliametals.com

This report summarises the Company's application of the Corporate Governance Principles and Recommendations.

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions

The Board of Directors (hereinafter referred to as the Board) is responsible for the corporate governance of the Company. The Directors of the Company are required to act honestly, transparently, diligently, independently, and in the best interests of all shareholders in order to increase shareholder value.

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Role of the Board

The responsibilities of the Board include:

- Contributing to the development of and approving the corporate strategy.
- Reviewing and approving business results, business plans and financial plans.
- Ensuring regulatory compliance.
- Ensuring adequate risk management processes.
- Monitoring the Board composition, directors selection and Board processes and performance

- Overseeing and monitoring:
 - Organisational performance and the achievement of the Company's strategic goals and objectives.
 - Compliance with the Company's Code of Conduct.
- Monitoring financial performance including approval of the annual report and half-year financial reports and liaison with the Company's auditors.
- Appointment and contributing to the performance assessment of the Managing Director and Key Management Personnel.
- Enhancing and protecting the reputation of the Company.
- Reporting to shareholders.

Role of Senior Executives

The responsibilities of Senior Executives include:

- Managing organisational performance and the achievement of the Company's strategic goals and objectives.
- Management of financial performance.
- Management of internal control.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of Senior Executives

Performance of senior executives is measured against strategic goals approved by the Board. Performance is measured on an ongoing basis.

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

Details of the members of the Board, their experience, expertise, qualifications and independent status are set out in the Directors' Report.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr Anthony Wehby	8 years
Mr Rimantas Kairaitis	6 years 3 months
Mr Gary Comb	2 year 3 months
Mr Paul Espie	10 months
Mr Michael Menzies	1 year 5 months
Mr Mark Milazzo	2 year 2 Months
Dr Guoqing Zhang	7 months

Recommendation 2.1: A majority of the Board should be Independent Directors

In accordance with the definition of independence set out in the ASX's Principle of Good Governance, Mr Anthony Wehby, Mr Gary Comb and Mr Mark Milazzo are considered the only Independent Directors. Accordingly, a majority of the Board is not considered independent.

The Directors constantly assess the structure and composition of the Board.

Recommendation 2.2: The Chair should be an Independent Director.

Mr Wehby is the Company's Chairman, he is considered to be independent.

Recommendation 2.3: The roles of Chair and Chief Executive Officer should not be exercised by the same individual

The roles of Chair and Chief Executive Officer are not occupied by the same individual.

Recommendation 2.4: The Board should establish a Nomination Committee

The Board has formed a separate Nomination Committee. The main responsibility of the Nomination Committee is in assisting the Board to:

- Assess the membership of the Board having regard to present and future needs of the Company.
- Assess the independence of Directors.
- Propose candidates for Board vacancies in consideration of qualifications, experience and domicile.
- Oversee Board succession.
- Evaluate Board performance.
- Ensure the mix of skills and diversity of the Board is appropriate for the operations of the Company.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its Committees and Individual Directors

The Board has not adopted a formal performance review of its members however there is open dialogue on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

PRINCIPLE 3 - PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1: Companies should establish a Code of Conduct

The Company has developed a Code of Conduct 'The Code' which has been endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. This includes taking into account:

- Their legal obligations and the reasonable expectations of their stakeholders.
- Their responsibility and accountability for reporting and investigating reports of unethical practices.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

The Company has not developed a specific diversity policy, but aims to achieve an appropriate level of diversity across both the Board and company. The Company is satisfied

that it has an appropriate level of diversity throughout the company.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

The Company has not developed specific gender diversity objectives. The Company is satisfied that it has an appropriate level of gender diversity throughout the Company.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

The details of the proportion of women employed by the Company is disclosed in the Directors Report under the heading 'Employees'

PRINCIPLE 4 - SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The Board should establish an Audit Committee

The Board has formally adopted an Audit Committee Charter and has formed a separate Committee.

It is the Committee's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with



both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Committee's responsibility to establish and maintain a framework of internal control.

Recommendation 4.2: The Audit Committee should be structured so that it:

- Consists only of Non-Executive Directors.
- Consists of a majority of Independent Directors.
- Is chaired by an independent chair, who is not Chair of the Board.
- Has at least three members.

The Audit Committee consists of three directors, two of whom are independent and all are non-executive. The Chairman of the Committee is independent.

The Chairman of the Audit Committee is also the Chairman of the Board. He is considered to be the most appropriate Chairman of the Committee.

The Directors consider that the current structure and composition of the Committee is appropriate for the size and nature of the Group.

Recommendation 4.3: The Audit Committee should have a formal charter

The main requirements of the Audit Committee Charter are to ensure that the Board:

- Review, assess and approve the annual report, half-year financial report and all other financial information published by the Company or released to the market
- Review the effectiveness of the organisation's internal control environment covering:
 - Effectiveness and efficiency of operations.
 - Reliability of financial reporting.
 - Compliance with applicable laws and regulations.
- Oversee the effective operation of the risk management framework.
- Recommend the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance and consider the independence and competence of the external auditor on an ongoing basis. The Board receives certified independence assurances from the external auditors.
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence. The external auditor will not provide services to the Company where the auditor would have a mutual

or conflicting interest with the Company; be in a position where they audit their own work; function as management of the Company; or have their independence impaired or perceived to be impaired in any way.

- Review and monitor related party transactions and assess their probity.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies

The Company Secretary and Managing Director have been nominated as the persons responsible for communications with the Australian Stock Exchange (ASX). This role includes the responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to ASX. The Board, Managing Director and Company Secretary are responsible for disclosure to analysts, brokers and shareholders, the media and the public.

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities.

PRINCIPLE 6 - RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

The Board aims to ensure that shareholders are informed of all major developments affecting the Company.

Shareholders are updated on the Company's operations via ASX announcements "Quarterly Activities Report" and "Quarterly Cash Flow Report" and other disclosure information. All recent ASX announcements and annual reports are available on the ASX website, or alternatively, by request via email, facsimile or post. In addition, a copy of the annual report is distributed to all shareholders who

FINANCIAL REPORT

elect to receive it, and all announcements including the annual report are available on the Company's website.

The Board encourages participation by shareholders at the Annual General Meeting to ensure a high level of accountability and to ensure that shareholders remain informed about the Company's performance and goals.

PRINCIPLE 7 - RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies

The Board is committed to the identification, quantification and management of risk throughout the Company's operations.

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity. The Company conducts regular high level risk assessments for its key operational risks.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non-financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control. Regular high level risk assessments conducted by management include the adoption of mitigation strategies which are reported back to the Aurelia Board.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks

The Managing Director and the Company Secretary, namely Mr Kairaitis and Mr Willson have made the following certifications to the Board in accordance with Section 295A of the Corporations Act:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and its consolidated entities in accordance with all mandatory professional reporting requirements.
- That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal control is operating effectively and efficiently in all material respects in relation to financial reporting risks.

PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Board should establish a Remuneration Committee

The Board has formally adopted a Remuneration Committee Charter and formed a separate Remuneration Committee.

Recommendation 8.2: The Remuneration Committee should be structured so that it:

- Consists of a majority of Independent Directors
- Is chaired by an Independent Director
- Has at least three members.

The Remuneration Committee consists of three Directors of which two are independent. The Chairman of the Remuneration Committee is independent.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and management by remunerating fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective, the Remuneration Committee may link the nature and amount of executive and directors' emoluments to the Company's financial and operational performance.

At the Remuneration Committee's discretion the nature and amount of executive and director's emoluments may be linked to the Company's financial and operational performance.

The Company does not have a policy in place relating to the executives limiting their exposure to risk in relation to

the Company's equity instruments issued to them as part of remuneration.

For details of remuneration of directors and executives please refer to the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Corporate Governance Compliance

During the financial year Aurelia has complied with each of the 8 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent directors.	The majority of Directors consider that the current structure and composition of the Board is optimum for the size and nature of operations.
3.2 & 3.3	The Company does not have a Policy concerning diversity and has not defined specific gender diversity objectives.	The Company recognises the benefits of diversity but has not developed a specific diversity policy nor set specific gender diversity objectives. The Company aims to achieve an appropriate level of diversity across both the board and company. The Company is satisfied that it has an appropriate level of diversity throughout the Company.
4.2	The Audit Committee is chaired by the Chair of the Board.	The Chairman of the Audit Committee is also the Chairman of the Company. The Directors consider that the structure and composition of the Committee is appropriate for the size and nature of the Group.



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014	2013
		\$	\$
Income			
Management fee		-	24,204
Interest income		260,750	398,377
Gain on sale of investments in associates		-	320,912
Gain / (loss) on revaluation of financial assets	7(b)	(6,318,966)	4,674,619
Research and development refund		85,286	264,242
Total income		(5,972,930)	5,682,354
Expenses			
Compliance costs		257,697	224,364
Consulting and legal costs		243,442	537,405
Legal and other costs in relation to negotiation of financing for Hera – Nymagee project		-	679,123
Audit fees		86,383	77,264
Employee benefits expense	3(a)	1,758,296	1,541,307
Directors fees		345,056	333,760
Promotion		102,563	68,093
Administration expense	3(b)	394,854	390,220
Travel expenses		182,652	276,965
Capitalised exploration costs written off	8	788,291	9,826
Loss on revaluation of investments		272,800	750,200
Depreciation and amortisation		218,477	258,255
Total Expenses		4,650,511	5,146,782
Profit / (Loss) Before Income Tax		(10,623,441)	535,572
Income tax expense	4	-	-
Profit / (Loss) After Income Tax	15	(10,623,441)	535,572
Other comprehensive income		-	-
Total Comprehensive Profit / (Loss) for the Period		(10,623,441)	535,572
Earnings Per Share for Loss Attributable to the Ordinary Equity Holders of the Parent			
Basic profit / (loss) per share (cents per share)	19	(3.54)	0.21
Diluted profit / (loss) per share (cents per share)	19	(3.54)	0.20

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

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014	2013
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	16(b)	21,590,959	16,312,989
Trade and other receivables	5	915,788	1,489,900
Materials on hand		87,464	-
Ore Inventory at net realisable value		2,349,771	-
Prepayments		117,253	118,792
Total Current Assets		<u>25,061,235</u>	<u>17,921,681</u>
Non Current Assets			
Property plant and equipment	6	939,283	1,208,177
Financial assets	7	3,940,884	10,532,650
Deferred exploration and evaluation expenditure	8	19,228,531	16,149,403
Mine properties	9	143,408,631	57,934,018
Total Non Current Assets		<u>167,517,329</u>	<u>85,824,248</u>
Total Assets		<u>192,578,564</u>	<u>103,745,929</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	10	8,739,703	3,857,218
Provisions	11	1,344,163	206,508
Borrowings	12	397,653	-
Total Current Liabilities		<u>10,481,519</u>	<u>4,063,726</u>
Non Current Liabilities			
Provisions	11	8,248,049	7,401,303
Borrowings	12	106,185,245	29,675,551
Total Non Current Liabilities		<u>114,433,294</u>	<u>37,076,854</u>
Total Liabilities		<u>124,914,813</u>	<u>41,140,580</u>
Net Assets		<u>67,663,751</u>	<u>62,605,349</u>
EQUITY			
Contributed equity	13	85,361,160	70,180,671
Reserves	14	2,897,472	2,396,118
Retained losses	15	(20,594,881)	(9,971,440)
Total Equity		<u>67,663,751</u>	<u>62,605,349</u>

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

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Issued Share Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance as at 1 July 2012	67,074,707	2,030,934	(10,507,012)	58,598,629
Total comprehensive profit / (loss) for the period	-	-	535,572	535,572
Transactions with Owners in Their Capacity as Owners				
Shares issued for the period	3,196,582	-	-	3,196,582
Costs of share issue	(90,618)	-	-	(90,618)
Share based payments	-	365,184	-	365,184
Balance as at 30 June 2013	70,180,671	2,396,118	(9,971,440)	62,605,349
Balance as at 1 July 2013	70,180,671	2,396,118	(9,971,440)	62,605,349
Total comprehensive profit / (loss) for the period	-	-	(10,623,441)	(10,623,441)
Transactions with Owners in Their Capacity as Owners				
Shares issued for the period	15,983,823	-	-	15,983,823
Costs of share issue	(803,334)	-	-	(803,334)
Share based payments	-	501,354	-	501,354
Balance as at 30 June 2014	85,361,160	2,897,472	(20,594,881)	67,663,751

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



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

Note	Consolidated	
	2014 \$	2013 \$
Cash Flows from Operating Activities		
Receipts from customers	-	93,064
Payments to suppliers and employees	(2,839,053)	(3,648,585)
Research and development refund	547,384	264,242
Interest received	627,283	538,220
GST on purchases refunded from ATO	8,065,066	1,721,718
Net Cash Flows Used in Operating Activities	16 (a) 6,400,680	(1,031,341)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(10,761)	(161,998)
Exploration and evaluation expenditure	(3,574,349)	(4,680,649)
Development expenditure	(82,975,871)	(18,564,594)
Purchase of gold put options and associated costs	-	(5,027,720)
Additional consideration to amend Hera royalty	-	(1,100,000)
Net Cash Flows Used in Investing Activities	(86,560,981)	(29,534,961)
Cash Flows from Financing Activities		
Proceeds from issue of shares	14,390,331	2,946,582
Borrowings	72,138,564	35,000,000
Loan repayments	(34,384)	-
Interest on borrowings	(12,906)	-
Share issue costs	(803,334)	(90,618)
Facility establishment costs	(240,000)	(6,063,857)
Net Cash Flows from Financing Activities	85,438,271	31,792,107
Net increase in cash and cash equivalents	5,277,970	1,225,805
Cash and cash equivalents at beginning of year	16,312,989	15,087,184
Cash and Cash Equivalents at End of Year	16 (b) 21,590,959	16,312,989

The above Statement of Cash Flows 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 2014 was authorised for issue in accordance with a resolution of the Directors on 4 September 2014.

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.

On the 2nd June 2014 Aurelia Metals Ltd changed its name from YTC Resources Limited.

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 nature of the operations and principal activities of the Group are mineral exploration and development.

2A. 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.

(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 2013, which were assessed to have no material impact on the Company, as follows:



Reference	Title	Application date of standard	Application date for Group
AASB 10	Consolidated Financial Statements	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	1 January 2013	1 July 2013
AASB 119	Employee Benefits	1 January 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	1 July 2013	1 July 2013

(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 2014, and have been assessed to have no material impact on the Company.

Reference	Title	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 January 2014	1 July 2014
AASB 9	Financial Instruments	1 January 2018	1 July 2018
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	1 July 2014
Annual Improvements 2010–2012 Cycle	Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014	1 July 2014
Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014	1 July 2014
AASB 1031	Materiality	1 January 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014	1 July 2014
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	1 July 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017	1 July 2017

FINANCIAL STATEMENTS

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) 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 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.

(g) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

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

(h) 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.

(i) 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 of the mine concerned, 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 tonnes of ore, whereas the unit of account for post-ROM costs are recoverable ounces of gold and recoverable tonnes of lead/zinc. 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 sanctioned 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 4 to 8 years
- Land – not depreciated
- Motor vehicles – 7 years
- Leasehold improvements – 6 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.

(j) 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

FINANCIAL STATEMENTS

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.

(k) 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;

- i) 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;
- ii) 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".

(l) 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.

(m) 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.

EMPLOYEE LEAVE BENEFITS

Wages, salaries, annual leave, long service leave and sick leave

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.

(n) 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.

(o) 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.

(p) 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:

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.

(q) Share-Based Payment Transactions

The Company provides benefits to employees (including directors) 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.

(r) 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.

(s) 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 gross 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.

(t) 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.

(u) 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.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(v) Profit / (Loss) Per Share

Basic profit / (loss) per share

Basic profit / (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 profit / (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.

(w) 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

FINANCIAL STATEMENTS

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 derecognition

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 as defined in paragraph, which shall be measured at amortised cost
- using the effective interest method;
- Held-to-maturity investments as defined in paragraph, 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 12.

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.

(x) Associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's

share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(y) Comparative Information

Where necessary, the prior year financial data was restated for comparability purposes.



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 other various 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 8 for disclosure of carrying values.

ii. Production start date

The Company assesses the stage of each mine under construction to determine when a mine moves into the production phase. This being when the mine is substantially complete, ready and available for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of the project and its location. The

Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under construction' to 'Producing mines' and/or 'Property, plant and equipment.' Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment ("Commissioning Period")
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal at commercial production level

When a mine development/construction project moves into the production phase, the capitalisation of certain mine development/construction costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

Revenue generated during a development or commissioning period from the production and sale of metal is considered to be integral to the development of the mine and is therefore credited to the mine development asset. Revenue earned after the production start date is credited to the profit and loss.

(b) Significant Accounting Estimates and Assumptions

i. Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees 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. 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, possibility of payment.

3. EXPENSES

Expenses from Continuing Operations

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

(a) Employee Benefits Expense

	Consolidated	
	2014	2013
	\$	\$
Salaries and on-costs	1,256,942	1,176,123
Options and Performance Rights expense	501,354	365,184
	<u>1,758,296</u>	<u>1,541,307</u>
Employee benefits expense and directors fees include superannuation expense of	94,008	93,095

(b) Administration Expense

Bank fees	8,258	2,797
Insurance	85,540	103,079
Printing and stationery	21,871	18,295
Postage and freight	1,850	2,454
Subscriptions	28,835	29,349
Telephone	34,253	33,859
IT expenses	90,210	95,367
Leased office premises	62,472	60,000
Leasing office equipment	6,439	11,021
Other	55,126	33,999
	<u>394,854</u>	<u>390,220</u>

FINANCIAL STATEMENTS

4. INCOME TAX

The major components of income tax expense
Income Statement

Current Income Tax

Current income tax charge	(201,686)	39,152
---------------------------	-----------	--------

Deferred Income Tax

Relating to origination and reversal of temporary differences	1,237,831	3,026,483
Unrecognised tax losses	(1,036,145)	(3,065,635)
Income tax expense reported in the income statement	-	-

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

Accounting profit / (loss) before income tax	(10,623,441)	535,572
--	--------------	---------

At the Company's statutory income tax rate (30%)	(3,187,032)	160,671
Share based payments & other non-assessable items	(201,687)	(199,823)
Income tax benefit (expense) not brought to account	3,388,719	39,152
Income tax reported in the income statement	-	-

The Group had formed a tax consolidated group at 30 June 2014.

Consolidated	Statement of Financial Position		Statement of Comprehensive Income	
	2014	2013	2014	2013
	\$	\$	\$	\$
Deferred Income Tax				
Deferred income tax at 30 June relates to the following:				
Deferred Tax Liabilities				
Deferred exploration and evaluation expenditure	(14,297,147)	(12,957,193)	(2,677,625)	(1,453,216)
Receivables	(45,249)	(12,221)	1,516,056	(904,280)
Deferred Tax Assets				
Provisions	2,754,829	2,417,992	125,424	64,712
Carried forward losses not recognised	11,587,567	10,551,422	1,036,145	2,292,784
Net deferred tax	-	-	-	-
Deferred tax income/(expense)	-	-	-	-

At 30 June 2014 the Group had carried forward tax losses totalling \$59,183,097 (2013: \$44,623,199).

5. TRADE AND OTHER RECEIVABLES - CURRENT

	Consolidated	
	2014	2013
	\$	\$
Other receivables	206,214	9,344
Receivable from Australian Taxation Office	646,370	1,439,819
Accrued interest	63,204	40,737
	<u>915,788</u>	<u>1,489,900</u>

All of the above are non-interest bearing and generally receivable on 30 day terms. Due to the short term nature their carrying value approximates their fair value.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at cost	2,019,103	2,009,320
Accumulated depreciation amortisation and impairment	<u>(1,079,820)</u>	<u>(801,143)</u>
Total property, plant and equipment	<u>939,283</u>	<u>1,208,177</u>

Property, Plant and Equipment is Represented by the Following:

Motor Vehicles		
At 1 July, net of accumulated depreciation and impairment	221,258	280,833
Additions	-	-
Depreciation expense	<u>(56,153)</u>	<u>(59,575)</u>
At 30 June, net of accumulated depreciation and impairment	<u>165,105</u>	<u>221,258</u>
Plant and equipment		
At 1 July, net of accumulated depreciation and impairment	692,316	762,303
Additions	9,782	147,272
Disposals	-	-
Depreciation expense	<u>(214,812)</u>	<u>(217,259)</u>
At 30 June, net of accumulated depreciation and impairment	<u>487,286</u>	<u>692,316</u>
Leasehold improvements		
At 1 July, net of accumulated amortisation and impairment	19,603	39,414
Additions	-	-
Amortisation expense	<u>(7,711)</u>	<u>(19,811)</u>
At 30 June, net of accumulated amortisation and impairment	<u>11,892</u>	<u>19,603</u>
Land ¹		
At 1 July	275,000	275,000
Additions	-	-
At 30 June	<u>275,000</u>	<u>275,000</u>

1 – Land assets are held at cost and are not depreciated.

FINANCIAL STATEMENTS

7. FINANCIAL ASSETS

(a) Carrying Values of Financial Assets

	Note	Consolidated 2014 \$	Consolidated 2013 \$
Shares in Aus Tin Mining Limited		204,600	477,400
Options in Aus Tin Mining Limited		355,431	355,431
Gold put options	7(b)	3,380,853	9,699,819
		<u>3,940,884</u>	<u>10,532,650</u>

(b) Gold Put Options

At 1 July	9,699,819	5,025,200
Gain / (loss) on revaluation during the period	<u>(6,318,966)</u>	<u>4,674,619</u>
	<u>3,380,853</u>	<u>9,699,819</u>

28,912 oz. of gold put options were purchased on 26th April 2013 at a strike price of \$AUD 1,500 per ounce. The options expire in 6 quarterly tranches with the first tranche expiring in April 2015. The options give Aurelia the right, but not the

obligation, to sell gold at the strike price. The options are revalued each period using a Black-Scholes methodology, with revaluation adjustments appearing as gains / (losses) in the statement of comprehensive income.

8. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2014 \$	Consolidated 2013 \$
At cost	21,131,532	54,727,629
Accumulated impairment	(1,903,001)	(1,222,311)
Transfer to mine development	-	<u>(37,355,915)</u>
Total exploration and evaluation	<u>19,228,531</u>	<u>16,149,403</u>
At 1 July	16,149,403	45,609,237
Exploration expenditure during the year	3,867,419	4,449,038
Increase in deferred acquisition costs	-	3,456,869
Transfer to mine properties	-	<u>(37,355,915)</u>
Impairment charge recognised	<u>(788,291)</u>	<u>(9,826)</u>
At 30 June	<u>19,228,531</u>	<u>16,149,403</u>

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.

An impairment charge of \$788,291 has been recognised

in 2014 (2013: \$9,826). Impairment has been recognised on exploration expenditure incurred on tenements where prospectivity will not be pursued or has deteriorated.

Movements in the provision for impairment loss were as follows:

At 1 July	(1,222,311)	(1,749,236)
Tenements relinquished during the year	107,601	536,751
Charge for the year	(788,291)	(9,826)
At 30 June	(1,903,001)	(1,222,311)

9. MINE PROPERTIES

Mines Under Construction:

		Consolidated 2014	Consolidated 2013
		\$	\$
At 1 July	Note	57,934,018	3,734,098
Development expenditure during the year		78,257,231	19,696,900
Transfers from exploration and evaluation expenditure		-	37,355,915
Increase / (decrease) in deferred acquisition costs	21	754,065	(3,189,957)
Amortisation of project loan facility establishment costs		633,030	-
Interest on project borrowings		5,830,287	337,062
At 30 June		143,408,631	57,934,018

Mine properties relate to expenditure incurred in the development of the Hera project under the terms and conditions of Mining Licence No. 1686 (Act 1992) granted 16th May 2013.

10. TRADE AND OTHER PAYABLES

	Consolidated 2014	Consolidated 2013
	\$	\$
Trade payables	665,202	800,048
Accrued expenses	8,074,501	3,057,170
	8,739,703	3,857,218

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.

FINANCIAL STATEMENTS

11. PROVISIONS

Current

		Consolidated 2014 \$	2013 \$
Annual leave		287,778	206,508
Long Service Leave		43,066	-
Deferred Acquisition costs	21	1,013,319	-
		<u>1,344,163</u>	<u>206,508</u>

Non – Current

Deferred acquisition costs	21	6,803,049	7,062,303
Hera rehabilitation provision ^(a)		1,445,000	339,000
		<u>8,248,049</u>	<u>7,401,303</u>

(a) 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 February 2022. 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. During the period \$1,106,000 has been provided for as a result of further development at the Hera project site.

12. BORROWINGS

Current

Finance leases ^(a)	397,653	-
-------------------------------	---------	---

Non Current

Glencore borrowings:		
Facility A	20,000,000	20,000,000
Facility B	50,000,000	10,000,000
Facility C	30,000,000	-
Facility E	5,000,000	5,000,000
Glencore facilities drawn	105,000,000	35,000,000
Add: Interest accrued on borrowings	4,833,236	383,099
Total Glencore borrowings	<u>109,833,236</u>	<u>35,383,099</u>
Less: Facility establishment costs	<u>(5,354,518)</u>	<u>(5,707,548)</u>
Net Glencore borrowings	<u>104,478,718</u>	<u>29,675,551</u>
Add: Finance leases – non current ^(a)	1,706,527	-
Total non current borrowings	<u>106,185,245</u>	<u>29,675,551</u>

The key terms of the Glencore loan facilities are summarised below:

Facility A	Limit:	A\$20 million Converting Note Facility
	Conversion:	Convertible at Aurelia's option at \$0.251 per share
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after date of shareholder approval
	Drawdown Period:	12 months date of shareholder approval
Facility B	Limit:	A\$50 million Converting Note Facility
	Conversion:	Convertible at Aurelia's option at 60 day VWAP Price prior to conversion
	Interest Rate:	3M AUD BBSW + 4%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after date of shareholder approval
	Drawdown Period:	12 months from date of shareholder approval
Facility C	Limit:	A\$30 million Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Hera Development, Nymagee feasibility study and development, working capital
	Maturity Date:	60 months after date of shareholder approval
	Drawdown Period:	18 months from date of shareholder approval
Facility D	Limit:	A\$50 million Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Nymagee development
	Maturity Date:	42 months after first drawdown
	Drawdown Period:	12 months after completion of approved Nymagee bankable feasibility study or earlier with Glencore consent
Facility E	Limit:	A\$5m Debt Facility
	Interest Rate:	3M AUD BBSW + 4.5%
	Use of Funds:	Purchase of precious and/or base metal option cover.
	Maturity Date:	42 months after first drawdown
	Drawdown Period:	12 months from date of shareholder approval

(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 3-5 years; Fixed interest rates ranging between 6.66% - 7.13%; Nil residual. Aurelia has provided \$950,000 as additional security held in a Term Deposit, and secured by Westpac by way of a charge. This charge will be released when the Hera project reaches positive cash flow which is defined as a continuous six month period where average debt service cover is greater than 1.1

FINANCIAL STATEMENTS

13. CONTRIBUTED EQUITY

(a) Issued and Paid Up Capital

	2014 \$	2013 \$
Ordinary shares fully paid	85,361,160	70,180,671

(b) Movements in Ordinary Shares on Issue

2014	Date	Number of shares	\$
Opening balance	1-Jul-2013	262,669,890	70,180,671
Issue of shares ⁽ⁱ⁾	13-Sep-2013	917,459	183,492
Issue of shares ⁽ⁱ⁾	3-Oct-2013	332,541	66,508
Issue of shares ⁽ⁱⁱ⁾	14-Oct-2013	4,000,000	1,160,000
Issue of shares ⁽ⁱⁱⁱ⁾	9-Dec-2013	874,126	250,000
Issue of shares ^(iv)	10-Dec-2013	58,848,902	14,323,823
Issue of shares ^(v)	07-Apr-2014	680,000	-
Less: Share issue costs		-	(803,334)
Closing Balance	30-Jun-2014	328,322,918	85,361,160

2013	Date	Number of shares	\$
Opening balance	1-Jul-2012	252,724,334	67,074,707
Issue of shares	26-Mar-2013	9,390,000	2,946,582
Issue of shares	28-Jun-2013	555,556	250,000
Less: Share issue costs		-	(90,618)
Closing Balance	30-Jun-2013	262,669,890	70,180,671

(i) In lieu of cash as consideration for services rendered to the Company.

(ii) Issued as consideration for a reduction in contract mining rates in accordance with an agreement with Aurelia's mining contractor.

(iii) Issued as consideration for the acquisition of 100% of EL6258 as announced to the market on 1st November 2012.

(iv) Share placement to Pacific Road Capital Management Pty Ltd as announced 6th December 2013.

(v) Shares issued upon the exercise of employee performance rights.

(c) Ordinary Shares

Ordinary shares 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.

(d) Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest costs of capital available to the entity.

In order to maintain or adjust capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in the year ending 30 June 2014.

14. RESERVES

	Consolidated 2014 \$	2013 \$
Option and performance rights reserve	2,897,472	2,396,118

(a) Movements

Carrying amount at beginning of financial year	2,396,118	2,030,934
Options and performance rights vested (previously issued) during the year	501,354	365,184
Carrying amount at the end of the financial year	2,897,472	2,396,118

(b) Details of Options and Performance Rights Issued or Lapsed

2014	Date	Number	\$
Opening balance	1-Jul-2013	7,500,000	2,396,118
Exercise of 680,000 performance rights	7-Apr-2014	(680,000)	-
Expiry of 250,000 options at \$0.35	9-Apr-2014	(250,000)	-
Expiry of 750,000 options at \$0.45	9-Apr-2014	(750,000)	-
Expiry of 70,000 performance rights	9-Apr-2014	(70,000)	-
Expiry of 190,000 performance rights	9-Apr-2014	(190,000)	-
Vesting of previously issued performance rights		-	501,354
Closing balance	30-Jun-2014	5,560,000	2,897,472

2013

Opening balance	1-Jul-2012	3,755,000	2,030,934
Expiry of 100,000 options at \$0.40	4-Sep-2012	(100,000)	-
Expiry of 350,000 options at \$0.45	4-Sep-2012	(350,000)	-
Issue of 1,850,000 options at \$0.35	29-Nov-2012	1,850,000	196,082
Issue of 1,850,000 options at \$0.45	29-Nov-2012	1,850,000	82,443
Expiry of 1,175,000 options at \$0.40	31-Dec-2012	(1,175,000)	-
Issue of 1,670,000 performance rights	12-Apr-2013	1,670,000	86,659
Closing balance	30-Jun-2013	7,500,000	2,396,118

FINANCIAL STATEMENTS

15. RETAINED LOSSES

Movements in retained losses were as follows:

	Consolidated	
	2014	2013
	\$	\$
Balance at beginning of year	(9,971,440)	(10,507,012)
Net profit / (loss) attributable to members of Aurelia Metals Limited	(10,623,441)	535,572
Balance at end of year	(20,594,881)	(9,971,440)

16. CASH FLOW STATEMENT

(a) Reconciliation of the Net Loss After Tax to the Net Cash Flows Used in Operating Activities

Net profit / (loss) after tax	(10,623,441)	535,572
Adjustments for:		
Share based payments	501,354	365,184
Capitalised exploration costs written off	788,291	9,827
Depreciation and amortization	218,477	258,255
Gain on sale of investments in associates	-	(320,912)
Loss on revaluation of investments	272,800	750,200
(Profit) / loss on revaluation of commodity derivatives	6,318,966	(4,674,619)
GST not included in net profit / (loss)	7,932,547	1,324,314
Changes in assets and liabilities:		
(Increase) / decrease in receivables	574,112	(1,331,483)
(Increase) / decrease in prepayments	1,539	15,044
Increase / (decrease) in trade and other payables	4,882,485	3,063,826
Increase / (decrease) in provisions	1,137,655	51,480
Changes in asset and liability values not related to net profit / (loss)	(5,604,105)	(1,078,029)
Net cash flow used in operating activities	6,400,680	(1,031,341)

(b) Reconciliation of Cash

Cash at bank and in hand	9,420,959	12,882,989
Short-term deposits ⁽ⁱ⁾	12,170,000	3,430,000
Total cash ⁽ⁱⁱ⁾	21,590,959	16,312,989

(i) Of the \$12,170,000 short term deposits held at 30 June 2014 (\$3,430,000 at 30 June 2013), \$3,970,000 (30 June 2013: \$3,430,000) has been pledged as security, and cannot currently be withdrawn.

(ii) Of the \$21,590,959 cash held at 30 June 2014 (\$16,312,989 at 30 June 2013), \$11,265,799 (30 June 2013: \$14,399,593) is held in Hera Resources Pty Limited, as a result of borrowings drawn on the Glencore loan facilities, but not used at year end. Under the terms of these facilities, funds drawn are only available for use in the development of the Hera – Nymagee project, and may not be used for other purposes.

17. EXPENDITURE COMMITMENTS

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 2014 are as follows:

	2014	2013
	\$	\$
Within one year	2,057,208	180,746
After one year but not more than 5 years	4,256,179	344,105
More than 5 years	-	-
	<u>6,313,387</u>	<u>524,851</u>

Finance Lease and Hire Purchase Commitments

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

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

	2014		2013	
	\$		\$	
	Minimum Payments	Present Value of Payments	Minimum Payments	Present Value of Payments
Within one year	531,059	397,653	-	-
After one year but not more than five years	1,939,439	1,706,527	-	-
More than five years	-	-	-	-
Total minimum lease payments	<u>2,470,498</u>	<u>2,104,180</u>	<u>-</u>	<u>-</u>
Less: amounts representing finance charges	(366,318)	-	-	-
Present value of minimum lease payments	<u>2,104,180</u>	<u>2,104,180</u>	<u>-</u>	<u>-</u>

Commitments

At 30 June 2014, the Group has commitments of \$29,424,942 (2013: \$10,756,580) including \$18.1 million Hera mining lease minimum annual expenditure (2013:

\$19.0 million); \$7.2 million underground mining contractor (2013 – nil); and \$1.5 million (2013: \$4.1 million) for completion of the processing mill.

FINANCIAL STATEMENTS

18. SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance that has arisen since the end of the year to the date of this report which may significantly impact on the state of affairs of the Company.

19. PROFIT / (LOSS) PER SHARE

Profit / (Loss) used in calculating basic and dilutive EPS

Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS

Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS

Basic profit / (loss) per share (cents per share)

Diluted profit / (loss) per share (cents per share)

Consolidated	
2014	2013
\$	\$
(10,623,441)	535,572
299,876,645	255,224,325
299,876,645	262,724,325
(3.54)	0.21
(3.54)	0.20

20. AUDITOR'S REMUNERATION

The auditor of Aurelia Metals Limited is Ernst & Young.

Amounts received or due and receivable by Ernst & Young for:

Audit or review of the financial report of the Company and any other entity in the Group.

86,383	77,264
--------	--------

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



21. 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 as follows:

- Initial purchase price of \$12,000,000 paid in cash.
- 5% gold royalty on gravity gold dore production from the Hera deposit, capped at 250,000 oz Au.
- During the reporting period ending 30 June 2013, the Consolidated Entity made a payment of \$1,000,000 to amend the terms of the acquisition, which includes reducing the gold royalty from 5% to 4.5%.

The Consolidated Entity has recorded deferred consideration of \$7,816,368 (\$7,062,303 at 30 June 2013) 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 2014. The deferred consideration is revalued at each reporting date in accordance with AASB 3 with a corresponding adjustment to exploration and evaluation assets acquired.

The Consolidated Entity had provisionally calculated the fair value of the identifiable net assets. The fair values at acquisition date were subsequently determined to be as follows:

2014	Fair Value as Reported	Transfers	Fair Value Adjustments	Total Consideration
	\$	\$	\$	\$
Mine development assets	19,922,303	-	754,065	20,676,368
Other property, plant and equipment	140,000	-	-	140,000
Fair value of identifiable net assets	20,062,303	-	754,065	20,816,368

Cost of the combination at 30 June 2014:

Cash consideration (paid)	\$
	13,000,000
Deferred consideration (re-valued at 30 June 2014)	7,816,368
	<u>20,816,368</u>

2013	Fair Value as Reported	Transfers	Fair Value Adjustments	Total Consideration
	\$	\$	\$	\$
Exploration and evaluation assets	19,655,391	(19,655,391)	-	-
Mine development assets	-	19,655,391	266,912	19,922,303
Other property, plant and equipment	140,000	-	-	140,000
Fair value of identifiable net assets	19,795,391	-	266,912	20,062,303

Cost of the combination at 30 June 2013:

Cash consideration (paid)	\$
	12,000,000
Additional consideration paid during the reporting period	1,000,000
Deferred consideration (re-valued at 30 June 2013)	7,062,303
	<u>20,062,303</u>

22. OPERATING SEGMENTS

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.

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
- Gain or loss on sale of financial assets
- Research & development grant
- Corporate costs
- Depreciation and amortisation of property, plant and equipment

The following represents profit and loss and asset and liability information for reportable segments for the years ended 30 June 2014 and 30 June 2013.

Segment Results

Year Ended 30 June 2014

Segment loss - revaluation of financial asset

Deferred exploration costs written-off

Segment net profit / (loss) after tax

Hera – Nymagee project	Other Exploration Projects	Total
(6,318,966)	-	(6,318,966)
-	(788,291)	(788,291)
(6,318,966)	(788,291)	(7,107,257)

Reconciliation of Segment Net Profit / (Loss) After Tax to Net Profit / (Loss) After Tax:

Interest income	260,750
Other income	-
Loss on revaluation of investments	(272,800)
Research and development refund	85,286
Corporate operating costs	(3,370,943)
Corporate asset depreciation and amortisation	(218,477)
Net loss after tax per the statement of comprehensive income	(10,623,441)

Year Ended 30 June 2013

Segment income - revaluation of financial asset

Deferred exploration costs written-off

Segment net profit after tax

4,674,619	-	4,674,619
-	(9,827)	(9,827)
4,674,619	(9,827)	4,664,792

Segment Results

Reconciliation of Segment Net Loss after Tax to Net Loss After Tax

	Hera – Nymagee project	Other Exploration Projects	Total
Interest income			398,377
Other income			24,204
Loss on sale/revaluation of investments in associates			(429,288)
Research and development refund			264,242
Corporate operating costs			(4,128,500)
Corporate asset depreciation and amortisation			(258,255)
Net profit after tax per the statement of comprehensive income			535,572

Segment Assets and Liabilities for the Year Ended 30 June 2014 are as follows:

Segment Assets at 30 June 2014

Cash and cash equivalents	11,265,799	-	11,265,799
Trade and other receivables	22,630	-	22,630
Property, plant and equipment	315,002	-	315,002
Financial Assets	3,380,853	-	3,380,853
Inventory – Ore / product in circuit	2,349,771	-	2,349,771
Materials on hand	87,464	-	87,464
Deferred exploration and evaluation expenditure	15,913,268	3,315,263	19,228,531
Mines under development	143,408,631	-	143,408,631
	176,743,418	3,315,263	180,058,681

Reconciliation of Segment Assets to Total Assets

Cash and cash equivalents	10,325,160
Trade and other receivables	893,158
Prepayments	117,253
Corporate plant and equipment	624,281
Financial assets	560,031
Total Assets Per the Balance Sheet at 30 June 2014	192,578,564

FINANCIAL STATEMENTS

Segment Results	Hera – Nymagee project	Other Exploration Projects	Total
Segment Liabilities at 30 June 2014			
Trade and other payables	8,054,198	-	8,054,198
Deferred acquisition costs – current	1,013,319		1,013,319
Deferred acquisition costs – non current	6,803,049		6,803,049
Hera rehabilitation provision	1,445,000	-	1,445,000
Borrowings	106,582,898	-	106,582,898
	<u>123,898,464</u>	<u>-</u>	<u>123,898,464</u>

Reconciliation of Segment Liabilities to Total Liabilities

Trade and other payables	685,505
Provisions	<u>330,844</u>
Total Liabilities Per the Balance Sheet at 30 June 2014	<u>124,914,813</u>

Segment Assets and Liabilities for the Year Ended 30 June 2013 are as follows:

Segment Assets at 30 June 2013

Cash and cash equivalents	14,399,593	-	14,399,593
Trade and receivables	27,387	-	27,387
Property, plant and equipment	375,202	-	375,202
Financial assets	9,699,819	-	9,699,819
Deferred exploration and evaluation expenditure	12,583,108	3,566,295	16,149,403
Mines under development	57,934,018	-	57,934,018
	<u>95,019,127</u>	<u>3,566,295</u>	<u>98,585,422</u>

Reconciliation of Segment Assets to Total Assets

Cash and cash equivalents	1,913,396
Trade and other receivables	1,462,513
Prepayments	118,792
Corporate plant and equipment	832,975
Investments in associates	477,400
Financial assets	<u>355,431</u>
Total Assets Per the Balance Sheet at 30 June 2013	<u>103,745,929</u>

Segment Results

Segment Liabilities at 30 June 2013

	Hera – Nymagee project	Other Exploration Projects	Total
Trade and other payables	42,566	-	42,566
Deferred acquisition costs	7,062,303	-	7,062,303
Hera rehabilitation provision	339,000	-	339,000
Borrowings	29,675,551	-	29,675,551
	<u>37,119,420</u>	<u>-</u>	<u>37,119,420</u>

Reconciliation of Segment Liabilities to Total Liabilities

Trade and other payables	3,814,652
Provisions	<u>206,508</u>
Total Liabilities Per the Balance Sheet at 30 June 2013	<u>41,140,580</u>



23. PARENT COMPANY INFORMATION

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

	2014	2013
	\$	\$
Current assets	11,335,570	3,494,701
Non current assets	59,786,992	58,467,016
Total assets	71,122,562	61,961,717
Current liabilities	1,016,350	4,021,160
Non current liabilities	-	-
Total liabilities	1,016,350	4,021,160
Net assets	70,106,212	57,940,557
Issued capital	85,361,155	70,180,671
Reserves	2,897,472	2,396,118
Accumulated losses	(18,152,415)	(14,636,232)
Total shareholders' equity	70,106,212	57,940,557
Profit / (loss) for the year	(3,516,183)	(4,129,220)

Commitments

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

	2014	2013
	\$	\$
Within one year	225,003	190,834
After one year but not longer than 5 years	286,039	344,105
	511,042	534,939

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

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's management of financial risk is aimed at ensuring 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 Group is exposed to the following financial risks: 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

Cash at bank

Term deposits

Receivables

Derivatives (Put Options)

Other financial assets

Total financial assets

Financial Liabilities

Trade and other payables

Borrowings

Total financial liabilities

	2014	2013
	\$	\$
Cash at bank	9,420,959	12,882,989
Term deposits	12,170,000	3,430,000
Receivables	915,788	1,489,900
Derivatives (Put Options)	3,380,853	9,699,819
Other financial assets	560,031	832,831
Total financial assets	26,447,631	28,335,539
Trade and other payables	8,739,703	3,857,218
Borrowings	112,570,446	35,383,099
Total financial liabilities	121,310,149	39,240,317

a) 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. Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. As the Group is still in a development

phase funds are generated from equity subscriptions and by drawing down on borrowing facilities.

Maturities of financial liabilities:

- Payables: Trade and other payables are expected to be settled within 12 months.
- Borrowings: The table below shows the Group's financial arrangements at 30 June 2014 in their relevant contractual maturity groupings.

FINANCIAL STATEMENTS

Contractual Maturities of Loans	<1 Yr	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	Total
Glencore Facility A - matures 15/3/18	-	13,962,375	7,684,106	-	-	21,646,481
Glencore Facility B - matures 15/3/18	-	6,534,091	13,659,333	32,134,713	-	52,328,137
Glencore Facility C – matures 15/3/18	-	3,706,907	5,963,490	20,745,124	-	30,415,521
Glencore Facility E - matures 15/8/16	-	1,352,246	4,090,851	-	-	5,443,097
Equipment Loans	397,653	426,685	449,007	419,349	411,486	2,104,180
Total	397,653	25,982,304	31,846,787	53,299,186	411,486	111,937,416

b) 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.

c) 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. When the Group begins to earn revenue from the sale of commodities in 2015 most of the revenue will be 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.

d) Commodity Price Risk

There was no commodity price risk in the 2013/14 year because there were no commodity sales. However the Group is mindful that future 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 will be

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 with the use of hedging strategies through the purchase of gold put options to establish gold “floor prices” in Australian dollars over part of the group’s future gold production. Currently 28,912 ounces are optioned at a strike price of \$AUD 1,500 per ounce. These options give Aurelia the right, but not the obligation, to sell gold at the strike price thereby allowing Aurelia to retain exposure to any future rises in the gold price while providing protection to a fall in the gold price below the strike price. As there is no obligation to deliver into the options there is no obligation to produce the gold. Gold prices, gold futures and economic forecasts are constantly monitored to determine whether to implement a hedging program.

As there have been no commodity sales during the current financial year no price sensitivity analysis can be performed.

e) 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 has not entered in any hedging activities to cover interest rate risk. In regard to its interest rate risk the Group continually analyses its exposure. Within this analysis consideration is given to alternative financing options, potential renewal of existing positions, alternative investments and the mix of fixed and variable interest rates.

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

Trade and other receivables, payables, derivatives and available for sale assets, are not interest bearing. Based on the cash and loan balances at the end of the financial

year, if interest rates were to change by + or – 2% with all other variables remaining constant, the estimated impact on pre-tax profits and equity would have been as follows:

		Interest Rate Sensitivity				
		Decrease Interest Rates by 2%		Increase Interest Rates by 2%		
		Carrying Amount	Profit	Equity	Profit	Equity
		\$	\$	\$	\$	\$
2014						
Financial Assets:	Note					
Borrowings net of cash and cash equivalents assets	(1,2)	(90,346,457)	-	-	-	-
2013						
Financial Assets:						
Borrowings net of cash and cash equivalents assets	(1,2)	(19,070,110)	-	-	-	-

(1) Cash and cash equivalents include only short-term deposits with floating rates in AUD.

(2) Under current accounting policy, interest is capitalised to mine properties in the statement of financial position, therefore any change to interest rates does not impact current period profit.

f) Capital Risk Management

The Group's capital management strategy is to maximise shareholder value by debt financing its development aspirations. The group believes this will reduce the cost of capital and maximise shareholder returns but it does bring an increased level of risk. The Group has sought to reduce this risk by ensuring part of the debt (44%) is convertible to equity, that interest rates are favourable, that commodity prices are protected and that non development activities including exploration and acquisitions are funded from equity.

The Group's capital structure consists of borrowings and equity. 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

Borrowings ⁽ⁱ⁾

Cash and cash equivalents

Net borrowings

Equity

Total Capital (net borrowings and equity)

2014	2013
\$	\$
(111,937,416)	(35,383,099)
21,590,959	16,312,989
(90,346,457)	(19,070,110)
67,663,751	62,605,349
(22,682,706)	43,535,239

(i) Borrowings is the total of amounts outstanding, and excludes facility establishment costs of \$5,354,518 (2013: \$5,707,548)

FINANCIAL STATEMENTS

g) Fair Value

The carrying values of financial assets and financial liabilities recorded in the financial statements approximate their fair values, including the value of borrowings which are adjusted for capitalised transaction costs. Capitalised transaction costs are determined in accordance with the accounting policies disclosed in Note 2 to the financial statements. The fair value is estimated based on parameters such as interest rates, specific country risk factors, individual creditworthiness and the risk characteristics of the financing.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments carried at fair value in the statement of financial position, and measured at fair value through profit or loss:

	Level 1	Level 2	Level 3
	\$	\$	\$
2014			
Assets			
Shares in Aus Tin Mining Limited	204,600	-	-
Options in Aus Tin Mining Limited	-	355,431	-
Gold Put Options	-	3,380,853	-
Liabilities			
Deferred acquisition costs	-	7,816,368	-
2013			
Assets			
Shares in Aus Tin Mining Limited	477,400	-	-
Options in Aus Tin Mining Limited	-	355,431	-
Gold Put Options	-	9,699,819	-
Liabilities			
Deferred acquisition costs	-	7,062,303	-



During the reporting period ended 30 June 2014, and 30 June 2013, there were no transfers between level 1 and level 2 fair value measurements.

Technique and inputs used to value financial assets and liabilities:

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

Options – revalued each period using a Black-Scholes methodology, with revaluation adjustments appearing as gains / (losses) in the statement of comprehensive income. Inputs include: current share price, strike price, years to maturity, risk-free rate and volatility.

Gold put options – revalued each period using a Black-Scholes methodology, with revaluation adjustments appearing as gains / (losses) in the statement of comprehensive income. Inputs include: current gold price, strike price, years to maturity, gold lease rate, risk-free rate and volatility.

Deferred acquisition costs – revalued each period by reference to the fair value of net present value of future cash outflows. Inputs include: risk free bond rate, foreign exchange rate, gold price and possibility of payment.

25. SHARE BASED PAYMENT ARRANGEMENTS

(a) Recognised Share Based Payments Expenses

The expense recognised for executive and employee services received during the year is shown in the table below:

Consolidated	
2014	2013
\$	\$
Expenses arising from the equity settled share based payment transactions - eligible employees and directors	
501,354	365,184

(b) Type of Share Based Payment Plan

Employee Share Option Plan and Performance Rights Plan

The Company has established an Employee Share Option Plan (ESOP) and a Performance Rights Plan. The objective of these is to assist in the recruitment, reward, retention and motivation of employees of Aurelia Metals. An individual may receive the options or nominate a relative or associate to receive the options. The plans are open to directors and eligible employees of Aurelia Metals.



FINANCIAL STATEMENTS

(c) Options and Performance Rights Granted as at 30 June 2014

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year Number	Granted During the Year Number	Exercised During the Year Number	Lapsed During the Year Number	Balance at the End of the Year Number	Exercisable at the End of the Year Number
6-May-11	31-Dec-14	\$0.40	340,000	-	-	-	340,000	340,000
6-May-11	31-Dec-14	\$0.45	950,000	-	-	-	950,000	950,000
15-Mar-12	15-Mar-16	-	840,000	-	-	-	840,000	-
29-Nov-12	29-Nov-15	\$0.35	1,850,000	-	-	250,000	1,600,000	1,600,000
29-Nov-12	29-Nov-15	\$0.45	1,850,000	-	-	750,000	1,100,000	-
12-Apr-13	18-Jun-16	-	1,670,000	-	680,000	260,000	730,000	80,000
			7,500,000	-	680,000	1,260,000	5,560,000	2,970,000
Weighted average exercise price			0.41	-	-	0.43	0.41	0.39

(d) Options and Performance Rights Granted as at 30 June 2013

Grant Date	Expiry Date	Exercise Price	Balance at Start of the Year Number	Granted During the Year Number	Exercised During the Year Number	Lapsed During the Year Number	Balance at the End of the Year Number	Exercisable at the End of the Year Number
1-Jan-10	31-Dec-12	\$0.40	1,275,000	-	-	1,275,000	-	-
6-May-11	31-Dec-14	\$0.40	340,000	-	-	-	340,000	340,000
6-May-11	31-Dec-14	\$0.45	1,300,000	-	-	350,000	950,000	950,000
15-Mar-12	15-Mar-16	-	840,000	-	-	-	840,000	-
29-Nov-12	29-Nov-15	\$0.35	-	1,850,000	-	-	1,850,000	-
29-Nov-12	29-Nov-15	\$0.45	-	1,850,000	-	-	1,850,000	-
12-Apr-13	18-Jun-16	-	-	1,670,000	-	-	1,670,000	-
			3,755,000	5,370,000	-	1,625,000	7,500,000	1,290,000
Weighted average exercise price			0.42	0.40	-	0.41	0.41	0.44

(e) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life for the options outstanding as at 30 June 2014 is 1.3 years (2013: 2.2 years).

(f) Fair Value of Options Granted

There were no options issued during the year.

(g) Fair Value of Performance Rights

There were no performance rights issued during the year.

As at the date of this report, there were 1,570,000 unissued ordinary shares subject to performance rights. The performance rights are unlisted and have terms as set out below.

Number of Performance Rights	Expiry	Performance Hurdle
840,000	15-Mar-2016	5 Day Aurelia VWAP of 80 cents per share
730,000	18-Jun-2016	Various share price and operational performance measures
1,570,000		

26. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure.

27. 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 2014. The balance of the Company's franking account is nil (2013: Nil).

28. KEY MANAGEMENT PERSONNEL

Share, Option & Performance Rights Holdings of Directors, Executives and Key Management Personnel

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	1,577,826	1,543,496
Post-employment benefits	115,041	119,522
Share based payments	188,418	759,750
Total	1,881,285	2,422,768

(i) Share holdings

For details of shareholdings, refer to the remuneration report section of the Directors Report (page 36 of this report).

(ii) Options and performance rights holdings

For details of options and performance rights holdings, refer to the remuneration report section of the Directors Report (page 37 of this report).

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 2014 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 2014.

On behalf of the Board



Anthony Wehby
Non-Executive Chairman
4 September 2014

AUDITOR'S INDEPENDENCE DECLARATION



680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

In relation to our audit of the financial report of Aurelia Metals Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that appears to read 'R. Fisk'.

Ryan Fisk
Partner
Sydney
4 September 2014



680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Aurelia Metals Limited

Report on the financial report

We have audited the accompanying financial report of Aurelia Metals Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2B, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

INDEPENDENT AUDIT REPORT



Opinion

In our opinion:

- a. the 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 entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Aurelia Metals Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ryan Fisk
Partner
Sydney





ADDITIONAL ASX INFORMATION

SHAREHOLDER INFORMATION

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

This additional information was applicable as at 25 August 2014.

DISTRIBUTION OF SECURITY HOLDERS

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

Distribution of Security Holders	
1-1,000	194
1,001-5,000	606
5,001-10,000	547
10,001-100,000	1299
100,001 –	256
Total on Register	2902

There are 205 holders of less than a marketable parcel of shares.

AMI Statement of Top 20 Shareholders

	HOLDER NAME	Shares	% of Issued Shares
1	PACIFIC ROAD CAPITAL	58,848,902	17.92%
2	YUNNAN TIN AUSTRALIA	30,630,504	9.33%
3	PERSHING AUSTRALIA NOMINEES	16,560,316	5.04%
4	HSBC CUSTODY NOMINEES	15,799,600	4.81%
5	J P MORGAN NOMINEES AUSTRALIA	12,643,564	3.85%
6	YUNNAN TIN (YTC) HOLDINGS PTY	12,141,905	3.70%
7	GLENORE AUSTRALIA HOLDINGS	9,390,000	2.86%
8	LUJETA PTY LTD	6,000,000	1.83%
9	NATIONAL NOMINEES LIMITED	4,514,177	1.37%
10	RBC INVESTOR SERVICES	4,400,000	1.34%
11	WEST TRADE ENTERPRISES PTY LTD	4,238,000	1.29%
12	SMIFF PTY LTD	4,167,244	1.27%
13	PYBAR HOLDINGS PTY LTD	4,000,000	1.22%
14	BNP PARIBAS NOMS (NZ) LTD	3,873,114	1.18%
15	1215 CAPITAL PTY LTD	3,589,419	1.09%
16	JOJO ENTERPRISES PTY LTD	3,293,744	1%
17	WEST TRADE ENTERPRISES PTY	3,142,000	0.96%
18	MR BRIAN HENRY MCCUBBING &	2,680,000	0.82%
19	B&M JACKSON PTY LTD	2,541,045	0.77%
20	KIMBRIKI NOMINEES PTY LTD	2,000,000	0.61%
	Top 20 Total	204,453,534	62.26%
	Other Shareholders	123,869,384	37.74%
	Total on Issue	328,322,918	100%

STATEMENT OF RESTRICTED SECURITIES

There are no restricted securities.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company are as follows:

Substantial Shareholders	
Pacific Road Capital Management Pty Ltd ATF the YTC Managed Investment Trust	58,848,902
Glencore Australia Holdings Pty Ltd*	25,930,316
Yunnan Tin Aust TDK Resources Pty Ltd**	24,237,433

* 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.

ADDITIONAL ASX INFORMATION

UNQUOTED SECURITIES

Holder	# Options over Ordinary Shares	Expiry Date	Exercise Price
Employee Options	340,000	31 December 2014	\$0.40
Employee Options	950,000	31 December 2014	\$0.45
Director Options	1,600,000	29 November 2015	\$0.35
Director Options	1,100,000	29 November 2015	\$0.45
Performance Rights	840,000	15 March 2016	\$Nil
Performance Rights	730,000	18 June 2016	\$Nil
Total Unlisted Securities on Issue	5,560,000		

VOTING RIGHTS

The Voting Rights 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

These securities have not voting rights.

Tenement	Project Name	Location	Holder	Size (km2)	Aurelia Interest
ML53	Nymagee	Nymagee NSW	Nymagee Resources Pty Ltd	0.04867	95%
ML90	Nymagee	Nymagee NSW	Nymagee Resources Pty Ltd	0.3391	95%
ML5295	Nymagee	Nymagee NSW	Nymagee Resources Pty Ltd	0.003339	95%
ML5828	Nymagee	Nymagee NSW	Nymagee Resources Pty Ltd	0.01538	95%
PLL847	Nymagee	Nymagee NSW	Nymagee Resources Pty Ltd	0.1227	95%
EL4232	Nymagee	Nymagee NSW	Nymagee Resources Pty Ltd	14.5	95%
EL4458	Nymagee	Nymagee NSW Nymagee Resources Pty Ltd		11.6	95%
ML1686	Hera	Nymagee NSW	Hera Resources Pty Ltd	13.079	100%
EL6162	Hera	Nymagee NSW	Hera Resources Pty Ltd	130	100%
EL6226	Kadungle	70km north-west of Parkes, central-west NSW	Defiance Resources Pty Ltd	43.5	100%
EL6258	Doradilla	50km southeast of Bourke, north-west NSW	Stannum Pty Ltd	110.2	100%
EL6673	Baldry	32km north-east of Parkes, central-west NSW	Defiance Resources Pty Ltd	69.6	100%
EL6699	Tallebung	70km north-west of Condobolin, central-west NSW	Stannum Pty Ltd	72.5	100%
EL7447	Box Creek	Nymagee NSW	Defiance Resources Pty Ltd	145	100%
EL7524	Barrow	20km west of Nymagee; western NSW	Defiance Resources Pty Ltd	60.9	100%
EL7529	Lyell	20km west of Nymagee; western NSW	Defiance Resources Pty Ltd	8.7	100%
EL7661	Crowie Creek	70km north-west of Condobolin, central-west NSW	Hera Resources Pty Ltd	133.4	100%



2 CORPORATION PLACE • PO BOX 7058 • ORANGE NSW 2800

ASX Code: AMI • ABN: 37 108 476 384

Ph +61 2 6363 5200 **Fx** +61 2 6361 4711 **Em** office@aureliametals.com **Wb** www.aureliametals.com