

ANNUAL REPORT

30 JUNE 2014

Chairman's Report

Dear Fellow Shareholder

As I highlighted last year, Aurora Minerals Limited ("**Aurora**") had commenced evaluation of more advanced exploration and resource projects as a means of accelerating its ambitions of becoming a successful exploration and development company. This search has been extensive, covering many projects throughout the world. It has also been occurring during a time of dramatically declining investor sentiment towards the mining sector resulting in a large reduction of exploration expenditure worldwide as capital for exploration continues to dry up. Many listed entities with excellent projects have suffered the challenge of falling company valuations and decreased appetite for funding support. This has resulted in excellent value for purchasers.

Aurora has cautiously evaluated investment opportunities in the sector consistent with a macro view that we are approaching a low in the investment/valuation cycle for the resources sector.

I am pleased to report that this search has been successful in identifying several opportunities in which Aurora has invested. During and immediately post the June quarter Aurora made several significant strategic acquisitions designed to secure a strategic position in gold exploration and development in the rapidly growing West African gold sector. In particular the two companies invested in, Golden Rim Resources Limited ("**Golden Rim**") and Predictive Discovery Limited ("**Predictive**"), each have prospective gold projects in Burkina Faso and share a common interest in exploring the Samira Hill greenstone belt in Eastern Burkina. Burkina Faso is a West African country with an emerging gold sector that contains large areas of the prospective, relatively unexplored, Birimian age greenstone belts. A series of large gold discoveries have been made in Burkina Faso over the past decade, seven of which are now in production.

The Aurora Board considers these investments to be measured risk investments on behalf of shareholders at a time where valuations are approaching cyclical lows, made with the knowledge that during the recovery phase of the cycle good projects managed by competent people will have high prospects for achieving excellent returns for shareholders. The Board is confident that the investments in Golden Rim and Predictive represent just such an investment opportunity and is pleased to gain exposure to a high quality brownfield and greenfield exploration portfolio in a highly prospective part of the world.

During the past year, Aurora's partially controlled subsidiary Desert Mines and Metals Limited (recently renamed Peninsula Mines Limited) ("**Peninsula**") has also been very active in South Korea following the acquisition of Korean Resources Ltd, as announced in last year's Annual Report.

Peninsula has undertaken diamond core drilling at its Daehwa molybdenum and tungsten project in South Korea. Daehwa is one of the largest historical molybdenum mines in South Korea, with tungsten making up an additional 27% of past production. This exploration work has been carried out with the valued financial assistance of the Korea Resources Corporation ("**KORES**") a Korean Government entity charged with the development of in-country and overseas exploration and mine development. This programme continued to confirm the presence of mineralisation at levels below the historic workings.

At the same time Peninsula has systematically pursued business development opportunities within Korea. This resulted in the acquisition through earn-in of the Jinan gold-silver + base metals property and tenement applications over the Osu area, where the same metal suites are evident. Further details on these properties are discussed in the Operations Report.

During the year founding Aurora director Dr Robert Taylor retired and I would like to thank him for his contribution to the Company. Mr Peter Cordin was appointed a non-executive director in February 2014 and after year-end Mr Tim Markwell was also appointed as a non-executive director (July 2014). Both of these appointments reflect the Company's evolving business focus on more advanced resource projects.

I would like to thank my fellows Directors, and the whole Aurora team for their contributions during the year. I would also like to thank shareholders for their ongoing support.

Phillip Jackson
Chairman

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Mr Martin Pyle Managing Director
Mr Peter Cordin Non-executive Director
Mr Tim Markwell Non-executive Director

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OPERATIONS REPORT

During the year under review, Aurora continued to explore its large tenement holdings in the Gascoyne region of Western Australia, as well as pursuing advanced resource projects as part of its business development activities. During and immediately post the June quarter Aurora made several significant strategic acquisitions designed to secure a foothold in gold exploration and development in the rapidly growing West African gold sector. In particular the two companies invested in, Golden Rim Resources Limited (“**Golden Rim, ASX:GMR**”) and Predictive Discovery Limited (“**Predictive, ASX:PDI**”), each have prospective gold projects in Burkina Faso and share a common interest in exploring the Samira Hill greenstone belt in Eastern Burkina. Burkina Faso is an emerging West African country that contains large areas of the prospective, relatively unexplored, Birimian age greenstone belts. A series of large gold discoveries have been made in Burkina Faso over the past decade, seven of which are now in production.

Golden Rim Resources Limited (Aurora 19.5% and \$1.35M convertible loan)

In May 2014 the Company announced and subsequently entered into a loan agreement for the provision of \$3M of loan funding to Golden Rim Resources Limited (“**Golden Rim**”)^{A1}. The agreement contemplated that the loan would be repaid in 2 tranches with the first tranche convertible into Golden Rim ordinary fully shares subject to Golden Rim shareholders' approval. That approval was provided on 8 July 2014 resulting in Aurora becoming Golden Rim's largest shareholder with approximately 19.5% of that company's issued capital^{A2}. The second tranche of the loan is repayable by Aurora electing to receive repayment of the balance of the loan amount (\$1.35M plus accrued interest) by the issue of Golden Rim ordinary shares (subject to Golden Rim shareholder approval) or the payment of cash. Each of the shares issued in repayment of the second tranche will be issued at a deemed issue price equal to a 20% discount to the 20 day volume weighted average price of shares on ASX on the 20 trading days immediately prior to the date of notice of election given by Aurora. The second tranche election to convert the loan into shares can be made any time after 6 months following drawdown and up until approximately 11 months after execution of the Loan Agreement. Except under certain conditions, the term of the loan is for 12 months.

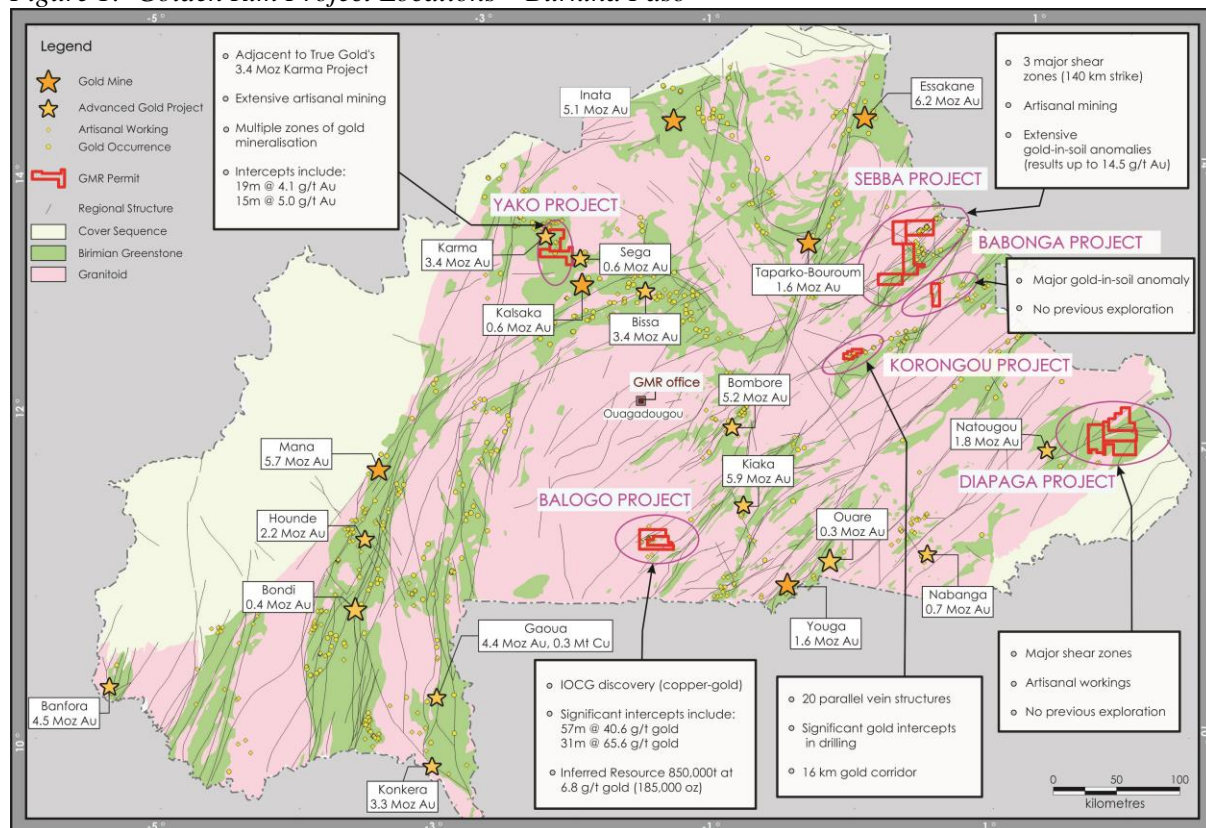
Subsequent to year end and as a direct result of the Aurora Loan funds, Golden Rim was able to re-commence drilling on both the Balogo and Korongou projects resulting in significant gold mineralisation being intersected in both camps^{G1,G2}.

The funds provided by Aurora are also being used by Golden Rim to partly meet the approximately AUD0.9 million in exploration permit option payments due, predominantly on Korongou, over the next 12 months to June 2015.

Since entering the country in 2010 Golden Rim has enjoyed significant exploration success including the delineation of a maiden high-grade gold resource at its 100% owned Balogo project located in southern Burkina (Figure 1).

Within the Balogo Project the Netiana gold mineralisation is a near-surface and high-grade (Inferred Mineral Resource of 850,000 tonnes at 6.8 g/t gold for 185,000 ounces of gold for a 0.5 g/t cut-off)^{G5}; and some feasibility study work has already been completed to determine the optimum way to commercialise the Resource. The Netiana Prospect has been drilled to typically 150 metres below surface with reverse circulation (RC) and diamond drilling. Exploration within a radius of approximately 10 kilometres of the Netiana Prospect has yielded significant gold (and copper) mineralisation in RC drilling conducted on several prospects. Also in July 2014 GMR released the results of a 6 RC drill-hole program for a total of 726m which was designed to follow up intercepts from last year's drilling program on the Panga Lodes, which lie 600m north of the Inferred Gold Mineral Resource at the Netiana Lodes^{G3}.

Figure 1: Golden Rim Project Locations – Burkina Faso



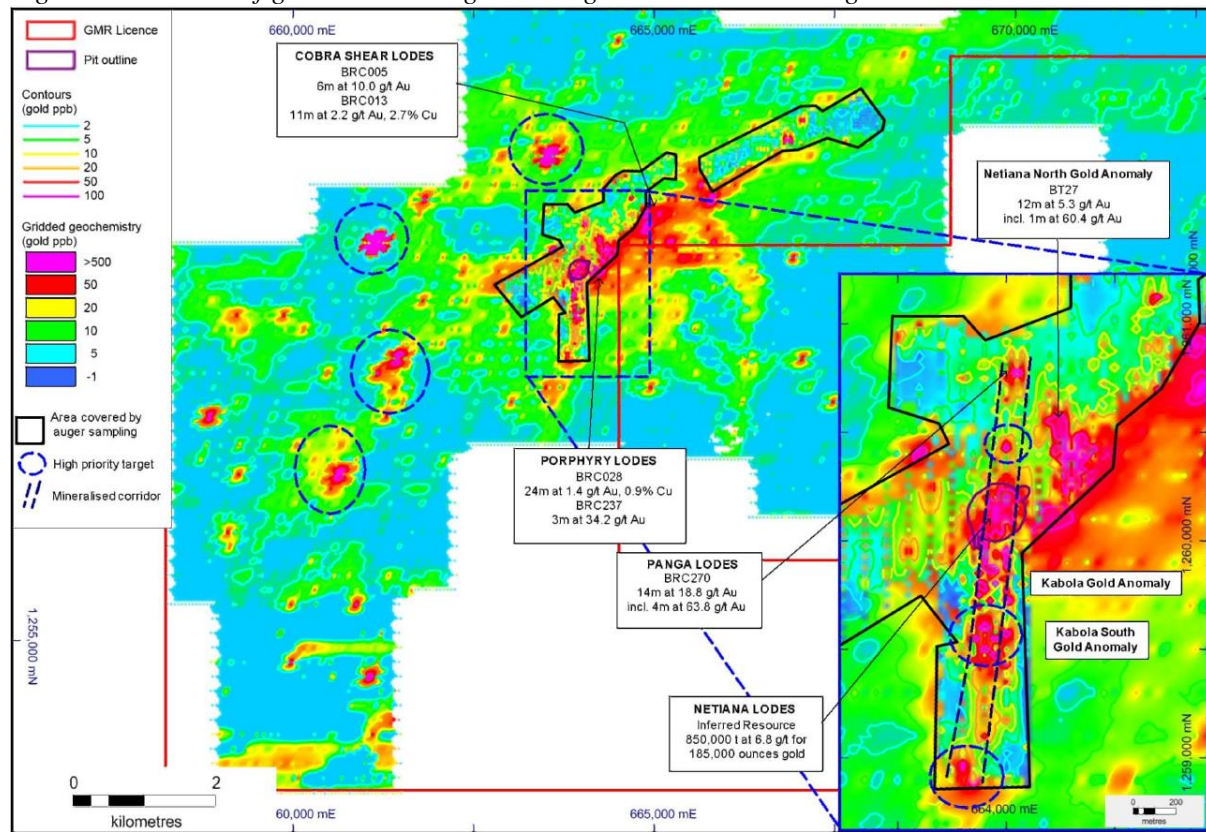
GMR noted ^{G1}:

“The best new RC drill intersections include:

- 10m at 8.4 g/t gold from 34m, incl. 2m at 37.0 g/t gold (BRC281)
- 1m at 4.4 g/t from 105m (BRC286)
- A significant north-south trending gold mineralised corridor linking Panga Lodes, Netiana Lodes, and the Kabola and Kabola South gold anomalies has been identified. A number of auger gold anomalies along this corridor remain untested.
- There are a number of untested auger gold anomalies within this corridor that are priority targets for future work. The Panga Lodes were discovered after drilling beneath a small auger gold anomaly. There are many other similar size and larger gold-in-soil anomalies at Balogo that remain untested”

Golden Rim has several other prospective gold exploration projects in Burkina including the large Korongou Project located in the NW of the country. The Korongou Project covers part of a highly prospective Lower Proterozoic Birimian Samira Hill greenstone belt and is traversed by a significant NE-trending fault splay which is connected to the major Markoye Fault system (Figure 1). This fault system controls a number of major gold deposits in Burkina (operated by third parties), including Kiaka, Bomboré and Essakane. Golden Rim is in the process of earning a 90% interest from a local Burkina operator on the Korongou permit which currently mines and recovers gold from a small scale project located on the permit^{G4}. Work completed by Golden Rim at Korongou including prospect mapping, geochemical sampling and structural interpretation has generated many gold anomalies several of which have been drill tested with significant reverse circulation (“RC”) results recorded from reconnaissance drilling.

Figure 2: Location of gold in soil and gold in auger anomalies at Balogo



Subsequent to the end of the year, Golden Rim announced the results of some of the drilling at Korongou where it was reported that ^{G1}:

- “Multiple parallel zones of significant gold mineralisation, over extensive strike lengths, confirmed.
- The best new RC drill intersections include:
 - 4m at 9.2 g/t gold from 40m, including 1m at 31.5 g/t gold (NKRC005)
 - 6m at 4.0 g/t gold from 41m, including 1m at 17.1 g/t gold (BARC028)
 - 2m at 17.2 g/t gold from 44m (BARC029)
 - 4m at 9.0 g/t gold from 65m, including 2m at 16.0 g/t gold (BARC035)
 - 4m at 5.8 g/t gold from 8m, including 1m at 16.0 g/t gold, and 2m at 2.6 g/t gold from 32m (BARC038)
 - 13m at 2.0 g/t gold from 120m, including 1m at 14.9 g/t gold (BARC044)
 - 9m at 1.3 g/t gold from 17m (KKRC001).
- Mineralisation in the western and central zones at the Banouassi Prospect is considered to have sufficient continuity to plan a resource definition drilling program”

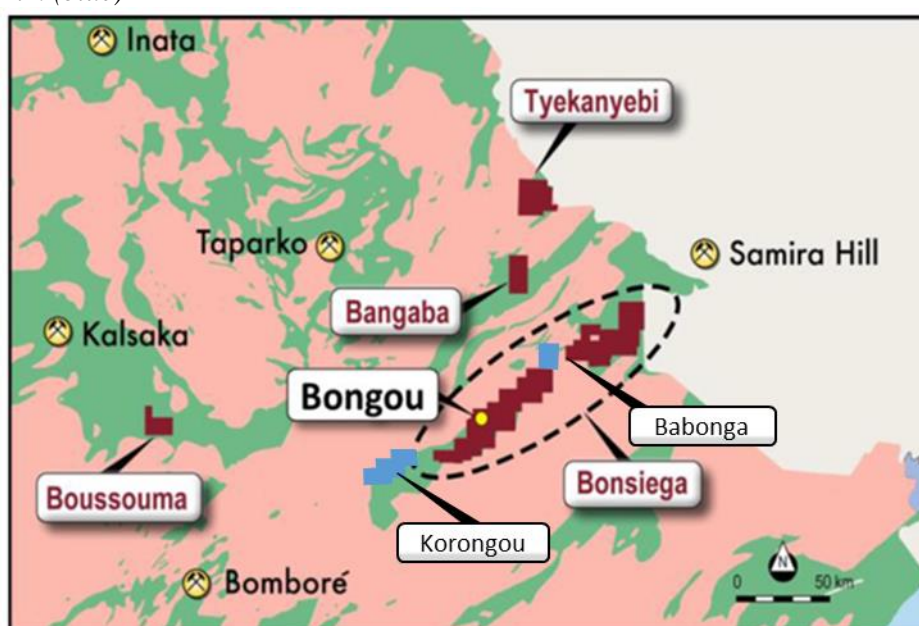
These results reinforce the prospectivity of the Korongou tenements and Aurora is advised that GMR is preparing follow up exploration programs to commence at the end of the current rainy season.

Predictive Discovery Limited (Aurora 17.2%)

Post year end Aurora has acquired from African Lion 66,691,417 fully paid ordinary shares in the capital of Predictive in consideration for \$0.01 per share, representing approximately 17.2% of the fully paid ordinary shares on issue in Predictive and is now the company's largest shareholder^{A4}.

Predictive has assembled a large ground position in Burkina Faso. The tenements were selected through a country wide analytical assessment over the past three years that prioritised favourable mineralised geological structures and greenstone belts. Predictive's key project, Bonsiega, is located in the Samira Hill greenstone belt situated in the east of the country and along strike from the Samira Hill gold mine, just inside Niger to the north-east. To the south-east lies Golden Rim's Korongou project. The Bonsiega package covers approximately 100km of strike length in the Samira Hill greenstone belt (Figure 3). Predictive have undertaken several phases of exploration on this project including drilling which has intersected significant gold mineralisation^{P1,2,3,4}

Figure 3: Samira Hill Greenstone Map showing tenements of Predictive Discovery (red) and Golden Rim (blue)



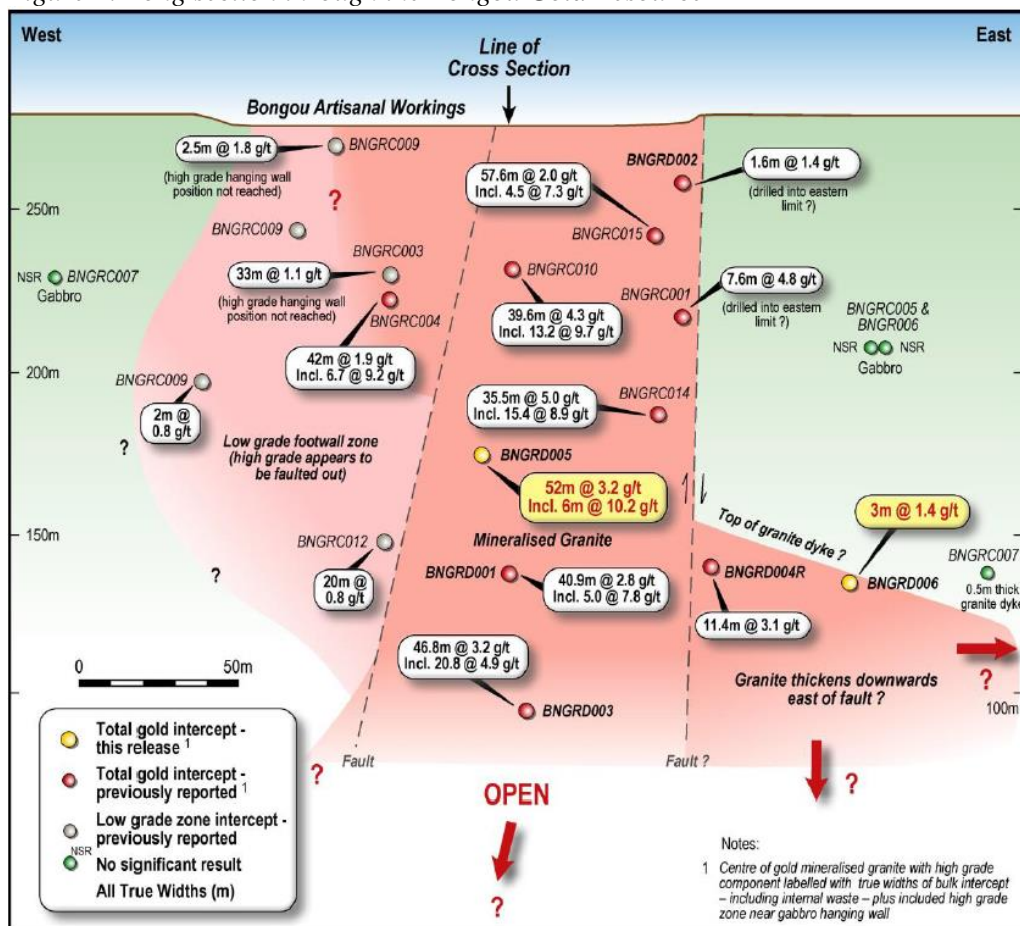
Subsequent to year-end Predictive announced a Maiden Gold Mineral Resources estimate for its Bongou Project^{P2}.

	Indicated Resources			Inferred Resources			Total Resources		
Cut-off	Million tonnes	Au (g/t)	Ounces	Million tonnes	Au (g/t)	Ounces	Million tonnes	Au (g/t)	Ounces
0.4	1.21	2.54	99,000	1.33	2.13	91,000	2.55	2.32	190,000
0.8	1.14	2.67	98,000	1.09	2.48	86,000	2.22	2.58	184,000
2.0	0.64	3.64	75,000	0.49	3.90	61,000	1.13	3.75	136,000
3.0	0.34	4.68	52,000	0.28	4.95	45,000	0.62	4.80	96,000

Predictive note the following key features of the Bongou deposit^{P3}:

- “it is intrinsically high grade, because:
 - There is very little difference in contained ounces between the 0.4g/t Au cut-off and the 0.8g/t Au cut-off grades, and
 - Over 70% of the resource ounces are retained when the cut-off grade is raised from 0.8g/t Au to 2.0g/t Au, with a high average grade of 3.75g/t Au.
- The bulk of the estimated resources are contained in one mineralised granite body, which is thick in the near surface and appears to taper to the east (Figure 4).
- The deposit is not closed off to the south-west or at depth.
- The shape of the mineralisation lends itself to a simple open pit mining operation, with high-grade mineralisation in the near surface position, which would suggest the possibility of early strong cash flow in a future mining operation.
- Gold grades are associated with pyrite-bearing altered granite, which is very visibly distinct from the adjacent low grade gabbro, suggesting that dilution can be minimised quite easily by standard grade control practice.
- Previously reported metallurgical work on a composite sample of primary gold mineralisation from Bongou gave a 94% gold recovery from a standard 75 micron grind, 72 hour cyanidation test suggesting that gold recoveries from mining this deposit would be very high.”

Figure 4: Long section through the Bongou Gold Resource



Predictive remains focused on identifying additional, high-grade gold deposits within trucking distance of the Bongou deposit, in order to achieve its aim of establishing a highly profitable, long lived mining operation in the area. There is substantial exploration potential to achieve this, both in the immediate area around Bongou and a little further afield in the well mineralised permit group which surrounds the deposit^{P6}.

Peninsula Mines Limited (Previously Desert Mines and Metals Limited) – Aurora 39.9%

The primary activity of Peninsula during the year was exploration of the South Korean Daehwa molybdenum-tungsten project, and associated business activities for the acquisition of gold, silver and base metal projects at Jinan and Osu within South Korea. Minor activities were completed at the Camel Hills Joint Venture with Aurora in Western Australia.

Daehwa South Korean Molybdenum-Tungsten Project (100%)

The project is located some 100km southeast of Seoul in Chungbuk Province in central South Korea (Figure 5). The project area contains two former Mo-W mines, Daehwa and Donsan and is comprised of three Mining Rights, 76166, 77226 and 77227, with granted tenure until 2027-2028 subject to meeting performance conditions.

Figure 5: Location Plan of South Korean Projects



One of these conditions necessitates the application for and grant of mining permission within a specified time period of the original grant of a Mining Right. Tenement 76166, containing the majority of the previous mine workings, was selected as being the most appropriate area over which to make application for initial mining permission and in August 2013 mining permission over this tenement was granted by the Chungbuk Provincial Government^{D1}.

Reported historic production at Daehwa up until 1979 is 2,022t of MoS₂ (molybdenite) in a 95% concentrate and 793t of WO₃ (tungsten oxide) in a 65-70% concentrate. Only limited records have been found for the adjacent Donsan Mine (which now forms part of the current Daehwa Project) but based on historic plans and surface artefacts including mine waste dumps, it is believed that the mine also produced significant quantities of MoS₂ and WO₃. Numerous high grade MoS₂ specimens remain on the Daehwa and Donsan waste dumps indicative of the high grade nature of the mineralisation from the main lode structures. Many of the historic adits remain open and some remnants of both the Daehwa and Donsan mine infrastructure still remain today.

Drilling programmes sponsored by the Korea Resources Corporation (KORES) have been undertaken in each year from 2010 to the present. This was conducted under the terms of an on-going exploration agreement between KORES and Peninsula subsidiary SMCL. KORES is a Korean Government entity charged with the development of in-country and overseas mineral exploration and development. It was only when full control over the project was attained in January 2013 that sufficient technical rigour was able to be asserted over the drilling.

During the year KORES helped to fund a 4 hole, 1,943m diamond drill programme at the project. This drilling identified medium to high grade molybdenum and tungsten mineralisation associated with narrow quartz vein structures located down dip of historically mined lodes. The drilling has also identified several zones of broader low grade mineralisation^{D2,3,4,&5}. A montage of photos (Figure 6) shows examples of the Daehwa mineralisation observed in the 2013 drill holes.

Figure 6: Photo montage showing Daehwa mine waste dump spoil and diamond core. Wolframite and scheelite (circled in blue) lower right, molybdenite and powellite, (circled in green) centre right, molybdenite mineralisation in quartz veins top right and left and molybdenite with quartz from the Daehwa waste dumps bottom left.



A one year extension to the exploration agreement mentioned above was signed in March 2014 and is subject to annual review^{D6}. Key elements of the agreement see KORES providing drilling services through a private contractor and SMCL providing ancillary services such as arranging the required access approvals with the

forestry service and local land holders, the site preparation, core boxes, downhole surveys and onsite supervision. KORES and SMCL will respectively meet 70% and 30% of the total costs.

Following on from the exploration agreement extension KORES announced the award of a further 5 hole, 1960m core drilling programme^{D7}. Since that time the programme was revised to a 4 hole, 1880m programme with the opportunity to extend holes as required. This drilling programme commenced in late July 2014 and is scheduled to be completed by late October 2014 with the final meterage likely to be close to 2000m.

Jinan (Earning)

In May 2014, a Definitive Agreement between SMCL and the vendors of Mining Right Jinan 89 was signed that allows Peninsula to earn 60% interest in the Jinan Project^{D8}. This tenement block, Jinan 89, contains two former polymetallic Au and Ag mines, Dongjin and Indae (Figure 5).

The terms of the agreement are as follows, of which a number of conditions have already been met, including:

- Initial payment of Korean Won (KWON)10 million on signature of the Terms Sheet. This is approximately AUD\$10,000.
- A further payment of (KWON) 5 million one month from signing of Terms Sheet.
- Suyeon entered on the Mining Register as the Representative Mining Title Holder.
- Formal approval received for change of prospecting method from geophysics to drilling.

SMCL is now obliged to conduct 500m of drilling to earn 60% of the Mining Right within 1 year of obtaining any statutory forest clearances and access clearances from local residents.

At the completion of the drill programme, both parties have agreed to fund any further exploration work equally or if either party elects not to contribute, that party will dilute at a rate of 1% for every KRW10 million of exploration expenditure. At the point where the diluting partner holds 10% equity in the project, that equity will convert to a 2% NSR (Net Smelter Return).

A rock chip sampling programme was completed focussing on the safely accessible Indae lower adit where 17 rock chip samples were collected as part of a 6 channel sampling programme. A single rock chip channel sample was collected from a near surface outcrop at Dongjin. Additionally 21 grab samples were taken from various points across the surface of the numerous historic mine dumps at both Indae and Dongjin (Figures 7, 8, 9 & 10).

Figure 7: Sampling on the northern Dongjin dumps.



The grab sample results are indicative of the grade of material historically mined at Dongjin and Indae but the samples are not considered representative of the overall dump grade as only material from the outer surfaces of each dump was selected for sampling.

Figure 8: Intense iron stained hydraulically brecciated conglomerate lode at Dongjin.



Figure 9: Composite photo showing sulphide mineralisation on hydraulic fractures within the conglomerate (A), chalcopyrite and pyrrhotite mineralisation (B) and galena (C).

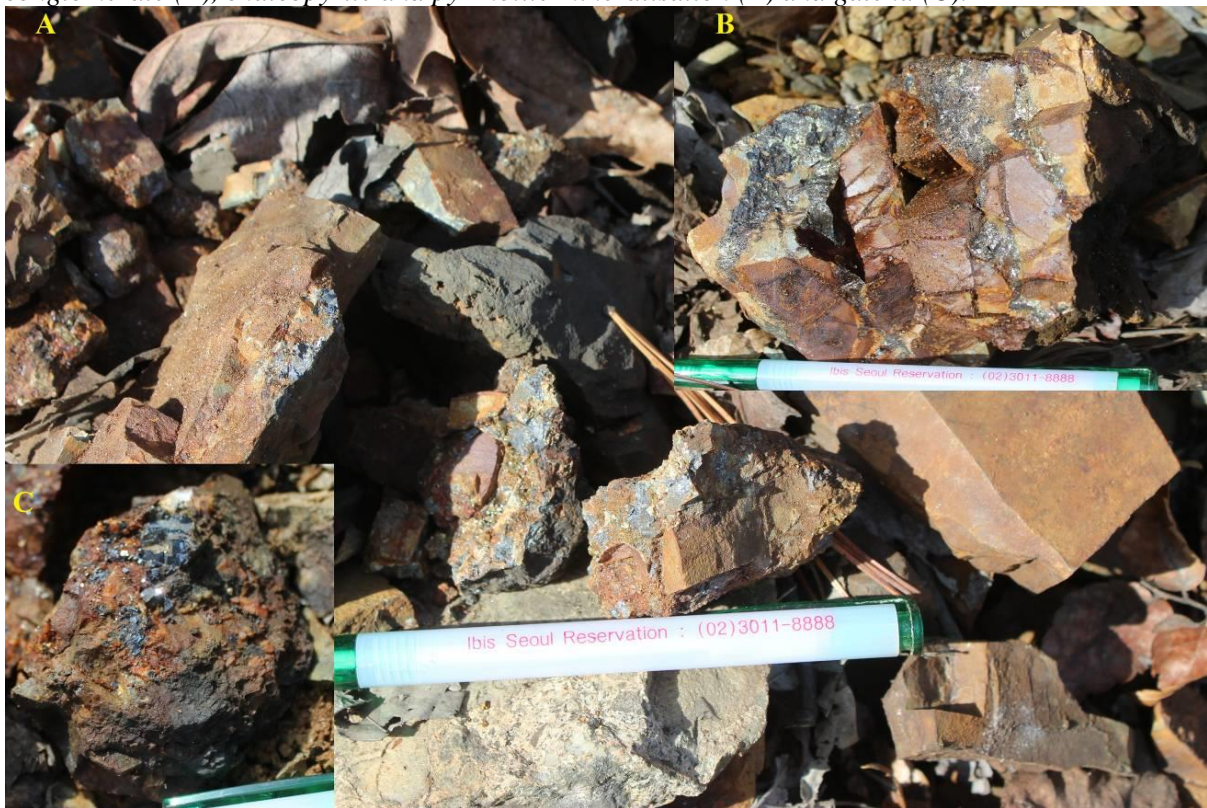
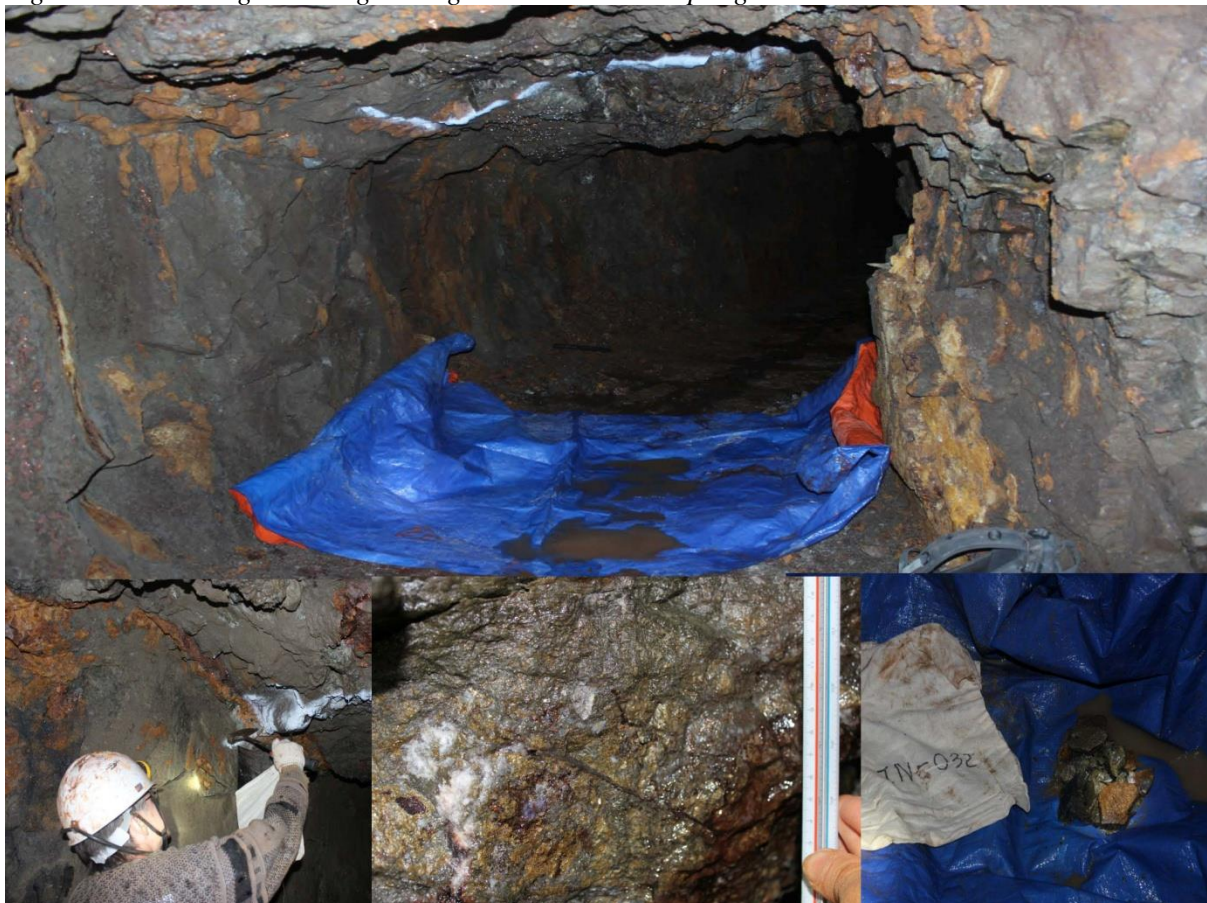


Figure 10: A montage showing underground channel sampling at Indae.



The grade of the historic dump grab samples included:

- Au grades up to 16.8 g/t
- Ag grades up to 288 g/t
- Cu grades up to 2.7%
- Pb grades up to 2.3%
- Zn grades up to 2.7%
- Mo grades up to 0.8%

Significant assay results from the Indae channel sampling programme included⁹:

- Channel INC001: 0.45m @ 4.1g/t Au, 16 g/t Ag & 0.3% Cu
- Channel INC002: 0.16m @ 2.9 g/t Au, 12 g/t Ag, 0.14% Cu
- Channel INC003: 0.41m @ 7.9 g/t Au, 31 g/t Ag, 0.6% Cu, 0.41% Zn
- Channel INC005: 0.22m @ 2.3 g/t Au, 21 g/t Ag, 0.25% Cu
- Channel INC006: 0.54m @ 2.7 g/t Au, 30 g/t Ag, 0.44% Cu
- Channel DJC002: 0.65m @ 1.3 g/t Au, 12 g/t Ag, 0.22% Pb

SMCL was also able to collect records of historic production from the offices of the Korea Institute of Geoscience and Mineral Resources (KIGAM) and KORES. These are detailed as follows¹⁰:

Summary of the Available Dongjin Production Records for the Period 1953 to 1972

Year	Production Tonnes	Au g/t	Ag g/t	Cu %	Pb %	Zn %
Total (Pb & Zn)	455				3.2	3.7
Total (Au and Ag)	2729	17.8	232	2.6		

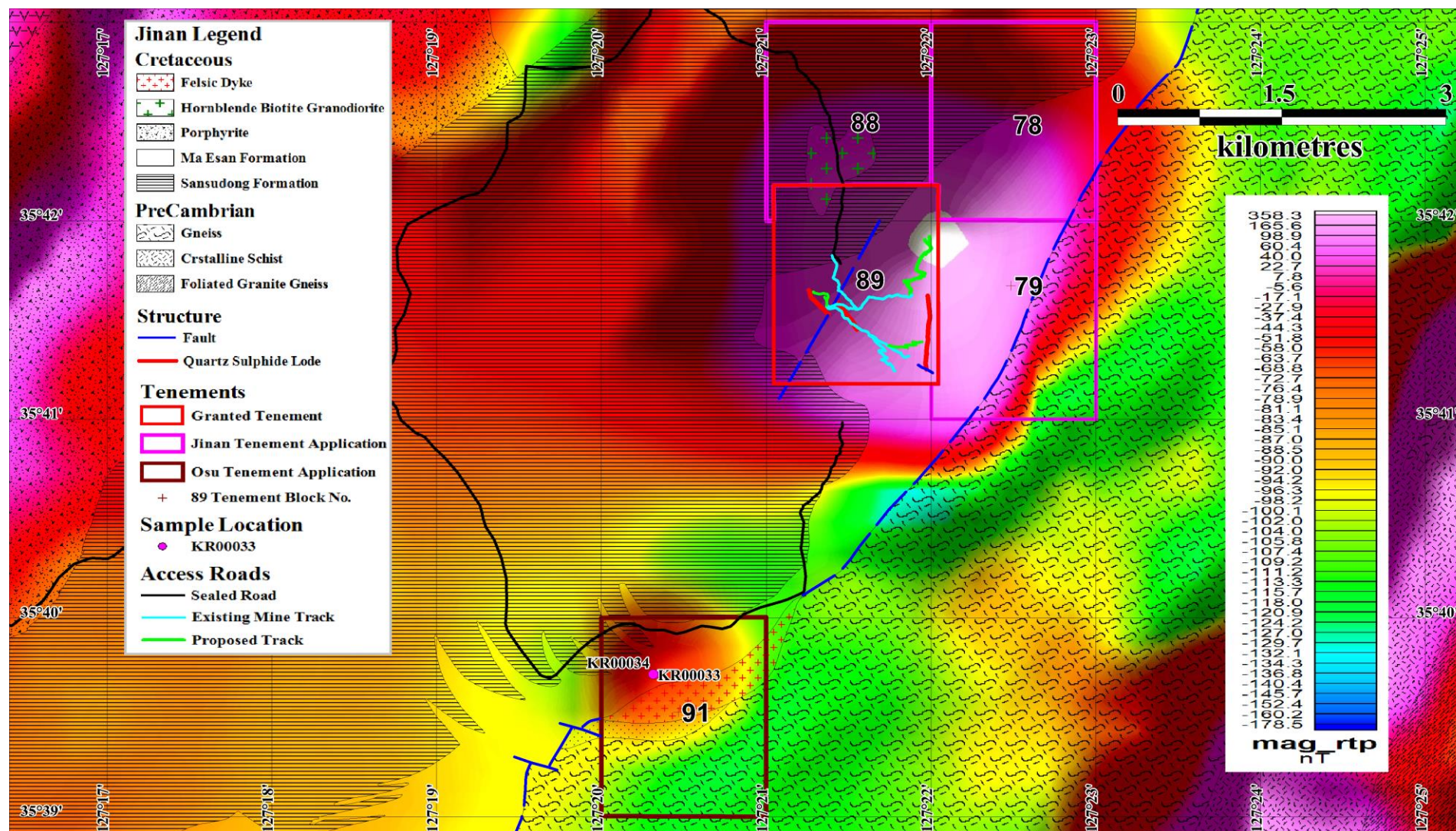
Summary of the Available Records for the Indae Mine Production 1967-1972

Production Tonnes	Au g/t	Ag g/t	Cu %
2655	12.2	192	2.3

Additionally a series of significant magnetic anomalies over Jinan were identified by SMCL from data acquired from KIGAM (Figure 7).

The reprocessing of the KIGAM airborne magnetic data highlighted a significant magnetic high centred to the north of the historic Indae mine¹¹. The airborne magnetic high is interpreted to be the response to a possible, blind, mineralised intrusive body at depth. The multi-element nature of the Indae and Dongjin lodes coupled with the strong magnetic signature suggests that Indae and Dongjin mineralisation may be related to a larger, buried porphyry system.

Figure 11: KIGAM December 2008 Imsil Airborne Magnetic Image Reduced to The Pole and overlaid by KIGAM 1:50,000 geological mapping also showing the Jinan Tenement Locations.



Osu Project (100% when granted)

The Osu Project is located in the Central West of Korea (Figure 1) some 11 kilometres SE of the Jinan project and consists of four tenement applications Osu 13, Osu 14, Osu 23 and Osu 24. Tenement block Osu 23 has had a Mineral Deposit Survey (MDS) completed and submitted to the Mines Registration Office (MRO) for issue of an Exploration Licence (EL).

There are two historic mines, Pal Gong and Baegun, on the tenements and various field visits undertaken to date have focussed on the examination of historic mines and quarries.

Rock chip, channel and mine dump sampling on and around the Pal Gong and Baegun historic mines has generated in highly encouraging results (Figures 8)^{D12&13}.

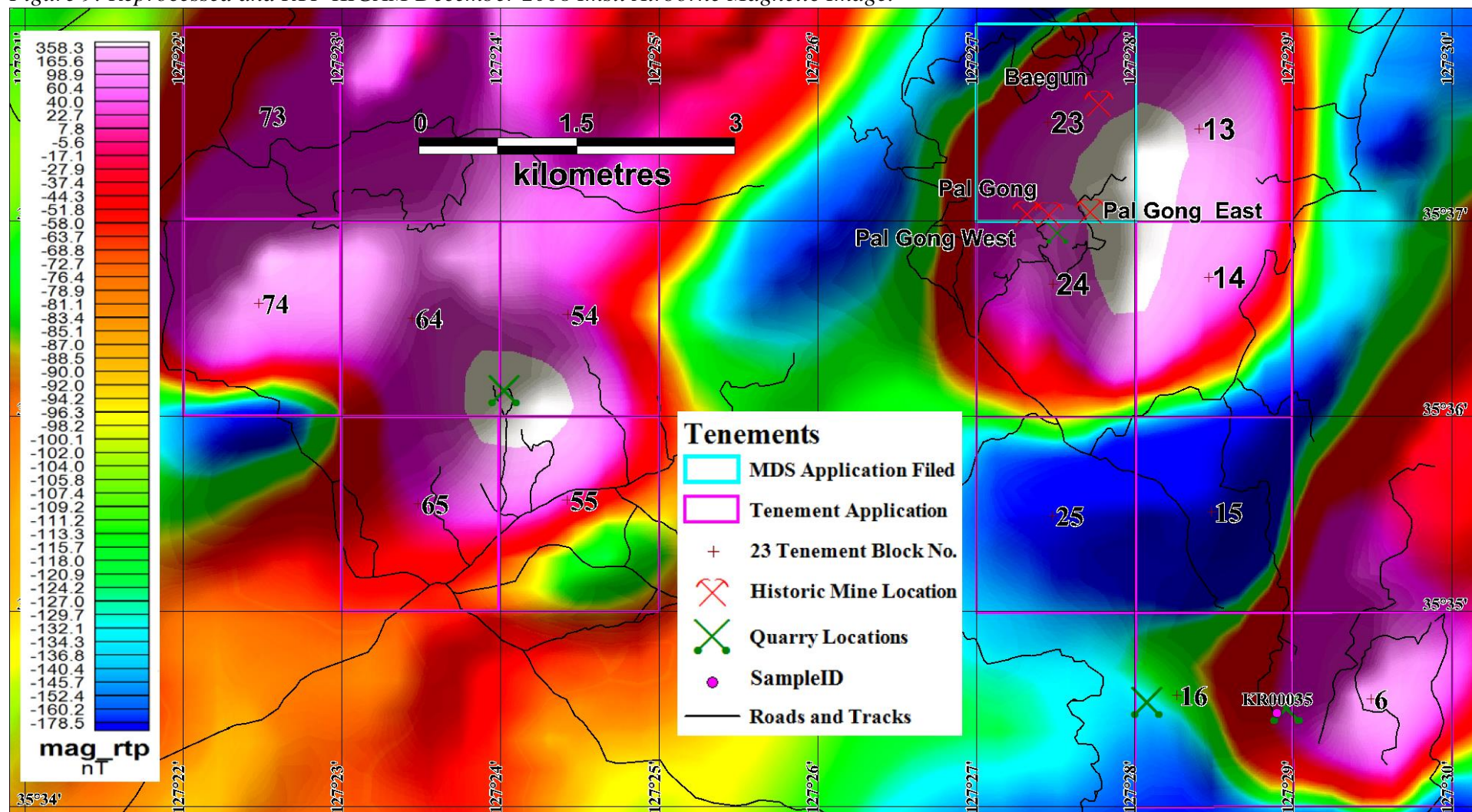
Figure 12: Sampling high grade iron and manganese stained structure at Pal Gong East, sample PG011.



A number of channel samples were taken across narrow iron and manganese stained vein structures in and around the historic Pal Gong East mine workings (Figure 8). The results of the narrow channel samples have been highly encouraging with grades of up to 21 g/t Au, 500 g/t Ag, 0.4% Cu, 2.5% Pb, 0.6% W and 0.1% Zn occurring in iron stained structures at surface^{D13}.

Additionally a series of four significant magnetic anomalies were identified across the Imsil aeromagnetic image. Eleven additional applications were filed across these magnetic highs in March 2014. Post the end of the financial year ten of the less prospective applications were allowed to lapse on September 4, 2014 (Figure 9). The aeromagnetic data was acquired from KIGAM and shown on the reprocessed and Reduced To The Pole (RTP) image in Figures 7 & 9. The similarities of these anomalies to the aeromagnetic anomaly identified at Jinan led to the filing of these additional tenement applications.

Figure 9: Reprocessed and RTP KIGAM December 2008 Insil Airborne Magnetic Image.



Aurora Western Australian Projects

Glenburgh Project (Aurora 100% Owned)

The Glenburgh Project is located in the southern Gascoyne Province of central Western Australia.

The Company's focus during the year has been on the Chance poly-metallic prospect located in the northern part of the project area. Here several rounds of soil geochemistry have identified 4 base metal anomalies.

Aurora commissioned an independent review of the Glenburgh project during the year. The study considered previous exploration work including the current targets such as Chance and also considered the broader regional setting in order to identify possible additional exploration targets. While the study identified several target areas not previously considered it did not rank the targets highly. Following year-end, exploration has commenced on several targets believed prospective for graphite.

Rehabilitation of drill sites and access tracks on the tenements was completed during the year. A sizeable portion of the tenement area has been relinquished. **Capricorn South East Manganese Project (100% Owned)**

There was limited field activity during the year on this project. Rehabilitation of drill sites and access tracks on the tenements was completed during the year. A sizeable portion of the tenement area has been relinquished.

Camel Hills Joint Venture (Aurora 49.6% / Peninsula 50.4%)

Aurora holds a 49.6% interest in the Camel Hills Joint Venture ("CHJV") Project located in the Gascoyne Province approximately 200km to the south of Glenburgh. The project covers part of the north-western margin of the Archaean Yilgarn Craton and adjacent Proterozoic Errabiddy Shear Zone.

There was limited field activity during the year on this project. Rehabilitation of drill sites and access tracks on the tenements was completed during the year.

The JV has undertaken tenement rationalisation in the CHJV area, while retaining the Innouendy copper-nickel prospects plus the large block in the south covering the (Bean Counter) magnetite-iron prospects.

List of Announcements to the Australian Securities Exchange incorporating Aurora Minerals Limited Exploration Results which are referenced in this release:

- A1 Aurora ASX Announcement 5 May 2014 – “Aurora to Become Cornerstone Investor in Golden Rim”
- A2 Aurora ASX Announcement 12 May 2014 – “Golden Rim Funding Conditions Satisfied”
- A3 Aurora ASX Announcement 8 July 2014 – “Golden Rim Shareholders Approve Aurora Becoming a Substantial Shareholder”
- A4 Aurora ASX Announcement 11 July 2014 – “Aurora welcomes African Lion and new strategic investment in Predictive”

Full copies of all the company's releases are available for download from the company's website:
www.auroraminerals.com

List of Announcements to the Australian Securities Exchange incorporating Golden Rim Resources Limited which are referenced in this release:

- G1 Golden Rim ASX Announcement 7 July 2014 – “Korongou Delivers Significant Drilling Results”
- G2 Golden Rim ASX Announcement 18 July 2014 – “10m at 8.4 g/t gold intersected at the Panga Lodes”
- G3 Golden Rim ASX Announcement – 5 February 2013 – “Maiden Gold Resource and Preliminary Scoping Study Results for the Netiana Lodes at Balago, Burkina Faso”
- G4 Golden Rim ASX Announcement 1 February 2013 – Golden Rim to Acquire the Korongou Gold Project, Burkina Faso

Full copies of all the company's releases are available for download from the company's website:
www.goldenrim.com.au/

List of Announcements to the Australian Securities Exchange incorporating Predictive Discovery Limited which are referenced in this release:

- P1 Predictive ASX Announcement 30 April 2014 – “Quarterly Report for the Period Ended 31st March 2014”
- P2 Predictive ASX Announcement 2 December 2013 – “Thick, high-grade gold intercepts at Bongou Prospect”
- P3 Predictive ASX Announcement 16 December 2013 – “68m at 3.2g/t Au incl. 8m at 10g/t Au at Bongou”
- P4 Predictive ASX Announcement 20 March 2014 – “PDI extends Bongou Prospect with wide gold intercepts”
- P5 Predictive ASX Announcement 4 September 2014 – “High-Grade Maiden Mineral Resource Estimate at Bongou”
- P6 Predictive ASX Announcement 1 April 2014 – “PDI Finds Widespread Gold Mineralisation near Bongou”

List of Announcements to the Australian Securities Exchange incorporating Peninsula Mines Limited Exploration Results which are referenced in this release:

- D1. Grant of Mining Permission at Daehwa Project in Korea, 14 August 2013
- D2. Additional High Grade molybdenum Drill Intercepts from the Daehwa Project (Amended), 22 January 2014
- D3. Exceptional Drill Results- Daehwa Project, 29 January 2014
- D4. Outstanding High Grade Tungsten and new dimension to Daehwa Project, February 4 2014.
- D5. Exploration Update- Daehwa Project, 3 March 2014 SMCL
- D6. Exploration Agreement Signed for Daehwa Project, 10 March 2014
- D7. 1,960 Metres Core Drilling Awarded for Daehwa Project, 15 April 2014
- D8. Jinan Definitive Agreement signed, 19 May 2014
- D9. Jinan Project Korea. High grade gold, silver and base metal assays from sampling programme (amended), March 24 2014.
- D10. Term Sheet Signed in Korea Over Mining Right Jinan 89 Including the Historic High Grade Dongjin and Indae Gold and Silver Mines, 18 December 2013
- D11. Jinan Project Korea. Identification of impressive magnetic anomaly (amended), March 24 2014.
- D12. Applications Filed Over Magnetic Anomalies- Osu Project Korea (amended), 24 March 2014
- D13. Exciting Rock Chip Samples- Osu Project, 11 August 2014

DIRECTORS' REPORT

Aurora Minerals Limited ("the Company" or "Aurora") is a public company incorporated and domiciled in Australia and listed on the Australian Securities Exchange. The registered office of the Company is located at Suite 2, Level 2, 20 Kings Park Road, West Perth, Western Australia.

The Directors of the Company present their report on the group, which comprises Aurora Minerals Limited and its controlled entities, for the financial year ended 30 June 2014 ("financial period").

DIRECTORS

The names of the Directors of Aurora during the whole of the financial period and up to the date of this report are:

Phillip Sidney Redmond Jackson (BJuris, LLB, MBA, FAICD), Chairman

Phillip Jackson, the Chairman and a Director of the Company, is a barrister and solicitor with significant legal and international corporate experience, especially in the areas of commercial and contract law, resources law and corporate governance. He was formerly a managing legal counsel for Western Mining Corporation, and in private practice specialised in small to medium resource companies. Phillip was for many years a director and senior executive of the Australian and Asian subsidiaries of a large multinational oil services company. He is now the Legal Manager of the regional operations of a large oil and gas company. He has been a director of a number of Australian public companies and has management experience in administration, finance, accounting and human resources. Phillip has been Chairman of Aurora since it listed in June 2004 and is responsible for monitoring the Company's corporate governance. Phillip is also Chairman of listed subsidiary Peninsula Mines Limited (previously known as Desert Mines and Metals Limited) ("Peninsula") and is a non-executive director of listed company Scotgold Resources Limited.

Martin James Pyle (BSc Geology, MBA), Managing Director

Martin Pyle, Managing Director, has a broad range of experience gained over more than 25 years in the resources industry in Australia. His roles have included positions as Corporate Finance Executive with prominent east and west coast broking firms. During this time he was responsible for the generation and execution of resources related equity raisings, mergers & acquisitions, corporate advisory and research. Most recently he has provided corporate advisory services to a number of junior resource companies and is non-executive director of Peninsula, non-executive director of Gold Road Resources Limited and non-executive director of Golden Rim Resources Limited. Martin was appointed as Managing Director of the Company on 14 July 2010, and in that role is responsible for corporate affairs and the day to day oversight of the Company's activities.

Martin has a Bachelor of Science degree (First Class Honours – Geology) and a Masters of Business Administration. In the three years immediately prior to the end of the financial year, Martin also served as a director of the following listed companies:

Syndicated Metals Limited	24/05/2010 to 29/01/2011
Tanami Gold NL	15/04/2013 to 20/04/2013
Mid Winter Resources NL	16/06/2010 to 03/10/2013

Peter Cordin, (BE, MIEAust, FAusIMM (CP)), Non-Executive Director (appointed 20 February 2014)

Peter is a civil engineer with over 40 years experience in mining and exploration both at operational and senior management level. He has a wealth of experience in the evaluation and operation of resource projects both within Australia and overseas. He has direct experience in the construction and management of diamond and gold operations in Australia, Fenno-Scandinavia and Indonesia, and has also been involved in the development of resource projects in Kazakhstan and New Caledonia.

Peter is a non-executive director of Coal of Africa Limited and Vital Metals Limited. In the three years immediately prior to the end of the financial year, Peter also served as a director of the following listed companies:

Dragon Mining Limited	20/03/2006 to 07/02/2014
Kalgoorlie Mining Company Limited	05/10/2012 to 08/08/2013

Timothy Shaun Markwell (BSc (Hons), MAusIMM), Non-Executive Director (appointed 22 July 2014)

Tim is a qualified geologist having worked in a range of mining and exploration operations principally in Western Australia. He worked as a resources/investment analyst with a Western Australian broker and later fund manager, before joining African Lion in 2007, a specialist mining fund established to identify, assess and invest in resource projects in Africa. Tim has considerable experience in fields including exploration, resource appraisal, project evaluation, resource

company investment and business development. Tim is also a non-executive director of Predictive Discovery Limited and Celamin Holdings NL.

Company Secretary

Eric Gordon Moore (Appointed 27 July 2012)

Eric (Ric) Moore has been Aurora's General Manager since November 2005. He has held senior managerial positions in a number of resource companies during the past 20 years and, prior to joining Aurora Minerals Ltd, was Company Secretary of a public listed company between 1996 and 2005. Ric is also Company Secretary of Peninsula. Ric is a member of the Corporate Governance Committee.

PRINCIPAL ACTIVITIES

The principal activities of the group are mineral exploration and assessing, and if appropriate, acquiring either directly or indirectly exploration and mine development projects worldwide.

OPERATING RESULTS

The operating loss after tax after minority interests for the financial period was \$1,714,424 (2013: \$2,744,767). A total of \$1,951,258 (2013: \$3,128,688) related to exploration expenditure written off.

FINANCIAL POSITION

The net assets of the group at 30 June 2014 were \$9,434,132 (2013: \$11,871,212). At year end, the group had \$6.28 million (2013: \$11.41 million) in net cash.

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the operating results there were no other significant changes in the state of affairs of the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD AND LIKELY DEVELOPMENT

On 8 July Golden Rim Resources Limited (Golden Rim), with whom the Company had entered into a loan agreement and provided \$3m of loan funding, advised that its shareholders had passed a resolution that converted \$1.65m of the loan into Golden Rim ordinary fully paid shares at a price of \$0.008 per share. This resulted in the Company becoming a 19.5% shareholder in Golden Rim.

On 14 July, the Company executed an agreement with African Lion 3 Limited (African Lion), whereby African Lion subscribed for 14,975,036 fully paid shares in the Company, representing 14.7% (12.8% post-allotment) of the Company's issued capital, and the Company acquired from African Lion 66,691,417 fully paid ordinary shares, representing 17.2% the issued capital of ASX listed company Predictive Discovery Limited.

On 20 August 2014, a meeting of shareholders of the Company's subsidiary Desert approved the change of name of the company from Desert Mines and Metals Limited to Peninsula Mines Limited ("**Peninsula**"). The meeting approved the issue of 6,487,599 shares to Directors and consultants as compensation for fees foregone between 1 December 2013 and 30 June 2014. These shares were issued on 22 August 2014. The meeting approved the issue of shares under the Director and Employee Remuneration Sacrifice Share Plan, to operate for a period of three years from 1 July 2014.

Other than the above, there were no other known significant events from the end of the financial year to the date of this report.

REVIEW OF OPERATIONS

During the year under review, Aurora continued to explore its tenement holdings in the Gascoyne region of Western Australia, as well as pursuing advanced resource projects as part of its business development activities. Please refer to the Operations Report at the commencement of this Report for more detail.

Corporate

Dr Robert Taylor retired as a director of the Company. Mr Peter Cordin was appointed as a director of the Company. Subsequent to year end Mr Tim Markwell was appointed as a director of the Company.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the financial year ended 30 June 2014 and the number of meetings attended by each Director:

Director	Full Board Meetings		Meetings by Circular Resolution		Remuneration Committee Meetings	
	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend
Phillip Jackson	7	7	17	17	-	-
Martin Pyle	7	7	17	17	-	-
Peter Cordin	4	4	8	8	-	-
Robert Taylor	3	3	9	9	-	-

REMUNERATION REPORT (Audited)

Board policy

The objective of the Company's remuneration policy for key management personnel is to ensure reward for performance is appropriate for the results delivered. The policy is designed to ensure that the following key criteria for good governance practices are followed:

- Acceptability to shareholders
- Transparency
- Capital management

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and key management personnel by the issue of options to the key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. The Company has entered into separate Consulting or Employment Agreements with each of the Directors and accordingly the Company has resolved not to pay any Directors' fees as additional remuneration to the non-executive Directors.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

REMUNERATION REPORT (audited) (continued)

Terms and Conditions of Engagement (as at the date of this report):

	Role	Associated Company	Date of Agreement	Date last Modified	Current Annual Consulting Fee	Directors' Fee/Salary	Notice Period Required from Company	Notice Period Required from Consultant	Termination Fees Payable
Directors									
Phillip Jackson	Chairman	Holihox Pty Ltd	13 April 2010	21 Aug 2013	\$75,000	\$20,800	12 months	12 months	\$95,800
Martin Pyle	Managing Director	Whitby (2009) Pty Ltd	06 May 2010	01 Jan 2012	\$182,500	-	6 months	2 months	\$91,250
Peter Cordin	Non-executive Director		20 Feb 2014	-	-	\$50,000	-	-	-
Tim Markwell	Non-executive Director	Lion Manager Pty Ltd	22 July 2014	-	-	\$50,000	-	-	-
Specified Executives									
Eric Moore	General Manager/ Company Secretary	Golden Kilometre Mines Pty Ltd	11 June 2007	01 July 2014	\$120,000	-	4 months	4 months	\$40,000

All of the Directors and Specified Executives also have consulting agreements with the Company's subsidiary, Peninsula. Key details of these contracts are listed below:

Name	Role	Associated Company	Date of Agreement	Date last Modified	Current Annual Consulting Fee	Directors' Fee	Notice Period Required from Company	Notice Period Required from Consultant	Termination Fees Payable
Directors									
Chris Rashleigh	Managing Director	Chris Rashleigh Mining Pty Ltd	31 May 2013	31 May 2013	\$120,000	-	4 months	2 months	\$40,000
Phillip Jackson	Chairman	Holihox Pty Ltd	13 April 2010	21 Aug 2013	\$25,000	\$10,925	6 months	6 months	\$17,962
Martin Pyle	Non-executive Director	Whitby (2009) Pty Ltd	06 May 2010	21 Aug 2013	\$20,000	\$10,925	6 months	2 months	\$15,462
Sang Hong	Non-executive Director	Emchon Pty Ltd	01 July 2013	21 Aug 2013	\$20,400	\$10,925	1 month	1 month	\$2,610
Specified Executives									
Eric Moore	General Manager/ Company Secretary	Golden Kilometre Mines Pty Ltd	11 June 2007	01 July 2014	\$68,040	-	2 months	2 months	\$11,340

REMUNERATION REPORT (Audited) (continued)

(a) Principles used to determine the nature and amount of remuneration

The nature and amount of remuneration paid to key management personnel has been determined by reference to the services provided, prevailing market rates and with the objective of retaining their services.

Key management personnel, apart from P Cordin, are not directly remunerated by way of salary. The Company and its subsidiary Peninsula entered into agreements with entities related to key management personnel for the provision of their services to the group. Details of these agreements are set out within the remuneration report which is contained in the director's report.

(b) Details of Remuneration

The remuneration of the key management personnel, being the Directors, and other specified executives is summarised below.

No salaries, fees, commissions, bonuses, superannuation or other form of remuneration were paid or payable to key management personnel or specified executives during the year other than fees and options paid to companies associated with those persons, in terms of consulting agreements, as follows:

2014	Salaries & Fees	Superannuation Contributions	Other Benefits	Long Term Benefits (Equity)	Total	Represented by Equity
	\$	\$	\$	\$	\$	%
Directors						
R Taylor ⁽ⁱ⁾	100,768	-	-	-	100,768	-
P Jackson	124,992	-	-	12,498	137,490	9
M Pyle	207,859	-	-	27,218	235,077	12
P Cordin ⁽ⁱⁱ⁾	16,488	1,525	-	-	18,013	-
C Rashleigh ⁽ⁱⁱⁱ⁾	99,000	-	-	31,245	130,245	24
S Hong ^(iv)	25,687	-	-	12,498	38,185	33
Specified Executives*						
E Moore	181,171	-	-	12,498	193,669	6
	<u>755,965</u>	<u>1,525</u>	<u>-</u>	<u>95,957</u>	<u>853,447</u>	

(i) Resigned 20 February 2014

(ii) Appointed 20 February 2014

(iii) Appointed 31 May 2013 as director of Peninsula Mines Limited only

(iv) Appointed 1 July 2014 as director of Peninsula Mines Limited only

* Specified executives are not key management personnel as defined by Accounting Standard AASB 124.

2013	Salaries & Fees	Superannuation Contributions	Other Benefits	Long Term Benefits (Equity) ⁽¹⁾	Total	Represented by Equity
	\$	\$	\$		\$	%
Directors						
R Taylor	194,250	-	-	-	194,250	-
P Jackson	116,550	-	-	-	116,550	-
M Pyle	220,000	-	-	106,020	326,020	33
C Rashleigh ⁽ⁱⁱ⁾	10,000	-	-	-	10,000	-
Specified Executives*						
E Moore	188,040	-	-	13,859	201,899	7
	<u>728,840</u>	<u>-</u>	<u>-</u>	<u>119,879</u>	<u>848,719</u>	

(i) Long Term Benefits – Equity relates to options granted in prior years which vested over the year.

(ii) Appointed 31 May 2013 as director of Desert Mines and Metals Limited only.

* Specified executives are not key management personnel as defined by Accounting Standard AASB 124.

The Remuneration detailed above includes fees paid by the Company's subsidiary, Peninsula.

The Company has not entered into any agreements to remunerate consultants on the basis of performance.

REMUNERATION REPORT (Audited) (continued)

(c) Shares issued as remuneration

(i) Shares issued as remuneration – the Company

No shares were issued to the key management personnel or specified executives during the years ended 30 June 2014 and 30 June 2013.

(ii) Shares issued as remuneration – Peninsula

No shares were issued to the key management personnel or specified executives during the years ended 30 June 2014 and 30 June 2013.

Subsequent to year end, shares were issued as per the table below:

	Number Issued	Date Issued	Calculated Value
2014			
Directors			
C Rashleigh	1,631,702	21 Aug 2014	\$21,000
P Jackson	488,491	21 Aug 2014	\$6,287
M Pyle	420,503	21 Aug 2014	\$5,412
S Hong	425,942	28 Aug 2014	\$5,482
Specified Executives			
E Moore	533,702	21 Aug 2014	\$6,868
	<u>3,500,340</u>		<u>\$45,049</u>

(d) Compensation Options

(i) Options granted as Compensation – the Company

No options or shares were issued to the key management personnel or specified executives during the years ended 30 June 2014 and 30 June 2013.

Subsequent to year end, options were granted as per the table below:

	Number Granted	Grant Date	Exercise Price	Expiry Date	Vesting Date
2014					
Directors					
M Pyle	2,500,000	17 Sept 2014	\$0.0691	18 Sept 2017	18 Sept 2014
P Jackson	500,000	17 Sept 2014	\$0.0691	18 Sept 2017	18 Sept 2014
P Cordin	500,000	17 Sept 2014	\$0.0691	18 Sept 2017	18 Sept 2014
T Markwell	500,000	17 Sept 2014	\$0.0691	18 Sept 2017	18 Sept 2014
Specified Executives					
E Moore	750,000	17 Sept 2014	\$0.0691	18 Sept 2017	18 Sept 2014
	<u>4,750,000</u>				

(ii) Options granted as Compensation – Peninsula

The following options were issued to the key management personnel or specified executives during the year ended 30 June 2014.

	Number Granted	Grant Date	Exercise Price	Expiry Date	Vesting Date
2014					
Directors					
C Rashleigh	2,500,000	21 Aug 2013	\$0.0343	22 Aug 2015	22 Aug 2013
C Rashleigh	2,500,000	21 Aug 2013	\$0.0457	22 Aug 2016	22 Aug 2013
M Pyle	1,000,000	21 Aug 2013	\$0.0343	22 Aug 2015	22 Aug 2013
M Pyle	1,000,000	21 Aug 2013	\$0.0457	22 Aug 2016	22 Aug 2013
P Jackson	1,000,000	21 Aug 2013	\$0.0343	22 Aug 2015	22 Aug 2013
P Jackson	1,000,000	21 Aug 2013	\$0.0457	22 Aug 2016	22 Aug 2013
S Hong	1,000,000	21 Aug 2013	\$0.0343	22 Aug 2015	22 Aug 2013
S Hong	1,000,000	21 Aug 2013	\$0.0457	22 Aug 2016	22 Aug 2013
Specified Executives					
E Moore	1,000,000	21 Aug 2013	\$0.0343	22 Aug 2015	22 Aug 2013
E Moore	1,000,000	21 Aug 2013	\$0.0457	22 Aug 2016	22 Aug 2013
	<u>13,000,000</u>				

No options or shares were issued to the key management personnel or specified executives during the year ended 30 June 2013

All options were granted for nil consideration.

(e) Additional disclosures relating to key management personnel

(i) Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

The Company

	Opening Balance	Purchased during Period	Sold During Period	Net Change Other	Options Exercised	Closing Balance
2014						
M Pyle	450,000	1,592,231	-	-	-	2,042,231
R Taylor ⁽ⁱ⁾	3,450,000	-	-	(3,450,000)	-	-
P Jackson	2,050,000	-	-	-	-	2,050,000
P Cordin	-	-	-	-	-	-

(i) Net Change Other – R Taylor resigned as a director of the Company on 20 February 2014

Peninsula

	Opening Balance	Purchased during Period	Sold During Period	Net Change Other	Options Exercised	Closing Balance
2014						
C Rashleigh	871,539	340,000	-	-	-	1,211,539
P Jackson	1,450,312	483,487	-	-	-	1,933,799
M Pyle	625,000	208,333	-	-	-	833,333
S Hong	-	-	-	-	-	-

(ii) Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

The Company

	Opening Balance	Received as Remuneration	Net Change Other	Options Exercised	Closing Balance
2014					
M Pyle	3,000,000	-	-	-	3,000,000
R Taylor ⁽ⁱ⁾	6,000,000	-	(6,000,000)	-	-
P Jackson	4,500,000	-	-	-	4,500,000
P Cordin	-	-	-	-	-

(i) Net Change Other – R Taylor resigned as a director of the Company on 20 February 2014

Peninsula

	Opening Balance	Received as Remuneration	Net Change Other	Options Exercised	Closing Balance
2014					
C Rashleigh	-	5,000,000	-	-	5,000,000
P Jackson	5,000,000	2,000,000	-	-	7,000,000
M Pyle	3,000,000	2,000,000	-	-	5,000,000
S Hong	-	2,000,000	-	-	2,000,000

(iii) Other transactions with key management personnel and their related parties

During the financial year ended 30 June 2014 there were no other transactions with key management personnel or their related parties.

****END OF REMUNERATION REPORT****

PARTICULARS OF DIRECTORS' INTERESTS IN SHARES IN THE CONSOLIDATED ENTITY

The relevant interest of each Director in the share capital of the Company at the date of this report is as follows:

	Ordinary Shares Fully Paid		Unlisted Options	
	Direct	Indirect	Direct	Indirect
M Pyle	-	3,042,231	-	2,500,000
P Jackson	2,050,000	-	5,000,000	-
P Cordin	-	-	500,000	-
T Markwell ⁽ⁱ⁾	-	-	-	500,000

(i) Options were issued to Lion Manager Pty Ltd, an entity in which T Markwell holds less than a relevant interest, being less than 20%.

The relevant interest of each Director in the share capital of the Company's subsidiary, Peninsula Mines Limited, at the date of this report is as follows:

	Ordinary Shares Fully Paid		Unlisted Options	
	Direct	Indirect	Direct	Indirect
C Rashleigh	2,820,440	871,539	5,000,000	-
P Jackson	2,422,240	-	7,000,000	-
M Pyle	-	1,253,836	-	2,000,000
S Hong	425,942	-	2,000,000	-

SHARE OPTIONS

Options to take up ordinary fully paid shares in the Company at the date of this report are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
7,500,000	Unlisted	30 Nov 07	\$0.5763	31 Oct 14
7,500,000	Unlisted	28 Nov 08	\$0.50	22 Nov 15
1,500,000	Unlisted	30 Nov 09	\$1.005	15 Nov 15
300,000	Unlisted	07 Dec 10	\$0.5742	07 Dec 17
5,650,000	Unlisted	17 Sept 14	\$0.0691	18 Sept 17

- 300,000 options were issued on 22 August 2013 to consultants and expired on 22 August 2014
- 800,000 options issued to consultants on 2 October 2009 expired on 30 September 2013
- 200,000 options issued to employees on 31 July 2010 expired on 31 July 2014
- 3,000,000 options issued to a Director on 2 September 2010 expired on 2 September 2014
- 5,650,000 options were granted to Directors, consultants and employees on 17 September 2014

The names of all persons who currently hold options are entered in the register kept by the Company pursuant to section 170 of the Corporations Act (2001). Inspection of the register and of the documents kept pursuant to subsection 170 (3) may be made free of charge.

Options do not entitle their holders to participate in entitlement offers of new shares in the Company unless the holders first exercise their options. No person entitled to exercise any option above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Options to take up ordinary fully paid shares in the Company's subsidiary, Peninsula, at the date of this report are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
7,500,000	Unlisted	30 Nov 07	\$0.34017	31 Oct 14
7,500,000	Unlisted	15 Dec 08	\$0.50	22 Nov 15
8,000,000	Unlisted	18 June 10	\$0.40	17 May 17
10,000,000	Unlisted	23 June 10	\$0.40	22 June 17
300,000	Unlisted	07 Dec 10	\$0.1508	07 Dec 14
8,100,000	Unlisted	21 Aug 13	\$0.0343	22 Aug 15
8,100,000	Unlisted	21 Aug 13	\$0.0457	22 Aug 16

AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such a complexity to justify a separate audit committee of the board of Directors. Matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

ENVIRONMENTAL REGULATIONS

The mining leases, exploration licences and prospecting licences granted to the Company pursuant to the Mining Act (1978) (WA) are granted subject to various conditions which include standard environmental requirements. The Company's policy is to adhere to these conditions and the Directors are not aware of any material contraventions of these requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

INSURANCE OF OFFICERS

The Company paid a premium in respect of a contract insuring directors and officers of the Company. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity

NON-AUDIT SERVICES

No non-audit services were provided by the Company's external auditors, RSM Bird Cameron Partners, during the year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is included within the Financial Report.

Signed in accordance with a resolution of Directors:



DIRECTOR

Perth, 26 September 2014

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014	2013
		\$	\$
Revenue	4	1,000,232	593,046
Administration Expenses	5	(1,643,826)	(1,167,854)
Exploration and evaluation expenditure	12	(1,951,258)	(3,128,688)
Loss before tax		(2,594,852)	(3,703,496)
Income tax expense	6	-	-
Loss for the year from continuing operations		(2,594,852)	(3,703,496)
Other comprehensive income/ (expenses)			
<i>Item that may be reclassified subsequently to operating result</i>			
Exchange differences on translating foreign controlled entities		3,827	920
Income tax relating to components of other comprehensive income		-	-
Total comprehensive loss for the year		(2,591,025)	(3,702,576)
Loss attributable to:			
Non-controlling interest		(880,428)	(958,729)
Owners of the parent entity		(1,714,424)	(2,744,767)
		(2,594,852)	(3,703,496)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(877,958)	(958,150)
Owners of the parent entity		(1,713,067)	(2,744,426)
		(2,591,025)	(3,702,576)
Basic loss per share (cents per share)	28	(1.66)	(2.63)
Diluted loss per share (cents per share)	28	(1.66)	(2.63)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

		Consolidated	
	Note	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	7	6,278,945	11,411,634
Trade and other receivables	8	218,383	417,764
Other current assets	9	3,043,633	74,811
Total current assets		<u>9,540,961</u>	<u>11,904,209</u>
Non-Current Assets			
Plant and equipment	10	91,775	231,644
Exploration and evaluation expenditure	12	-	-
Total non-current assets		<u>91,775</u>	<u>231,644</u>
Total assets		<u>9,632,736</u>	<u>12,135,853</u>
Current Liabilities			
Trade and other payables	13	198,604	264,641
Total current liabilities		<u>198,604</u>	<u>264,641</u>
Total liabilities		<u>198,604</u>	<u>264,641</u>
Net Assets		<u>9,434,132</u>	<u>11,871,212</u>
Equity			
Issued capital	14	36,436,047	36,577,518
Reserves	16	11,974,238	11,991,490
Accumulated losses		(39,260,631)	(37,546,207)
Parent entity interest		9,149,654	11,022,801
Non-controlling interest		284,478	848,411
Total Equity		<u>9,434,132</u>	<u>11,871,212</u>

The accompanying notes form part of these financial statements.

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

	Issued Capital	Change in ownership interest	Accumulated Losses	Foreign Currency Translation Reserve	Share-based Payments Reserves	Non- controlling Interests	Total
	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED							
At 1 July 2012	36,577,518	5,557,333	(34,801,440)	-	6,333,642	1,110,831	14,777,884
Loss for the year	-	-	(2,744,767)	-	-	(958,729)	(3,703,496)
Other comprehensive income	-	-	-	341	-	579	920
Total comprehensive loss for the year	-	-	(2,744,767)	341	-	(958,150)	(3,702,576)
Transactions with owners in their capacity as owners:							
Share based payments	-	-	-	-	73,766	(498)	73,268
Issue of share capital	-	442,490	-	-	-	711,933	1,154,423
Expense of share issue	-	(11,318)	-	-	-	(15,705)	(27,023)
Change due to issue of shares by subsidiary	-	(404,764)	-	-	-	-	(404,764)
At 30 June 2013	<u>36,577,518</u>	<u>5,583,741</u>	<u>(37,546,207)</u>	<u>341</u>	<u>6,407,408</u>	<u>848,411</u>	<u>11,871,212</u>
At 1 July 2013	36,577,518	5,583,741	(37,546,207)	341	6,407,408	848,411	11,871,212
Loss for the year	-	-	(1,714,424)	-	-	(880,428)	(2,594,852)
Other comprehensive income	-	-	-	1,357	-	2,470	3,827
Total comprehensive loss for the year	-	-	(1,714,424)	1,357	-	(877,958)	(2,591,025)
Transactions with owners in their capacity as owners:							
Share based payments	-	-	-	-	58,068	76,119	134,187
Issue of share capital	-	197,058	-	-	-	249,629	446,687
Expense of share issue	-	(8,228)	-	-	-	(11,723)	(19,951)
Buyback of share capital	(134,057)	-	-	-	-	-	(134,057)
Expense of share capital buyback	(7,414)	-	-	-	-	-	(7,414)
Change due to issue of shares by subsidiary	-	(265,507)	-	-	-	-	(265,507)
At 30 June 2014	<u>36,436,047</u>	<u>5,507,064</u>	<u>(39,260,631)</u>	<u>1,698</u>	<u>6,465,476</u>	<u>284,478</u>	<u>9,434,132</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014	2013
		\$	\$
Cash flows from operating activities			
Other payments to suppliers and employees		(1,699,583)	(1,072,945)
Payments for exploration expenditure		(1,785,096)	(2,545,970)
Receipts from customers		537,775	167,471
Receipts/(payments) for security deposits and bonds		144,917	68,240
Interest received		417,315	654,973
		<hr/>	<hr/>
Net cash outflow from operating activities	27	<hr/> (2,384,672) <hr/>	<hr/> (2,728,231) <hr/>
Cash flows from investing activities			
Proceeds from sale of plant and equipment		258,098	34,273
Payments for purchases of plant and equipment		(25,871)	(10,520)
Loans to other entities		(3,000,000)	(100,000)
Cash acquired on acquisition of subsidiary		-	256
		<hr/>	<hr/>
Net cash outflow from investing activities		<hr/> (2,767,773) <hr/>	<hr/> (75,991) <hr/>
Cash flows from financing activities			
Proceeds from issue of shares		181,180	232,160
Share issue transaction costs		(19,953)	(27,022)
Buyback of share capital		(134,057)	-
Share buyback transaction costs		(7,414)	-
		<hr/>	<hr/>
Net cash inflow from financing activities		<hr/> 19,756 <hr/>	<hr/> 205,138 <hr/>
Net decrease in cash held		(5,132,689)	(2,599,084)
Cash at the beginning of the financial year		11,411,634	14,010,718
Effects of exchange rate changes on balances held in foreign currency		<hr/>	<hr/> -
		<hr/>	<hr/>
Cash at the end of the financial year	7	<hr/> <hr/> 6,278,945 <hr/> <hr/>	<hr/> <hr/> 11,411,634 <hr/> <hr/>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION

The consolidated financial statements of Aurora Minerals Limited ("Aurora") comprise the Company and its subsidiaries (together referred to as the 'group' or 'consolidated entity'). The separate financial statements of the parent entity, Aurora, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Aurora is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 26 September 2014 by the directors of the company.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Aurora at the end of the reporting period. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Taxation

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

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

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

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

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

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

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 27 January 2006 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Aurora. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(c) Segment Reporting

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

(d) Exploration, evaluation and development expenditure

Exploration and evaluation are written off as incurred. The Company's policy is that such costs will only be carried forward when development of the area indicates that recoupment will occur or where activities in the area have reached an advanced stage which permits reasonable assessment of the existence of economically recoverable reserves.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Exploration, evaluation and development expenditure *(continued)*

Exploration, evaluation and development costs comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure but do not include general overhead expenditure which has no direct connection with a particular area of interest.

Revenue received from the sale or disposal of product, materials or services during the exploration and evaluation phase of operation is offset against expenditure in respect of the area of interest concerned.

When an area of interest is abandoned or the Directors decide that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Restoration costs arising from exploration activities are provided for at the time of the activities which give rise to the need for restoration.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

(e) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating activities.

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

(g) Business combinations

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

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

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

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Business combinations *(continued)*

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

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

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

(h) Revenue Recognition

Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net amount of goods and services tax (GST).

(i) Comparatives

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(j) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

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

(k) Interest in Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the carrying amount of the investment.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

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

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

(m) Cash and cash equivalents.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(n) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Equity based payments

The Company provides benefits to its directors, consultants and contractors in the form of share-based payments, whereby directors, consultants and contractors render services in exchange for options to acquire shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value to the Company of the equity instruments at the date at which they were granted. The fair value is determined using the Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income reflects:

- the grant date fair value of the options;
- the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of personnel turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and the extent to which the vesting period has expired.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of the modification.

If an equity-settled award is cancelled, it is treated as if it has 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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Equity based payments (continued)

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 diluted earnings per share.

(p) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation is calculated on a straight line basis so as to write off the net cost of each fixed asset over its effective life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5.0% - 33.33%

(q) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

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

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

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

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Impairment of non-financial assets

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

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

(s) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(t) Leases

Lease payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(u) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Investments and other financial assets *(continued)*

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

(v) 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 allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

(w) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined using the Black-Scholes valuation model. The accounting estimates and assumptions relating to the equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expense and equity.

(x) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(y) Foreign Currency Transactions

The financial statements are presented in Australian dollars, which is Aurora's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Adoption of new and revised standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the group's accounting policies.

New accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Adoption of new and revised standards (continued)

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

NOTE 3 – FINANCIAL RISK MANAGEMENT

The group, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the group's management of these risks and seek to minimise these risks through on-going monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the group.

Liquidity risk

The group has no significant exposure to liquidity risk as the group's only debt is that associated with trade creditors in respect of which the group's policy is to ensure payment within 30 days. The group manages its liquidity by monitoring forecast cash flows.

Credit risk

The group's only exposure to credit risk arises from its cash deposits at the bank. The group manages this minimal exposure by ensuring its funds are deposited only with major banks with high security ratings.

	Consolidated	
	2014	2013
	\$	\$
Exposure to liquidity and credit risk		
Trade and other receivables	3,218,383	417,764
Cash and cash equivalents	6,278,945	11,411,634

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

Market risk

The group's market risk exposure is predominantly to the Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 90 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return.

The weighted average rate of interest earned by the group on its cash assets during the year was 3.61% (2013: 4.40%).

The table below summarises the sensitivity of the group's cash assets to interest rate risk. The group has no interest rate risk associated with any of its other financial assets or liabilities.

Financial Assets	Effect of decrease or increase of interest rate on profit and equity			
	-1%		+1%	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
30 June 2014				
Total increase /(decrease)	(97,808)	(97,808)	97,808	97,808
30 June 2013				
Total increase/(decrease)	(128,814)	(128,814)	128,814	128,814

Fair value estimates

The carrying amount of the group's financial assets and liabilities approximates fair value due to their short term maturity.

Capital management risk

The group's objective in managing capital is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may issue new shares, sell assets, or farm out joint venture interests in its projects.

Consolidated	
2014	2013
\$	\$

NOTE 4 – REVENUE

Revenue from operating activities

Interest revenue from other persons	400,510	566,270
Other	599,722	26,776
	<u>1,000,232</u>	<u>593,046</u>

NOTE 5 – LOSS FOR THE YEAR

Loss from ordinary activities before income tax expense includes the following specific expenses:

Depreciation	106,381	145,502
Less: capitalised to exploration	(94,508)	(131,069)
	<u>11,873</u>	<u>14,433</u>
Consulting fees	902,561	579,391
Salaries and wages (administration)	148,646	78,065
ASX, ASIC and related fees	62,761	68,294
Equity based compensation	134,188	73,268
Rent and outgoings	132,173	117,571
Insurance and legal	179,513	89,323
(Profit)/Loss on sale of assets	(209,509)	(31,248)
Other expenses	281,620	178,757
	<u>1,643,826</u>	<u>1,167,854</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014	2013
	\$	\$
NOTE 6 – INCOME TAX		
(a) Income tax expense/(benefit)		
The components of income tax expense/(benefit) comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable on accounting profit/(loss)		
Operating (loss) before income tax	(2,594,852)	(3,703,496)
Prima facie tax (benefit) at Australian rate of 30% (2013 - 30%)	(778,456)	(1,111,048)
Adjusted for tax effect of the following amounts:		
Tax effect of different tax rate of foreign subsidiaries	39,660	2,587
Taxable/non-deductible items	384,033	263,225
Non-taxable/deductible items	(150,686)	(74,550)
Over-provision /(under-provision) in prior year	276,106	(43,428)
Income tax benefit not brought to account	229,343	963,214
Income tax expense/(benefit)	<u>-</u>	<u>-</u>
(c) Deferred tax assets and liabilities not brought to account		
The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end at a tax rate of 30% (2013: 30%) are made up as follows:		
On income tax account:		
Carried forward tax losses		
Deductible temporary differences	11,492,729	11,265,563
Taxable temporary differences	21,233	24,097
Unrecognised net deferred tax assets	(22,377)	(27,418)
Parent entity interest	11,491,585	11,262,242
Non-controlling interest	9,121,062	8,767,114
Total unrecognized net deferred tax assets	<u>2,370,523</u>	<u>2,495,128</u>
	<u>11,491,585</u>	<u>11,262,242</u>
These benefits will only be obtained if:		
(i) the group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for losses to be realised;		
(ii) the group continues to comply with conditions for deductibility imposed by tax legislation; and		
(iii) no changes in tax legislation adversely affect the group in realising the benefit from the deduction of losses.		

	Consolidated	
	2014	2013
	\$	\$
NOTE 7 – CASH AND CASH EQUIVALENTS		
Cash at bank	6,278,945	11,411,634
	<u>6,278,945</u>	<u>11,411,634</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014	2013
	\$	\$
NOTE 8 – TRADE AND OTHER RECEIVABLES		
CURRENT		
Security deposits and bonds ⁽¹⁾	30,560	175,477
Interest receivable	74,590	91,395
Other	113,233	150,892
	<u>218,383</u>	<u>417,764</u>

⁽¹⁾ Includes security deposits which are held for Department of Mines and Petroleum for bonds issued on behalf of the Group

NOTE 9 – OTHER CURRENT ASSETS

Loan to Golden Rim Resources Ltd ⁽¹⁾	3,000,000	-
Prepayments	43,633	74,811
	<u>3,043,633</u>	<u>74,811</u>

⁽¹⁾ The loan, secured by a share mortgage over shares held by Golden Rim Resources Ltd (“GMR”) in its subsidiary Golden Rim Resources Burkina SARL, is repayable by way of two tranches (a) by converting \$1.65m into 206,250,000 shares in GMR and (b) by the Company electing to receive the balance in shares or cash. The term of the loan is 12 months. Interest is payable at 12% per annum, reduced to 10% if the issue of shares in respect of the first tranche are approved by shareholders within 60 days of drawdown.

NOTE 10 – PLANT AND EQUIPMENT

Furniture and fittings – at cost	18,725	19,281
Accumulated depreciation	(10,802)	(9,638)
	<u>7,923</u>	<u>9,643</u>
Field and office equipment – at cost	332,966	408,521
Accumulated depreciation	(282,603)	(306,442)
	<u>50,363</u>	<u>102,079</u>
Motor vehicles and mobile equipment – at cost	147,996	702,491
Accumulated depreciation	(114,507)	(582,569)
	<u>33,489</u>	<u>119,922</u>
Total plant and equipment	<u>91,775</u>	<u>231,644</u>

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial period is set out below.

	Furniture & fittings	Field & office	Vehicles & mobile equipment	Total
	\$	\$	\$	\$
Balance as at 1 July 2013	9,643	102,079	119,922	231,644
Additions during the period	-	21,820	4,097	25,917
Disposals during the period	(212)	(29,478)	(29,715)	(59,405)
Depreciation expense	(1,508)	(44,058)	(60,815)	(106,381)
Balance as at 30 June 2014	<u>7,923</u>	<u>50,363</u>	<u>33,489</u>	<u>91,775</u>
Balance as at 1 July 2012	11,160	137,748	217,807	366,715
Additions during the period	-	11,782	1,673	13,455
Disposals during the period	-	-	(3,024)	(3,024)
Depreciation expense	(1,517)	(47,451)	(96,534)	(145,502)
Balance as at 30 June 2013	<u>9,643</u>	<u>102,079</u>	<u>119,922</u>	<u>231,644</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11 – CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		2014	2013
Parent Entity:			
Aurora Minerals Limited	Australia		-
Subsidiaries of Aurora Minerals Limited:			
Aurora Resources Pty Ltd	Australia	100%	100%
Peninsula Mines Limited and controlled entities ⁽¹⁾ (formerly Desert Mines and Metals Ltd)	Australia	41.24%	37.09%
Mainland Minerals Pty Ltd	Australia	100%	100%
Subsidiaries of Desert Mines and Metals Ltd:			
Dawn Metals Pty Ltd (formerly Dawn Metals Ltd)	Australia	100%	100%
Korean Resources Pty Ltd (formerly Korean Resources Ltd)	Australia	100%	100%
Suyeon Mining Company Limited	South Korea	100%	100%

(1) The directors have considered the requirement of the applicable accounting standard and are satisfied that Peninsula Mines Limited is deemed to be controlled by Aurora Minerals Limited, despite owning less than 50% of the voting rights pertaining to the entity.

At balance date, the group's registered office was located at 271 Great Eastern Highway, Belmont, Western Australia. The registered office was changed to Suite 2, Level 2, 20 Kings Park Road, West Perth on 18 August 2014.

	Consolidated	
	2014 \$	2013 \$
Balance at beginning of period	-	-
Exploration and evaluation costs incurred	1,951,258	3,128,688
Exploration and evaluation costs written off	(1,951,258)	(3,128,688)
Balance at end of year	-	-

NOTE 12 – EXPLORATION AND EVALUATION EXPENDITURE

NOTE 13 – TRADE AND OTHER PAYABLES

Trade and other payables	198,604	264,641
	<u>198,604</u>	<u>264,641</u>

NOTE 14 – ISSUED CAPITAL

101,833,573 (2013: 104,167,499) fully paid ordinary shares	<u>36,436,047</u>	<u>36,577,518</u>
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Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and in the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14 – ISSUED CAPITAL *(continued)*

(a) Movements in ordinary share capital

Fully Paid Shares

Date	Details	Number of Shares	\$
30/06/2012	Balance	104,167,499	36,577,518
	No Movement	-	-
30/06/2013	Balance	104,167,499	36,577,518
	Share Buyback		
	Cancelled 06 Dec 13	(50,000)	(3,200)
	Cancelled 13 Dec 13	(60,000)	(3,800)
	Cancelled 20 Dec 13	(336,000)	(20,160)
	Cancelled 27 Dec 13	(1,500)	(90)
	Cancelled 10 Jan 14	(141,100)	(8,289)
	Cancelled 17 Jan 14	(100,000)	(6,100)
	Cancelled 24 Jan 14	(145,326)	(8,679)
	Cancelled 04 Mar 14	(250,000)	(14,240)
	Cancelled 07 Mar 14	(340,888)	(19,090)
	Cancelled 14 Mar 14	(9,112)	(510)
	Cancelled 03 Apr 14	(256,000)	(14,586)
	Cancelled 11 Apr 14	(13,500)	(756)
	Cancelled 15 Apr 14	(92,987)	(5,207)
	Cancelled 17 Apr 14	(37,329)	(2,091)
	Cancelled 24 Apr 14	(150,184)	(8,410)
	Cancelled 16 May 15	(200,000)	(11,200)
	Cancelled 23 May 14	(100,000)	(5,500)
	Cancelled 09 June 14	(50,000)	(2,149)
	Costs associated with share buyback		(7,414)
30/06/2014	Balance	101,833,573	36,436,047

(b) Options

Options to take up ordinary fully paid shares in the Company at 30 June 2014 are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
7,500,000	Unlisted	30 Nov 07	\$0.5763	31 Oct 14
7,500,000	Unlisted	28 Nov 08	\$0.50	22 Nov 15
1,500,000	Unlisted	16 Nov 09	\$1.005	15 Nov 15
200,000	Unlisted	31 July 10	\$1.00	31 July 14
3,000,000	Unlisted	02 Sept 10	\$0.4495	02 Sept 14
300,000	Unlisted	07 Dec 10	\$0.5742	07 Dec 14
300,000	Unlisted	22 Aug 13	\$0.12	22 Aug 14
<u>20,300,000</u>				

NOTE 15 – SHARE BASED PAYMENTS

Each option entitles the holder to take up one fully paid ordinary share in the Company at anytime up to and including the expiry date. Upon exercise of an option, the resulting ordinary share has the same rights as other ordinary shares. Options do not entitle their holders to receive dividends, participate in entitlement issues or vote at general meetings of shareholders.

(a) Movements in Options

	Weighted average exercise price 2014	Number of options 2014	Weighted average exercise price 2013	Number of options 2013
Outstanding at 1 July	\$0.5682	20,800,000	\$0.5744	26,027,500
Forfeited/cancelled during the period	\$0.5000	(800,000)	\$0.6372	(5,227,500)
Granted during the period	\$0.1200	300,000	-	-
Outstanding at 30 June ⁽¹⁾	\$0.5586	20,300,000	\$0.5625	20,800,000
Exercisable at 30 June	\$0.5586	20,300,000	\$0.5682	19,800,000

(1) The weighted average life of the outstanding options is 284 days or 0.78 years (2013: 631 days or 1.73 years).

(b) Fair Value

The fair value of any options granted are estimated at the date of grant using the Black-Scholes valuation model.

The following table sets out the assumptions made in determining the fair value of the options granted during the year ended 30 June 2014:

Date of grant	22 Aug 13
Expected volatility (%)	75.86
Risk free interest rate (%)	2.57
Weighted average expected life of options (years)	1.00
Options exercise price (cents)	12.00
Fair value of options (cents)	0.66
Vesting date	22 Aug 13

There were no options granted during the year ended 30 June 2013.

(c) Terms and Conditions for Each Grant of Options

The group has granted options to one consultant on one occasion during the year.

	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date
2014					
Non-Specified Consultants					
Other	300,000	22 Aug 2013	\$0.0066	\$0.12	22 Aug 2014
	<u>300,000</u>				

The group granted no options during the year ended 30 June 2013.

The Aurora Employee Option Plan (“EOP”) was approved at the Company’s Annual General Meeting in November 2007, and lapsed on 24 November 2013. A summary of the rules of the EOP is set out below:

The allocation of options to employees, directors and consultants of the Company is at the discretion of the Board. Each option is to subscribe for one fully paid share in the Company. Options are issued free and the exercise price of options is determined by the Board. An option is exercisable at a time determined by the Board.

There were no options issued under the EOP during the period ending 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014	2013
	\$	\$
NOTE 16 – RESERVES		
Option reserve ^(a)	6,465,476	6,407,408
Change in ownership interest ^(b)	5,507,064	5,583,741
Foreign currency translation reserve ^(c)	1,698	341
	<u>11,974,238</u>	<u>11,991,490</u>

(a) The option reserve records items recognised as expenses on valuation of share options.

(b) The change in ownership interest records change in company's ownership interest of a subsidiary after new shares are issued by the subsidiary.

(c) The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 17 – KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions of key management personnel

The names and positions of persons who were key management personnel of Aurora and its controlled entities at any time during the financial year are as follows:

Key Management Personnel

P S R Jackson	Non-executive Chairman
M J Pyle	Managing Director
P Cordin	Non-Executive Director (appointed 20 February 2014)
R S Taylor	Executive Director (resigned 20 February 2014)
C Rashleigh	Managing Director – Peninsula Mines Ltd
S B Hong	Non-Executive Director – Peninsula Mines Ltd (appointed 01 July 2013)

(b) Key Management Personnel Remuneration

	Consolidated	
	2014	2013
	\$	\$
Short-term personnel benefits	576,319	540,800
Share based payments	83,459	106,020
	<u>659,778</u>	<u>646,820</u>

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2014.

	Consolidated	
	2014	2013
	\$	\$
NOTE 18 – REMUNERATION OF AUDITORS		
Audit and review of financial reports		
- RSM Bird Cameron Partners	64,500	59,500
	<u>64,500</u>	<u>59,500</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19: CONTINGENCIES

Contingent Liabilities

There were no contingent liabilities for termination benefits under service agreements with Directors or executives at 30 June 2014.

The Directors are not aware of any other contingent liabilities at 30 June 2014.

NOTE 20 - COMMITMENTS FOR EXPENDITURE

Mineral Tenements

In order to maintain the mineral tenements in which the group and other parties are involved, the group is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year are:

	Consolidated	
	2014	2013
	\$	\$
Minimum estimated expenditure requirements	627,223	1,328,999
	<u>627,223</u>	<u>1,328,999</u>

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

Operating Lease Commitments

Payable minimum lease payments

- not later than twelve months	7,900	7,464
- between twelve months and five years	-	-
	<u>7,900</u>	<u>7,464</u>

The Company has a lease over property that is on a monthly option.

Capital commitments

Within 1 year*	-	188,463
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*Suyeon Mining Company Limited, a 100% controlled subsidiary of Korean Resources Pty Ltd, a subsidiary of the Company's controlled entity Peninsula Mines Limited, was required to pay the vendor an amount of KRW 200,000,000 (AUD \$188,463 at 30 June 2013) by 18 January 2014, to complete the purchase of the mining tenements on which the Daehwa Project in South Korea is located. Payments during the year ended 30 June 2014 extinguished the commitment.

Consultancy Agreements

In the event that the Company terminates all of the Directors' and Executives' consultancy agreements, there is a requirement to continue payment of their fees for a period of time. Should the services of the Directors and Executives not be required during the respective periods the cost to the Company would be \$314,424 (2013: \$449,424).

NOTE 21 - RELATED PARTIES

(a) Remuneration and retirement benefits

Information on remuneration of Directors during the financial period is disclosed in Note 17 and in the remuneration report included with in the directors' report.

(b) Other transactions with Directors and Director-related entities

There are no other transactions with Directors and Director-related entities.

(c) Transactions of Directors and Director-related entities concerning shares and share options

Details of transactions of Directors and Director-related entities concerning shares and share options are set out in the remuneration report included within the directors' report.

NOTE 22 – INTEREST IN JOINT VENTURES

The group terminated its interest in the Macraes West Gold Project in New Zealand (Glass Earth 70%) on 6 November 2013.

The group has the following interest in mineral exploration joint ventures as at 30 June 2014:

The joint venture detailed below does not constitute a separate legal entity. It is a contractual agreement between the participants for the sharing of costs and output and does not in itself generate revenue and profit. The joint venture is of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties may choose to share exploration and development costs in proportion to their ownership of joint venture assets. The joint venture does not hold any assets and accordingly the group's share of exploration expenditure is accounted for in accordance with the policy set out in Note 2.

Name of Project	% Interest by the Company	Activities	Other Parties
Camel Hills Joint Venture	50%	Mineral Exploration	Peninsula Mines Limited

During the prior year Peninsula completed the minimum \$3.4 million of expenditure to earn a 51% contributing interest in the Camel Hills Project from Aurora. Peninsula elected to not contribute to the Joint Venture from 1 December 2013, which resulted in its interest being diluted to 50.44%

NOTE 23 - EVENTS OCCURRING AFTER BALANCE DATE

On 8 July Golden Rim Resources Limited (Golden Rim), with whom the Company had entered into a loan agreement and provided \$3m of loan funding, advised that its shareholders had passed a resolution that converted \$1.65m of the loan into Golden Rim ordinary fully paid shares at a price of \$0.008 per share. This resulted in the Company becoming a 19.5% shareholder in Golden Rim.

On 14 July, the Company executed an agreement with African Lion 3 Limited (African Lion), whereby African Lion subscribed for 14,975,036 fully paid shares in the Company, representing 14.7% (12.8% post-allotment), and the Company acquired from African Lion 66,691,417 fully paid ordinary shares, representing 17.2%, of ASX listed company Predictive Discovery Limited.

On 20 August 2014, a meeting of shareholders of the Company's controlled entity Peninsula approved the change of name of the company from Desert Mines and Metals Limited to Peninsula Mines Limited. The meeting approved the issue of 6,487,599 shares to Directors and consultants as compensation for fees foregone between 1 December 2013 and 30 June 2014. These shares were issued on 22 August 2014. The meeting approved the issue of shares under the Director and Employee Remuneration Sacrifice Share Plan, to operate for a period of three years from 1 July 2014.

Other than the above, there were no other known significant events from the end of the financial year to the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 24 - NUMBER OF EMPLOYEES

The group has four employees at balance date.

NOTE 25 - SEGMENT INFORMATION

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

The group operates as two segments, which are mineral exploration and evaluation within Australia and South Korea.

The group is domiciled in Australia. Segment revenues are allocated based on the country in which the customer is located. Segment assets are allocation to countries based on where the assets are located.

No operating revenue was derived during the year (2013: nil).

	Australia \$	South Korea \$	Consolidated \$
Year Ended 30 June 2014			
Sales to external customers	-	-	-
Other revenue/income	999,085	1,147	1,000,232
Total segment revenue	999,085	1,147	1,000,232

Segment result from continuing operations before tax	(1,911,976)	(679,049)	(2,591,025)
--	-------------	-----------	-------------

As At 30 June 2014

Segment assets	9,576,318	56,418	9,632,736
Total assets of the consolidated entity			9,632,736

Segment liabilities	164,866	33,738	198,604
Total liabilities of the consolidated entity			198,604

	Australia \$	South Korea \$	Consolidated \$
Year Ended 30 June 2013			
Sales to external customers	-	-	-
Other revenue/income	593,041	5	593,046
Total segment revenue	593,041	5	593,046

Segment result from continuing operations before tax	(3,657,967)	(44,609)	(3,702,576)
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As At 30 June 2013

Segment assets	12,071,765	64,088	12,138,853
Total assets of the consolidated entity			12,138,853

Segment liabilities	246,202	18,439	264,641
Total liabilities of the consolidated entity			264,641

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 26: PARENT ENTITY DISCLOSURES

Financial Position

	2014 \$	2013 \$
Assets		
Current assets	9,457,998	10,882,928
Non-current assets	80,323	199,698
Total assets	<u>9,538,321</u>	<u>12,082,626</u>
Liabilities		
Current liabilities	104,189	211,414
Total liabilities	<u>104,189</u>	<u>211,414</u>
Equity		
Issued capital	36,436,047	36,577,518
Reserves – fair value adjustment to financial asset	(916,582)	12,930
Reserves – option reserves	5,317,344	5,304,656
Accumulated loss	(31,402,677)	(30,023,892)
Total equity	<u>9,434,132</u>	<u>11,871,212</u>

Financial Performance

Loss for the year	(1,378,785)	(2,246,798)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(1,378,785)</u>	<u>(2,246,798)</u>

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

Aurora has not entered into any guarantees in relation to the debts of its subsidiary.

Contingent liabilities of the parent

The parent entity did not have any contingent liabilities as at 30 June 2014 (30 June 2013: nil).

Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014 (30 June 2013: nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27 – RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2014	2013
	\$	\$
Loss after income tax	(1,714,424)	(2,744,767)
Cash flow excluded from loss attributable to operating activities:		
Non cash flow in loss:		
Non-controlling interest	(880,429)	(958,729)
Share-based payment expense	134,188	73,268
(Profit)/loss on disposal of plant and equipment	(198,739)	(31,248)
Exploration asset acquired upon acquisition of subsidiary	-	574,587
Gain on foreign exchange	3,829	920
Depreciation expense	106,381	145,502
Change in operating assets and liabilities:		
Receivables	199,381	281,160
Prepayments	34,194	(7,844)
Inventory	(3,016)	3,015
Creditors	(66,037)	(64,095)
Net cash outflow from operating activities	<u>(2,384,672)</u>	<u>(2,728,231)</u>

There were no significant non-cash financing and investing activities.

NOTE 28 - EARNINGS PER SHARE

	Consolidated	
	2014	2013
	\$	\$
Reconciliation of loss		
Loss used in calculating earnings per share – basic and diluted	(1,714,424)	(2,744,767)
Net loss for the reporting period	(1,714,424)	(2,744,767)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	<u>103,405,384</u>	<u>104,167,499</u>

DIRECTORS' DECLARATION

The directors of the Company declare that the financial statements and notes are in accordance with the *Corporations Act 2001* and:

- a. comply with Australian Accounting Standards, International Financial Reporting Standards and *Corporations Regulations 2001*; and
- b. give 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.

In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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



DIRECTOR

Perth, 26 September 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AURORA MINERALS LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Aurora Minerals Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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. These Auditing 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 judgement, 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 control 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 control. 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aurora Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Aurora Minerals 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 1.

Report on the Remuneration Report

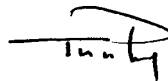
We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility 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 Aurora Minerals Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 26 September 2014

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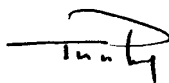
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aurora Minerals Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 26 September 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Aurora Minerals Limited (the “Company”) is responsible for monitoring the business undertakings of the Company and protecting the rights and interests of shareholders. High standards of corporate governance are considered essential to give effect to these responsibilities. The Board has appointed a Corporate Governance Committee currently comprising the Chairman, the Managing Director and the Company Secretary. The Company’s corporate governance policies are set and reviewed from time to time by the Board having regard to any changing circumstances of the Company and the best interests of shareholders. They comply with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (the ‘Principles’).

This statement outlines the Company’s corporate governance policy for the financial year ended 30 June 2014, except where there have been changes between that date and the date of this Report. Any documents referenced in this Statement as being available on the Company’s website can be found on www.auroraminerals.com.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Functions reserved for the Board and those delegated to senior executives

The Board’s key objective is to increase of shareholder value by the successful exploration for and/or production of minerals. The Board focuses the Company’s activities on pursuing exploration opportunities in the mineral resource sector which are judged to have the potential for success, without exposing the Company to undue risk. Aurora Minerals’ principal current focus is on acquiring interests in resource projects and companies with potential for high returns, together with its manganese, base metals, iron ore and gold prospects at its Gascoyne projects in Western Australia. The Company also has a 40% controlling interest in Peninsula Mines Limited, a listed diversified minerals explorer with interests in South Korea. The Company’s main approach is to add shareholder value by the discovery of economic mineral deposits.

The Board is accountable to shareholders for the performance of the Company, and its responsibilities include:

- (a) approval of corporate strategy including approval of budgets and monitoring performance against such budgets;
- (b) determining the capital structure of the Company;
- (c) appointing and determining the duration, remuneration and other terms of appointment of the Managing Director and other senior management;
- (d) evaluating the performance of the Managing Director and other senior management;
- (e) approval of financial and other periodic reporting requirements;
- (f) approval of a risk management strategy and framework and monitoring their effectiveness;
- (g) corporate governance systems and practices within the Company;
- (h) approval of investments, corporate acquisitions, new joint ventures; and
- (i) appointment of the external auditors and principal advisors.

Remuneration and other terms of engagement for the directors are formalised in consulting agreements individually or with their respective companies and the terms of these agreements are summarised in the annual Remuneration Report forming part of the Directors’ Report which accompanies the annual financial report.

Any new directors who may be appointed to the Board, will be provided with a letter of appointment which includes their remuneration details together with copies of Company and Board policies, the Constitution and access to prior Board minutes and papers. New directors will also be advised of their confidentiality and disclosure obligations, share trading policy guidelines, indemnity and insurance arrangements.

Senior executives

The role of the Managing Director during the year under review has been to manage the Company’s exploration activities and business development on a day to day basis pursuant to authority delegated by the Board and implementation of Board and corporate policy and planning in accordance with approved exploration programmes and

budgets. The Managing Director reports to the Board regularly and is under an obligation to make sure that all reports which he presents give a true and fair view of the Company's exploration and corporate activities.

1.2 The process for evaluating the performance of senior executives

The Board is responsible for setting the Managing Director's performance objectives and for evaluating his performance against them. The balance of the Board carries out an annual review of the adequacy of his remuneration and participation in share incentive arrangements.

The Board is responsible for the appointment of the Company Secretary, evaluating his performance on an annual basis and determining his remuneration.

2. STRUCTURE THE BOARD TO ADD VALUE

2.1 Board members' independence

Only one of the Company's four Directors, Mr Peter Cordin, is considered independent in terms of the Relationships affecting Independent Status (the "Categories") in Recommendation 2.1 of the Principles. The Chairman, Mr Phillip Jackson, regularly attends weekly management meetings, and has day to day involvement in the Company's activities. Mr Tim Markwell is an officer associated with a substantial shareholder of the Company. Notwithstanding this apparent non-compliance the Board is of the opinion that the objectives and current strategy of the Company are well served by retaining the current composition of the Board, irrespective of the Directors' degree of independence. A determination with respect to independence is made by the Board on an annual basis. In addition, the Directors are required on an ongoing basis to disclose relevant personal interests and conflicts of interest which may in turn trigger a review of a director's independent status.

2.2 Chairman's independence

As detailed above, the Chairman is not considered to be independent.

2.3 Roles of Chairman and Chief Executive Officer

The Company has complied with this Principle - the Chief Executive Officer role is filled by the Managing Director.

Role of the Chairman

The Chairman is responsible for the effective conduct of meetings of directors and general meetings of shareholders. The Chairman is also responsible for settling the agenda for Board meetings with the Company Secretary and the Managing Director. Any director of the Board may request an item of business to be included on the agenda.

While the Managing Director is responsible to the Board as a whole, he also liaises with the Chairman regularly.

2.4 The Board should establish a nomination committee

A Nomination Committee has been established. The Board considers that it is in the best interests of the Company to determine the criteria for the selection of new directors based on any perceived "gaps" in the skill set of the Board as and when a casual vacancy arises.

Retirement and rotation of directors is governed by the Corporations Act and the constitution of the Company. Each year, one-third of the directors, other than the Managing Director, must retire and offer themselves for re-election. Any casual vacancy filled between general meetings will be subject to a shareholder vote at the next Annual General Meeting of the Company.

Re-appointment of directors is not automatic. Shareholders are provided with relevant information on each of the candidates for election or, where applicable, re-election.

2.5 Board performance

Due to the size and composition of the Board, the Company does not have a formal process for the performance evaluation of the Board, its committees or individual directors.

Accordingly, no formal performance evaluation for the Board or its members took place in the reporting period.

New directors have access to all employees to gain full background on the Company's operations.

All directors have access to company records and information and receive regular detailed financial and operational reports from management. The Chairman regularly consults with the Managing Director and the Company Secretary and may consult with and request additional information from any employee.

The Board collectively, and each director individually, has the right to seek independent professional advice at the expense of the Company to assist with the discharge of their duties. While the Chairman's prior approval is required, it may not be unreasonably withheld.

Company Secretary

The Board is responsible for the appointment of the Company Secretary. The Company Secretary is responsible for providing directors with ongoing guidance and advice on commercial and corporate governance matters. The Company Secretary also provides guidance for the preparation of the semi annual and annual accounts.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Code of conduct

The Company has a code of conduct and is committed to achieving the following objectives:

- (a) ensuring that all of its business affairs are conducted legally, ethically and with integrity;
- (b) ensuring that the Company itself and its joint venturers who act as operators of projects in which the Company has an interest adopt high standards of occupational health and safety, environmental management and ethics;
- (c) managing its legal obligations and the reasonable expectations of stakeholders effectively through the development and implementation of a risk management framework which incorporates these key areas; and
- (d) fostering and maintaining a culture of ownership, care, professional excellence, confidentiality, integrity and freedom from any conflict or perceived conflict of interest in each of the Company's employees and consultants.

Director Conflict of Interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other parties in carrying out the activities of the Company.

If a director cannot or is unwilling to remove a conflict of interest, then the director must, in accordance with the Corporations Act, absent himself/herself from the room when discussion and/or voting on matters to which the conflict relates.

Related Party Transactions

Related party transactions include any financial transaction between a director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

3.2 Diversity

In accordance with the diversity requirements set out in the ASX Principles and Recommendations, the Company continues to consider its approach to diversity.

The Company has only a small number of employees and consultants, and only four Directors. The Board takes the view that it is impractical and unnecessary to establish a diversity policy due to the Company's size, stage of development and nature of operations. However, the Board is committed to revisiting this position if the Company progresses to the development stage of its exploration projects.

The Company believes that non-compliance by the Company with this Principle will not have a detrimental effect on the Company.

3.3 Trading in company securities

The Company lodged its most recent policy on the trading of the Company's securities with ASX on 10 March 2014. The policy is contained on the Company's web site.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit committee

The Company does not have an audit committee, as its size and its financial affairs are not of such complexity to justify a separate audit committee.

The Board monitors the form and content of the Company's financial statements; it also maintains an overview of the Company's internal financial control and audit system and risk management systems.

Additionally, on an annual basis, the Board, in line with its overall responsibility to shareholders, reviews the performance and independence of the external auditor and the continuation of that appointment. The Board also approves the remuneration and terms of engagement of the external auditor. Any appointment of a new external auditor will be submitted for ratification by shareholders at the next annual general meeting of the Company.

Corporate governance recommendations 4.2 and 4.3 do not apply as there is no audit committee.

5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Compliance with ASX disclosure requirements

Compliance procedures, to ensure timely and balanced disclosure of information in line with the Principles, have been noted and adopted by the Company. The Company Secretary is charged with ensuring that any necessary steps which need to be taken by the Company are brought before the Board for discussion and, subject to amendment, approval.

The Company Secretary is responsible for non-material and standard form disclosures to the market. In addition he is responsible for communications with ASX.

Commentary on Financial Results

The Company provides commentary in the Directors' Report accompanying its half yearly and yearly results in a clear and objective manner to ensure that shareholders and potential shareholders have access to the information needed to make an informed assessment of the Company's activities and results.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Communication with and participation of Shareholders

The Board aims to ensure that shareholders are fully informed by communicating to shareholders through:

- (a) continuous disclosure reporting to ASX;
- (b) the quarterly, half yearly and annual reports; and
- (c) media releases, copies of which are lodged with ASX and placed on the Company's website, www.auroraminerals.com.

Shareholders are given the option to receive information such as the Annual Report and Notices of Meeting /Explanatory Memoranda in print or electronic form.

The Company maintains a website at www.auroraminerals.com and complies with the continuous disclosure requirements of ASX Listing Rules. Shareholders may find all recent information on the Company under various headings on the Company's website, including latest ASX releases, details of its projects and its Corporate Profile. Shareholders may also request a copy of the Company's ASX recent releases.

7. RECOGNISE AND MANAGE RISK

7.1 Oversight and management of material business risks

The Company has a management policy in place for the identification and effective management of risk. The policy caters for the management of risk by the Board and management being principally the risks involved in exploration.

7.2 Design and implementation of systems to manage material business risks

Management has established a register of business risks and identified the material business risks affecting the Company. To the extent possible in a Company with a very small number of staff, internal controls are in place to mitigate against any material business risks. Risks of a strategic, financial and operational nature (such as ability to raise capital to fund exploration, commodity price and currency fluctuations, adequate levels of insurance, contract documentation, resourcing, and meeting financial reporting and compliance obligations) are reviewed on a regular basis by the Board as and when applicable.

Potential operational risks involved in running the Company are managed by the Board. Due to the size of the Company, the Board does not consider it practicable to establish a separate committee to focus on these issues but has designated that the Corporate Governance Committee be charged with the overall responsibility for the implementation of the policy and report to the Board on whether those risks are being managed effectively.

7.3 Compliance with Corporations Act Section 295A

The Board receives a declaration from the Managing Director in his role as Chief Executive Officer and the Group Accountant in his role as Chief Financial Officer covering the matters set out in section 295A of the Corporations Act 2001 and in accordance with the terms stipulated in Recommendation 7.3.

8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration committee

The Company has constituted a remuneration committee to review Director remuneration.

The Remuneration Committee and the Board reviews, on an annual basis, executive remuneration and incentive policies. In addition, the Board reviews and approves the audited remuneration report set out in the Directors' Report. The Board consults external consultants and specialists where needed.

8.2 Distinguishing remuneration structure

Remuneration for non-executive directors is fixed. Non-executive directors do not receive any retirement benefits. For information about non-executive director remuneration practice, please refer to the audited remuneration report set out in the Directors' Report.

Managing Director

For information about the remuneration of the Managing Director, reference can be made to the audited remuneration report set out in the Directors' Report.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 23 September 2014

1. Number and Distribution of Equity Securities

The number and class of all securities on issue:

ASX Code	Number	Description
ARM	116,808,609	Fully paid ordinary shares
ARMAA	7,500,000	Consultant Options (not listed, expiring 31 Oct 2014)
ARMAB	300,000	Consultant Options (not listed, expiring 7 Dec 2014)
ARMAO	1,500,000	Consultant Options (not listed, expiring 15 Nov 2015)
ARMAD	7,500,000	Consultant Options (not listed, expiring 22 Nov 2015)
ARMAB	5,650,000	Consultants, Directors and Employee Options (not listed, expiring 18 Sept 2017)

The number of holders

Ordinary Shares fully paid (ASX Code ARM): 1,493

Distribution of equity securities

Size of Holding	Ordinary Shares (ARM)	
	No of Holders	Shares Held
1-1,000	124	60,376
1,001-5,000	353	1,142,268
5,001-10,000	309	2,606,004
10,001-100,000	584	20,978,679
100,001 and over	<u>123</u>	<u>92,021,282</u>
	<u>1,493</u>	<u>116,808,609</u>

Marketable parcel

There are 636 shareholders who hold less than a marketable parcel of 10,000 shares.

2. Substantial Shareholders

Name	No of Shares	%
African Lion 3 Limited	14,975,036	12.82
HSBC Custody Nominees (Australia) Limited	8,035,998	6.88

3. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting every shareholder or class of shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each fully paid share which that member holds or represents.

4. Twenty Largest Shareholders as at 23 September 2014

The twenty largest fully paid shareholders hold 55.14% of the issued capital and are tabled below:

Shareholder	No. of Shares	%
1. African Lion 3 Limited	14,975,036	12.82
2. HSBC Custody Nominees (Australia) Limited	8,035,998	6.88
3. Forsyth Barr Custodians Ltd (Forsyth Barr Ltd Nominee Account)	6,824,066	5.84
4. JP Morgan Nominees Australia Limited	5,188,769	4.44
5. Amalgamated Dairies Limited	4,985,714	4.27
6. William Douglas Goodfellow	3,400,000	2.91
7. Robert Spencer Taylor	3,050,000	2.61
8. Martin Pyle (M Pyle Super Fund)	3,042,231	2.60
9. Archem Trading (NZ) Ltd	2,700,000	2.31
10. Garry Patrick O'Hara	1,622,228	1.39
11. S C Corporation Pty Ltd (Graham Family A/C)	1,421,349	1.22
12. Ronay Investments Pty Ltd	1,250,231	1.07
13. DBS Vickers Securities (Singapore) Pte Ltd (Client Account)	1,094,688	0.94
14. Phillip Sidney Redmond Jackson	1,050,000	0.90
15. Sportpix Pty Ltd (Sportpix Super Fund)	1,008,000	0.86
16. Michael Hobbs & Ann Kelly (Hobbs Super Fund A/C)	1,000,000	0.86
17. Holihox Pty Ltd	1,000,000	0.86
18. Paso Holdings Pty Ltd	932,513	0.80
19. Custodial Services Limited (Beneficiaries Holding A/C)	927,536	0.79
20. D C & S McGrath (McGrath Superannuation A/C)	894,538	0.77
	<u>64,402,897</u>	<u>55.14</u>
Total Issued Shares	<u>116,808,609</u>	<u>100.00</u>

MINERAL TENEMENT INFORMATION

(as at 23 SEPTEMBER 2014)

PROJECT	TENEMENT	PERCENT HOLDING	NOTES	TITLE HOLDER			JOINT VENTURE OR SUB LICENCE			
WESTERN AUSTRALIA										
Capricorn	E09/1428	100%	Granted	Aurora	Resources	Pty				
Capricorn	E09/1600	100%	Granted	Aurora	Resources	Pty				
Capricorn	E09/1433	100%	Granted	Aurora	Resources	Pty				
Capricorn	E09/1602	100%	Granted	Aurora	Resources	Pty				
Capricorn	E09/1652	100%	Granted	Aurora	Resources	Pty				
Glenburgh	E09/1353	100%	Granted	Aurora	Resources	Pty	Sub-Licence	to	Desert	Mines &
Glenburgh	E52/1983	100%	Granted	Aurora	Resources	Pty	Sub-Licence	to	Desert	Mines &
Glenburgh	E09/1368	100%	Granted	Aurora	Resources	Pty	Sub-Licence	to	Desert	Mines &
Glenburgh	E52/1988	100%	Granted	Aurora	Resources	Pty	Sub-Licence	to	Desert	Mines &
Glenburgh	E52/1990	100%	Granted	Aurora	Resources	Pty	Sub-Licence	to	Desert	Mines &
Glenburgh	E09/1758	100%	Granted	Aurora	Resources	Pty				
Glenburgh	E09/1965	100%	Granted	Aurora	Resources	Pty				
Glenburgh	E09/1822	100%	Granted	Aurora	Resources	Pty				
Camel Hills	E09/1323	49.4%	Granted	Aurora	Resources	Pty	JV	with	Desert Mines & Metals	
Camel Hills	E09/1398	49.4%	Granted	Aurora	Resources	Pty	JV	with	Desert Mines & Metals	
Camel Hills	E09/1399	49.4%	Granted	Aurora	Resources	Pty	JV	with	Desert Mines & Metals	

E: Exploration Licence

Where Applications exist, the Company or the Applicant is not entitled to ownership until title is granted by the appropriate authority. Tenements Sub Licenced to Desert Mines and Metals Limited are subject of a Deed of Sub Licence between Aurora and Desert.

KEY RISK FACTORS

Exploration and mining companies throughout the world are subject to the inherent risks of the minerals industry. Aurora Minerals has a comprehensive summary of its key risk factors on its web-site under the Sustainable Development