AORERE RESOURCES LIMITED

Annual Report

For the year ended 31 March 2018

Directors' Review for the year to 31 March 2018

Financial results

Your directors submit the audited financial statements of Aorere Resources Limited for the year to 31 March 2018. The trading result for the period was a loss of $528,000 (2017 - $902,000 loss). The reduced loss arose because last year's result was adversely affected by the right off of the costs relating to the scoping, financing and attempted acquisition of the Nevada gold project.

Operations Report

As at 21 May 2018, our portfolio comprised the following investments.

Portfolio Analysis	
Asian Minerals	103,986
Chatham Rock	204,657
Minor investments	30,220
Cash	96,307
	435,170

Chatham Rock Phosphate

Chatham Rock Phosphate ("**CRP**") is still the investment that we are most involved with operationally and it presently represents 46% of our assets. We are also the third largest shareholder in CRP with 3.5% and in conjunction with AOR and CRP directors, staff and consultants hold 32%, effectively a controlling interest.

CRP was granted a mining permit in 2013 to develop New Zealand's only significant source of environmentally- friendly pastoral phosphate fertiliser and is now preparing to embark on a revised environmental consent application.

CRP's role is focused on delivering a secure and sustainable local supply of low-cadmium phosphate that will reduce fertiliser run-off into waterways, produce healthier soils and shrink fertiliser needs over time.

The resource has an estimated gross value of $5 to $7 billion, representing one of New Zealand's most valuable mineral assets and is of huge strategic significance because phosphate is essential to maintain New Zealand's high agricultural productivity. Local and international investors have contributed more than $40 million to evaluate the project's financial viability, environmental benefits and impacts, technical and logistical requirements, local and international product uses.

CRP proposes to extract up to 1.5 million tonnes of phosphate nodules from the top half metre of sand on identified parts of an 820km^2 area on the Chatham Rise, 450km off the west coast of New Zealand, in waters of 400m. The earlier environmental consenting process has established extraction would have no material impact on fishing yields or profitability, marine mammals or seabirds.

In progressing plans to submit a new application, CRP notes that the 2017 revisions to the 2013 EEZ Act achieved helpful changes in the permitting process. CRP continues to interact with iwi, academic, industry and central government in order to get the message across that its success will ensure that New Zealand can benefit from an environmentally superior phosphate source.

Significantly, environmental permit grants relating to the mining of other marine phosphate deposits offshore Mexico and Namibia appear imminent.

In March 2017, CRP listed on the Toronto Stock Exchange to provide a more useful share-trading platform for overseas shareholders and facilitate the capital raising needed for the consenting process and beyond.

Subsequently, at the request of their European shareholder base, CRP listed on the Frankfurt Stock Exchange.

As earlier announced CRP is also seeking to own other sustainable rock phosphate sources, to move from being a single project company.

Asian Mineral Resources

Our investment in TSX.V listed Asian Mineral Resources (AMR) dates back to 2000.

AMR recently announced that it had entered into an agreement to divest its 90-per-cent ownership interest in the Ban Phuc nickel mine in Vietnam to Ta Khoa Mining Ltd, a company established by its longstanding in-country senior manager, Stephen Ennor. Completion of the sale agreement is subject to approval from AMR shareholders and certain customary conditions of closing, including approval of the TSX Venture Exchange.

Duncan Blount, president and chief executive officer of AMR, then stated: "*As previously announced on April 24, 2018, the focus of AMR's strategic review has been the sale of all of our assets comprising the Vietnam operation, and we are pleased to have executed this divestment. This transaction will allow Asian Minerals to achieve an orderly and clean exit from Vietnam, and move forward to focus on exploring new investment opportunities in resource-based companies or other potential strategic options.*"

Further, AMR will retain the rights to receive 50 per cent of any sale proceeds in excess of $2 million (U.S.) from the sale of the Vietnamese assets completed less than six months after closing of the sale agreement, and 25 per cent of any sale proceeds in excess of $2 million (U.S.) from the sale of the Vietnamese assets completed between six and 18 months after closing of the sale agreement. The transaction will be put to AMR shareholders for approval at a meeting to be held in July, 2018.

We see the proposed divestment of the Vietnam assets as a good outcome and the logical step along the path of taking AMR in a new direction under the stewardship of Duncan Blount. We look forward with great anticipation to the next steps and remain represented on the AMR board.

Investment in Battery Technology Stocks

Aorere holds a modest investment in a TSX.V listed stock that has significant development upside as a producer of a battery technology related commodity.

The Future

We hold stakes in three companies that still have promising prospects and are very focused on widening the portfolio if sufficiently attractive investment opportunities are identified. In such circumstances we would likely seek further capital from shareholders.

Our other key asset is the NZX main board listing status enjoyed by Aorere Resources – these listings are expensive to achieve via an IPO process. Acquisition of a listing such as ours offers a path to market that can be an attractive alternative to private companies seeking to join the NZX. Your directors are exploring ways of unlocking this value while still retaining control of our existing assets.

Chris Castle
Managing director

Peter Liddle
Chairman

29 May 2018

AORERE RESOURCES LIMITED
Directory

Directors:	Peter Liddle (Chairman) (1)(2)
	Chris Castle
	Jill Hatchwell (1)
	Linda Sanders
	Simon Henderson (1)(2)
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Auditors:	BDO, Chartered Accountants House, 50 Customhouse Quay, Wellington
Legal Advisers:	Duncan Cotterill, Chartered Accountants House, 50 Customhouse Quay, Wellington
Bankers:	ANZ Banking Group (New Zealand) Ltd, 215-229 Lambton Quay, Wellington

(1) Member of Audit Committee
(2) Member of Remuneration Committee

AORERE RESOURCES LIMITED
Directors' Report

In the opinion of the directors of Aorere Resources Limited, the financial statements and notes, on pages 5 to 30:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and Group as at 31 March 2018 and the results of their operations and cash flows for the year ended on that date.
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company and Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of Aorere Resources Limited for the year ended 31 March 2018.

For and on behalf of the Board of Directors:

Peter Liddle
Director
29 May 2018

Chris D Castle
Director
29 May 2018

AORERE RESOURCES LIMITED

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AORERE RESOURCES LIMITED
Statement of Financial Position
As at 31 March 2018

In thousands of dollars	Note	Group 2018	Group 2017
Assets			
Other investments	10	204	272
Investments in Chatham Rock Phosphate Limited	9	202	357
Total non-current assets		406	629
Cash and cash equivalents	12	33	56
Trade and other receivables	13	10	115
Other investments	10	2	2
Prepayments		11	12
Total current assets		56	185
Total assets		**462**	**814**
Equity			
Share capital	16	14,342	14,081
Reserves	16	5	21
Accumulated losses	16	(14,173)	(13,661)
Total equity attributable to equity holders of the Company		174	441
Total equity		174	441
Liabilities			
Trade and other payables	14	253	338
Total current liabilities		253	338
Other financial liabilities	15	35	35
Total non-current liabilities		35	35
Total equity and liabilities		**462**	**814**

The financial statements have been approved by the Board of Directors on 29 May 2018.

The notes on pages 12 to 30 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2018

In thousands of dollars	**Note**	**Group 2018**	**Group 2017**
Revenue	6	204	130
Net Finance income/(expenses)		(1)	(4)
Administration expenses	7	(502)	(514)
Exploration expenses		-	(492)
Gain on disposal of available-for-sale investments		18	17
Impairment of available-for-sale financial assets		(221)	-
Impairment of investments		(10)	-
Share of loss of equity accounted investees		-	(55)
Profit/(loss) before income tax		(512)	(918)
Income tax credit/(expense)	8	-	-
Profit/(loss) for the year attributable to shareholders		**(512)**	**(918)**
Other Comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		(16)	16
Other comprehensive income for the year, net of tax		(16)	16
Total other comprehensive income		**(528)**	**(902)**
Basic (loss)/earnings per share	17	(0.037)	(0.097)
Diluted (loss)/earnings per share		(0.037)	(0.097)

The notes on pages 12 to 30 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Statement of Changes in Equity
For the year ended 31 March 2018

In thousands of dollars	Share capital	Available for sale fair value reserve	Share warrant reserve	Accumulated losses	Total
Balance at 1 April 2017	14,081	16	5	(13,661)	441
Profit/(loss) for the year	-	-	-	(512)	(512)
Other comprehensive income	-	(16)	-	-	(16)
Total comprehensive income for the year	-	(16)	-	(512)	(528)
Issue of shares	264	-	-	-	264
Share issue costs	(3)	-	-	-	(3)
Balance at 31 March 2018	**14,342**	**-**	**5**	**(14,173)**	**174**
Balance at 1 April 2016	13,559	-	5	(12,743)	821
Profit/(loss) for the year	-	-	-	(918)	(918)
Other comprehensive income	-	16		-	16
Total comprehensive income for the year	-	16	-	(918)	(902)
Issue of shares	536	-	-	-	536
Share issue costs	(14)	-	-	-	(14)
Balance at 31 March 2017	**14,081**	**16**	**5**	**(13,661)**	**441**

The notes on pages 12 to 30 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Statement of Cash Flows
For the year ended 31 March 2018

In thousands of dollars	Note	Group 2018	Group 2017
Cash flows from operating activities			
Cash received from customers		204	160
Interest received		2	3
Cash paid to suppliers		(370)	(824)
Tax refund received		1	1
Net cash (used in) operating activities	19	(163)	(660)
Cash flows from investing activities			
Proceeds from sale of other investments non-current		51	72
Proceeds from related parties		30	13
Proceeds from NZX Bond		3	-
Purchase of other investments non-current		(60)	-
Reinvested NZX Bond interest		-	(3)
Net cash generated from investing activities		24	82
Cash flows from financing activities			
Proceeds from issue of share capital		116	432
Proceeds from convertible debenture		-	35
Net cash from financing activities		116	467
Net increase/(decrease) in cash and cash equivalents		(23)	(111)
Cash and cash equivalents at 1 April		56	167
Cash and cash equivalents at 31 March	12	**33**	**56**

The notes on pages 12 to 30 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2018

1. Reporting entity

Aorere Resources Limited (the "Company"), is a company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is a FMC Reporting entity in terms of the Financial Markets Conduct Act 2013.

The consolidated financial statements of Aorere Resources Limited as at and for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees.

Aorere Resources Limited invests and trades in a range of locally and overseas listed equities and derives income from interest, dividends and management fees.

2. Basis of preparation

(a) *Statement of compliance*
For the purposes of complying with generally accepted accounting practice in New Zealand ("NZGAAP"), the Group is a for-profit entity.

These financial statements comply with NZGAAP, New Zealand equivalents to Reporting Standards ("NZIFRS"), International Financial Reporting Standards, and the requirements of the Financial Market Conduct Act 2013.

The financial statements were approved by the Board of Directors on – 29 May 2018.

(b) *Basis of measurement*
The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

The methods used to measure fair values are discussed further in Note 4.

(c) *Going concern*
The Group incurred a net loss of $512,000 (2017: $918,000) and generated negative operating cash flows of $163,000 (2017: $660,000) during the year ended 31 March 2018. In addition, at 31 March 2018 the Group's current liabilities exceeded its current assets by $197,000 (2017: $153,000).

After considering the Group's cash position, including forecasted revenues and cash flows through until 30 June 2019, the Directors believe there will be sufficient funds to meet the Group's ongoing working capital obligations as they fall due. This will only be possible if the Group is able to sell investments and or raise further capital by one or a combination of placement of shares, pro-rata issue to shareholders, or further issue of shares to the public.

Based on these factors, the Directors have concluded that it is appropriate to prepare the financial statements on the basis that the Group is a going concern.

A material uncertainty exists surrounding the Group's ability to raise additional capital. If the Group is unable to raise additional capital, significant doubt would be cast on the validity of the going concern assumption. If the going concern assumption is not valid, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may need to be made should the Group no longer continue to be a going concern.

(d) *Functional and presentation currency*
These financial statements are presented in New Zealand dollars, which is the Group's functional currency.

2. Basis of preparation (continued)

(e) *Use of estimates and judgements*
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4(a) – valuation of unlisted investments
- Note 9 – Investment in Chatham Rock Phosphate

(f) *New NZ IFRS standards and interpretations issued but not yet adopted*
At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Group.

All pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the Group's financial statements, have not been disclosed.

NZ IFRS 9 – Financial Instruments (effective from 1 January 2018)
The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. AOR intends to adopt NZ IFRS 9 on its effective date and does not expect it to have a material effect on the financial statements.

NZ IFRS 15 Revenue from contracts with customers
Revenue is recognised when a customer obtains control of a goods or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The group intends to adopt NZ IFRS 15 on its effective date and does not expect it to have a material effect on the financial statements.

There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. Significant accounting policies

For the purposes of these financial statements the accounting policies set out below have been applied consistently to all periods presented.

(a) *Basis of consolidation*
(i) *Subsidiaries*
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. Significant accounting policies (continued)

(a) *Basis of consolidation (continued)*

Specifically, the Group controls an investee if and only if the Group has:

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

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

(ii) *Associates (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of loss exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) *Foreign currency*

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the individual group entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) *Financial instruments*

Financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. At reporting date, the Group did not have any financial assets classified as held to maturity.

Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of reporting date. The Group's financial assets at fair value through profit or loss comprise equity instruments included in "other investments" on the face of the statement of financial position.

3. Significant accounting policies (continued)

(c) *Financial instruments (continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. The Group's loans and receivables comprise cash and cash equivalents, trade and other receivables and the NZX bond (which is a term deposit that is included in "other investments" on the face of the statement of financial position).

Available for sale financial assets

Available for sale financial assets are non-derivatives, principally equity securities, that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. The Group's available for sale financial assets comprise equity securities, which are included in "other investments" on the face of the statement of financial position.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. Receivables are written down to their impaired amount when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of impairment recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment is recognised in profit or loss.

3. Significant accounting policies (continued)

(c) *Financial instruments (continued)*
If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss.

Subsequent recoveries of amounts written off are recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Trade and other payables
These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(d) *Share capital*
Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

(e) *Director benefits*
Equity settled transactions
Directors expenses are recognized when the service is provided, and shares are issued to meet this obligation at a later date.

(f) *Revenue*
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

Revenue comprises consultancy fee revenue and directors fees which are recognised on a monthly and/or quarterly basis when the labour expense have been incurred and are eligible to be recovered.

(g) *Finance income and expenses*
Finance income comprises interest income on funds invested, dividend income, and gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), and losses on the disposal of available-for-sale financial assets that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(h) *Income tax expense*
Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases of those items. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and differences relating to investments in equity accounted investees. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

3. Significant accounting policies (continued)

(h) *Income tax expense (continued)*

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) *Investments in equity and debt securities*

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. Where an active market does not exist around reporting date, a proxy for the quoted bid price is determined using active market prices for a period closest to the reporting date. For equity investments which are unlisted, the fair value is based on appropriate valuation methodology. If fair value cannot be reliably measured, then unlisted investments are valued at cost less impairment. The Group has one unlisted investment, being shares in Tasman Capital. Fair value of this investment is based on the listed share prices of the shares it owns, as that makes up the bulk of the assets and equity of Tasman Capital.

(b) *Receivables*

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

5. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. For management purposes there is only one operating segment which is investment.

Geographical segments

The investment segment operates in three principal geographical areas, New Zealand, Canada and other.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of investments. Segment assets are based on the geographical location of the assets.

Group - Geographical segments

In thousands of dollars	**New Zealand**	**Canada**	**Other**	**Total**
2018				
Interest revenue	3	-	-	3
Other revenue	204	-	-	204
Total revenue	207	-	-	207
Segment assets	344	118	-	462
Other segment information				
Investment in Chatham Rock Phosphate	202	-	-	202

5. Segment reporting (continued)

In thousands of dollars	**New Zealand**	**Canada**	**Other**	**Total**
2017				
Interest revenue	3	-	-	3
Other revenue	60	70	-	130
Total revenue	63	70	-	133
Segment assets	630	174	10	814
Other segment information				
Investment in Chatham Rock Phosphate	357	-	-	357

6. Revenue

In thousands of dollars	**Note**	**Group 2018**	**2017**
Consultancy fees	20	204	60
Directors fees	20	-	70
Total revenue		**204**	**130**

7. Administrative expenses

The following items of expenditure are included in administrative expenses:

In thousands of dollars	**Note**	**Group 2018**	**2017**
Auditor's remuneration to BDO comprises:			
Audit of financial statements		20	20
Tax return preparation		6	2
Total auditor's remuneration		26	22
Accountancy		13	15
Consultancy fees		1	45
Directors fees	20	42	84
General expenses		6	13
Insurance		14	26
Legal fees		37	58
Listing fees		26	36
Management fees	20	324	180
Registry fees		11	19
Travel expenses		2	16
Total administration expenses		**502**	**514**

8. Income tax expense in the income statement

Reconciliation of effective tax rate

	Group	
In thousands of dollars	**2018**	**2017**
Profit/(loss) for the year	(512)	(918)
Total income tax (credit)/expense	-	-
Profit/(loss) excluding income tax	(512)	(918)
Income tax using the Company's domestic tax rate (28%)	(143)	(257)
Tax effect of:		
Non-deductible expenses	17	179
Non-assessable income	(5)	(4)
Non-assessable equity accounted earnings	62	15
Current year losses for which no deferred tax asset is recognised	52	46
Change in unrecognised temporary differences	12	16
Investment income calculated under tax legislation	5	5
Income tax (credit)/expense	-	-
Comprising:		
Current tax expense	-	-
Deferred tax expense (Note 11)		
Origination and reversal of temporary differences	(12)	(16)
Change in unrecognised temporary differences	12	16
	-	-
Total income tax (credit)/ expense recognised directly in profit or loss	-	-
The current tax liability/(asset) consists of:		
Resident withholding tax paid	-	-
Current tax liability/(asset)	-	-
Imputation credit account		
Imputation credits at 1 April	198	198
Resident withholding tax deducted	-	1
New Zealand tax payments, net of refunds	(1)	(1)
Imputation credits at 31 March	197	198

The closing balance represents imputation credits available to be attached to any future distributions from the Company's reserves, subject to shareholder continuity provisions.

9. Investment in Chatham Rock Phosphate

At year end the Group has a 3.6% (2017: 4.5%) interest in Chatham Rock Phosphate Limited (Listed on the TSX). The Company aims to be the premier supplier of direct application phosphate to the New Zealand and global agricultural sector.

The Directors have determined the fair value of the investment to be $202,000 based on the listed price of CAD $0.30 cents on 29 March 2018 converted to NZD.

In the prior year this investment was equity accounted for as an associate, but change in ownership has led to it being considered as available-for-sale in the current year.

10. Investments

Other investments

In thousands of dollars	Group 2018	2017
Non-current investments		
Available-for-sale financial assets		
Listed equity shares	118	174
Unlisted equity shares	6	16
Held as Loans and Receivables		
NZX Bond	80	82
	204	272
Current investments		
Financial assets designated at fair value through profit or loss	2	2

The NZX have a charge over the NZX Bond of $75,000.

11. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

In thousands of dollars	Group 2018	2017
Trade and other payables	(39)	(27)
Tax losses	39	27
Net tax (assets)/liabilities	-	-

Movement in temporary differences during the year:

In thousands of dollars	Balance at 1/4/17	Recognised in income	Balance at 31/3/18
Trade and other payables	(27)	(12)	(39)
Tax losses	27	12	39
	-	-	-

11. Deferred tax assets and liabilities (continued)

In thousands of dollars	**Balance at 1/4/16**	**Recognised in income**	**Balance at 31/3/17**
Trade and other payables	(11)	(16)	(27)
Tax losses	11	16	27
	-	-	-

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items:

	Group	
In thousands of dollars	**2018**	**2017**
Tax losses	(210)	(158)
Net tax (assets)/liabilities	(210)	(158)

The tax losses do not expire under current tax legislation, subject to shareholder continuity provisions. The temporary differences arising on non-current investments do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because the timing of future taxable profits against which the Group can utilise the benefits of these items is uncertain.

12. Cash and cash equivalents

	Group	
In thousands of dollars	**2018**	**2017**
Bank balances	9	56
Haywoods Broker account	24	-
Cash and cash equivalents in the statement of cash flows	**33**	**56**

13. Trade and other receivables

	Group	
In thousands of dollars	**2018**	**2017**
GST receivable	10	30
Refunds due Nevada project	-	84
	10	**115**

14. Trade and other payables

	Group	
In thousands of dollars	**2018**	**2017**
Trade creditors	5	110
Other payables	24	106
Related party payables	224	122
	253	**338**

15. Other Financial Liabilities

In thousands of dollars	Group 2018	Group 2017
Convertible Debenture	35	35
	35	**35**

Convertible Debenture
As part of pursuing the Nevada Project, Mr Gordon Fretwell advanced to the Group NZ$35,000 on 31 October 2017 (Debt) to help meet project related costs. The Group has entered into a convertible instrument with Mr Gordon Fretwell, under which Mr Gordon Fretwell may elect (in whole or in part) to convert the Debt to fully paid shares in the Company at an issue price of $0.0009 per share. If the Debt has not been converted on or before 31 March 2020, the Company must repay the Debt. The Debt is interest free. The volume weighted average market price of a share in the Company over the 12 month period to 31 March 2018 was $0.001. The issue of shares on conversion at $0.0009 reflects a 10% discount to this price. The entire balance has been classified as debt as, in the director's opinion, the value of the conversion features are not material.

16. Capital and reserves

Share capital

In thousands of shares	Ordinary shares 2018	Ordinary shares 2017
On issue at 1 April	1,210,527	654,746
Issued for cash	141,035	482,833
Issued in lieu of payment	124,894	72,948
On issue at 31 March	1,476,456	1,210,527

Ordinary Shares
All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In May 2017 the Company issued 94,893,585 ordinary shares in aggregate to Campbell McKenzie, Wairaka Rock Services Limited and Techbase International Limited in satisfaction of payment for services rendered to the Company in the financial year 1 April 2016 to 31 March 2017. The issue prices were $0.00129 per share (18,604,651 shares); $0.00125 per share (21,600,000 shares); $0.002 per share (7,875,000 shares); $0.001 per share (45,690,940 shares) and $0.00187 per share (1,122,994 shares).

In September 2017 the Company completed a Rights Issue which resulted in the issue of 141,034,977 ordinary shares at $0.00085.

In September 2017 the Company issued 30,000,000 ordinary shares in aggregate to Chris Castle in satisfaction of payment for services under his consultancy agreement and relating to the year ended 31 March 2017. The issue price was $0.001 per share (30,000,000 shares).

Equity-settled transactions
In the year to 31 March 2017 payments of $101,000 settled by the issue of 72,948,348 ordinary shares in the Company, were included in management and consultancy fees. No expenses settled by equity transactions have been included in expenses in the year ended 31 March 2018.

All equity-settled payments were settled at listed 20 day Volume Weighted Average Price ("VWAP") on the day of issue.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.

16. Capital and reserves (continued)

Warrants
On 14 March 2007, the Company offered on a pro rata basis to all shareholders of the Company, one transferable Warrant for every 100 shares held. With the effect of the share consolidation on 7 July 2008, the number of shares into which a warrant could be exercised was reduced from 100 shares to 2 shares.

On 22 June 2012, a special meeting of warrant holders agreed to a variation to the terms of the warrants which permitted warrant holders to make an instalment payment of one tenth of a cent ($0.001) per Warrant by the revised final exercise date of 27 July 2012 in order to have until 27 July 2017 to exercise the Warrant - a five year extension to the current exercise period.

An instalment was received for 4,620,819 warrants which were extended for five years. With the effect of the share split on 8 August 2012, the number of shares into which a warrant may be exercised has been increased from 2 shares to 40 shares.

Each warrant entitled the holder, on exercise, to 40 shares. Accordingly the remaining number of new shares that could be issued through the exercise of warrants was 184,832,760. The final exercise date was 27 July 2017, and after that the warrants lapsed.

	Transferable Warrants	
In thousands of warrants	**2018**	**2017**
On issue at 1 April	4,621	4,621
Lapsed warrants	(4,621)	-
On issue at 31 March	-	4,621

Share warrant reserve
The reserve for share warrants includes the $0.001 instalment paid to extend the life of the warrant.

17. Earnings/(loss) per share

Basic earnings/(loss) per share
The calculation of basic and diluted earnings per share at 31 March 2018 was based on the profit/(loss) attributable to ordinary shareholders of $(512,000) (2017: $(918,000)) and a weighted average number of ordinary shares outstanding of 1,382,233,000 (2017: 945,475,000), calculated as follows:

Profit/(loss) attributable to ordinary shareholders

	Group	
In thousands of shares	**2018**	**2017**
Basic earnings/(loss) per share (cents)	(0.037)	(0.097)
Net profit/(loss) for the year	(512)	(918)

Weighted average number of ordinary shares

In thousands of shares	**2018**	**2017**
Issued ordinary shares at 1 April	1,210,527	654,746
Effect of shares issued May 16	-	42,388
Effect of shares issued August 16	-	86,687
Effect of shares issued September 16	-	149,406
Effect of shares issued January 17	-	12,248
Effect of shares issued May 17	82,674	-
Effect of shares issued September 17	89,032	-
Weighted average number of ordinary shares at 31 March	1,382,233	945,475

Weighted and diluted earnings per share are the same as there are no equity instruments which would dilute it.

18. Financial instruments

Exposure to credit, foreign currency, equity prices and liquidity risks arise in the normal course of the Group's business.

Foreign currency risk
The Group is exposed to foreign currency risk on investments that are denominated in a currency other than the Group's functional currency, New Zealand dollars ($), which is the presentation currency of the Group. The currency in which some transactions are denominated in is Canadian dollars ("CAD"). It is the Group's policy not to hedge foreign currency risks.

In thousands of dollars	**NZD**
2018	
Foreign currency risk	
Other investments held in Canadian dollars	118
2017	
Foreign currency risk	
Other investments held in Canadian dollars	174

For the Group's investments that are held overseas, their value in New Zealand dollars is affected by exchange rate fluctuations.

Market risk
Equity Price risk
The Group primarily invests in overseas-based mining and mineral exploration companies and are held for the longer term.

Due to the very narrow spread of investments and the mineral sector focus, the Group's investment approach is likely to provide returns either better or worse than market averages. The Group is structured and operated to achieve growth in shareholders' funds and more particularly in the net tangible asset value of each share.

The objective is not to make trading profits on a regular annual basis by selling our successful investments. A year in which net tangible assets per share increases by 20% or more is a good year for the Group, regardless of the accounting profit or loss that may have been incurred.

However, the directors cannot make any forecasts or predictions as to future profits. The business of the Group involves investment in equities, most of these being junior mining companies in development mode. The directors are unable to predict the success, or otherwise, of present or proposed investments and are similarly unable to predict when such successes, or otherwise, might occur.

Often four or five investments represent 90% of the portfolio value. This occurs because further funds may be directed toward an investment opportunity once it starts to appreciate in value. This approach is contrary to classic portfolio management theory; it increases the investment exposure at the same time as the potential downside increases. The outcome of such an approach is increased volatility in the investment returns achieved by the Group.

Risk is minimised to the extent that it can be by the following strategies:
- Investments are financed solely from equity sources (the group will have no borrowings)
- Investments will be well researched before acquisition
- There is frequent monitoring of the portfolio and market conditions generally
- There is continuous ongoing assessment of investments in the context of other investment opportunities available.

18. Financial instruments (continued)

Other investments of the Group relate to:

In thousands of dollars	**2018**	**2017**
Non-current investments		
Equity securities available-for-sale	120	190
Current investments		
Equity securities at fair value through profit and loss	2	2

Equity securities relate to investments in common stock of entities of privately held and listed companies.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk framework for the management of the Group's short, medium and longer term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities through monitoring of future rolling cash flow forecasts of its operations which reflect management's expectations of the settlement of financial assets and liabilities. Refer to Note 2(c).

At 31 March 2018, the Group had $253,000 (2017: $338,000) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

Capital management
The Group's capital includes share capital, reserves, and retained earnings.

The Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Group's management of capital during the year.

Credit risk
Credit risk is the risk that an outside party will not be able to meet its obligations to the Group. Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of cash and accounts receivable.

At reporting date, there are no issues with the credit quality of financial assets that are neither past due or impaired, and all amounts are expected to be received in full. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

Classification and fair values
The fair value of all financial instruments is the carrying value except for unlisted investments that are carried at cost less impairment as fair value cannot be reliably measured.

The Company measures equity investments at fair value (refer Note 11). All equity investments in listed companies are measured based on Level 1 inputs in the fair value hierarchy. Level 1 inputs are based on quoted prices in active markets for identical investments. All other investments (ie. non-listed) are carried at cost less any impairment.

18. Financial instruments (continued)

In thousands of dollars	Designated at fair value	Loans and receivables	Available for sale	Other liabilities	Total carrying amount
2018					
Assets					
Other investments	-	80	124	-	204
Investment in CRP	-	-	202	-	202
Total non-current assets	-	80	326	-	406
Other investments	2	-	-	-	2
Trade and other receivables	-	10	-	-	10
Cash and cash equivalents	-	33	-	-	33
Total current assets	2	43	-	-	45
Total assets	**2**	**123**	**326**	**-**	**451**
Liabilities					
Other liabilities	-	-	-	35	35
Total non-current liabilities	-	-	-	35	35
Trade and other payables	-	-	-	253	253
Total current liabilities	-	-	-	253	253
Total liabilities	**-**	**-**	**-**	**288**	**288**
2017					
Assets					
Other investments	-	82	190	-	272
Investment in CRP	-	-	357	-	357
Total non-current assets	-	82	547	-	629
Other investments	2	-	-	-	2
Trade and other receivables	-	115	-	-	115
Cash and cash equivalents	-	56	-	-	56
Total current assets	2	171	-	-	173
Total assets	**2**	**253**	**547**	**-**	**802**
Liabilities					
Other liabilities	-	-	-	35	35
Total non-current liabilities	-	-	-	35	35
Trade and other payables	-	-	-	338	338
Total current liabilities	-	-	-	338	338
Total liabilities	**-**	**-**	**-**	**373**	**373**

19. Reconciliation of the profit/(loss) for the year with the net cash from operating activities

In thousands of dollars	Group 2018	2017
Profit/(loss) for the year after income tax	(512)	(918)
Adjustments for:		
(Gains) on sale of available-for-sale financial assets	(18)	(21)
Non-cash expenses		
Expenses settled in shares	-	101
Foreign exchange losses	-	6
Loss in fair value of available-for-sale financial assets	221	-
Impairment of investments	10	-
Share of loss of equity accounted investees	-	55
	(299)	(777)
Change in trade and other receivables	105	(101)
Change in trade and other payables	30	182
Change in prepayments	1	1
Change in other investments current	-	35
Net cash from operating activities	**(163)**	**(660)**

20. Related parties

Directors of the Company directly control 16.55% (2017: 13.5%) of the voting shares of the Company.

Chris Castle, Jill Hatchwell & Linda Sanders, Directors of Aorere Resources Ltd are also commonly Directors in Chatham Rock Phosphate Limited and Chatham Rock Phosphate (NZ) Limited. Chris Castle is also a director of Asian Mineral Resources Limited.

The annual management fee payable to Chris Castle is $120,000 (2017: $120,000) payable in cash $60,000 (2017: $60,000) and shares $60,000 (2017: $60,000). This arrangement was negotiated by the independent directors, effective from 24 July 2015. Chris Castle is contracted on a full time basis to Aorere Resources Limited.

In addition, Chris Castle receives management fees passed through from Chatham Rock Phosphate Limited. This year that has amounted to $204,000 (2017:$60,000) (refer Note 6).

The outstanding balance at reporting date was $60,000 (2017: $30,000) which is included in trade payables (2017: trade payables). Also outstanding at reporting date was $43,000 (2017: $13,000) payable to Chris Castle for funds advanced to the Company.

		Transaction value Year ended 31 March		**Balance receivable/(payable) as at 31 March**	
In thousands of dollars		**2018**	**2017**	**2018**	**2017**
Related Parties	**Transactions**				
Asian Mineral Resources Limited	Directors fees received	-	70	-	-
Chatham Rock Phosphate (NZ) Limited	Management fees received	204	60	-	-

20. Related parties (continued)

Wairaka Rock Services Limited is an entity related to Simon Henderson.

		Transaction value Year ended 31 March		Balance receivable/(payable) as at 31 March	
In thousands of dollars		2018	2017	2018	2017
Directors	**Transactions**				
Wairaka Rock Services Limited	Consultancy fees paid	-	136	-	69

Transactions with key management personnel

Key management personnel of the Group are also members of the board of directors. Key management personnel remuneration includes the following, in addition to Chris Castle's remuneration already disclosed:

In thousands of dollars	2018	2017
Short-term benefits paid:		
Directors fees	-	26
Equity-settled payments	67	-
Total remuneration	**67**	**26**

There were transactions during the year with key management personnel for the settlement of 2017 consultancy fees and 2017 Directors fees (2017: settlement of 2016 Directors fees and part payment of 2017 Directors fees). The outstanding balance at reporting date was $nil (2017: $nil) included in trade payables and $121,000 (2017: $79,000) included in accruals.

21. Contingencies

There are no contingent liabilities at 31 March 2018 (2017: nil).

22. Group entities

Significant subsidiaries are listed below. All subsidiaries have a 31 March balance date.

	Country of Incorporation	Ownership interest 2018	2017
Widespread Limited	New Zealand	100	100
Mineral Investments Limited	New Zealand	100	100
Nevada Gold Limited	New Zealand	100	100

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AORERE RESOURCES LIMITED

Opinion

We have audited the consolidated financial statements of Aorere Resources Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Group in the area of taxation compliance. The firm has no other relationship with, or interests in, the Company or any of its subsidiaries.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) to the consolidated financial statements, which indicates that the Group incurred a net loss of $512,000 (2017: $918,000) and generated negative operating cash flows of $163,000 (2017: $660,000) during the year ended 31 March 2018 and, as of that date, the Group's current liabilities exceeded its current assets by $197,000 (2017: current assets exceeded current liabilities by $153,000). As stated in Note 2(c), these events or conditions, along with other matters as set forth in Note 2(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Review, Shareholder Information, Statutory Information and Corporate Governance Information, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Henry McClintock.

BDO Wellington Audit Limited

BDO Wellington Audit Limited
Wellington
New Zealand
29 May 2018

AORERE RESOURCES LIMITED
Shareholder Information

NZX Listing
The Company’s ordinary shares are listed on the NZX Main Board Market operated by NZX Limited.

1. Distributions of security holders and security holdings as at 15 June 2018:

Size of holding	**Number of security holders**	**Number of securities**
1 - 1,000	4	2,420
1,001 - 5,000	156	348,200
5,001 - 10,000	39	323,096
10,001 - 100,000	215	10,238,169
100,001 +	509	1,465,543,957
Geographic distribution		
New Zealand	1,025	1,418,383,397
Australia	21	1,727,380
United States	13	47,658,840
Rest of world	17	8,686,225

2. 20 Largest registered holders of quoted equity securities as at 15 June 2018:

	Ordinary	**%**
C D Castle	132,999,998	9.01
S Radford	111,111,110	7.53
Wairaka Rock Services Limited	48,079,651	3.26
Techbase International Limited	45,690,940	3.09
L J Sanders & C D Castle	43,000,000	2.91
K H Mok	38,888,889	2.63
C J Thompson	28,541,038	1.93
Silver Spur Investments	25,309,867	1.71
L S Woodford	25,001,437	1.69
C A Purcell & J A Ward	22,752,120	1.54
S P Ward & J P Ward & J M Ward	20,799,074	1.41
P W Hall	20,000,000	1.35
N W P Willemse & E J Willemse	15,000,000	1.02
E D Howe	15,000,000	1.02
Trinity Portfolio Limited	14,000,000	0.95
K C Jeffares	13,914,170	0.94
Custodial Services Limited	13,405,526	0.91
W Tan	13,169,351	0.89
P S Quaid & P Quaid & A D Argyle	13,000,000	0.88
L J Sanders	13,000,000	0.88

3. Substantial Security Holders as at 31 March 2018

The following persons are substantial product holders in accordance with section 274 of the Financial Markets Conduct Act 2013:

Holder Name	Number Held	Percentage
Ordinary Shares		
Christopher David Castle*	175,999,998	11.92%
S Radford	111,111,110	7.53%
Total Ordinary Shares on Issue:	**1,476,455,842**	**100.00%**

*Christopher David Castle and Linda Jane Sanders jointly hold 43,000,000 ordinary shares as trustees of the Sandcastle Trust. In addition, Christopher David Castle holds a further 132,999,998 ordinary shares in his own name and Linda Jane Sanders holds a further 13,000,000 ordinary shares in her own name.

4. Directors' Security Holdings as at 31 March 2018

Director Name	Ordinary Shares 2018	Ordinary Shares 2017	Listed Warrants 2018	Listed Warrants 2017
P Liddle	-	-	-	-
C D Castle	175,999,998	140,619,128	-	970,000
L J Sanders	56,000,000	50,000,000	-	967,400
J E Hatchwell	12,553,708	12,553,708	-	180,221
S Henderson	48,079,651	-	-	-

AORERE RESOURCES LIMITED
Statutory Information
For the year ended 31 March 2018

1. Directors and remuneration

The board remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the nature and the amount of each major element of emoluments of each director of the Company are:

	Fees	Consultancy fees	Total
C Castle	-	294,000	294,000
P Liddle	-	-	-
J Hatchwell	-	-	-
S Henderson	-	66,750	66,750
L Sanders	-	-	-

Please note these figures differ from Note 20 to the Financial Statements which are expressed on an accruals basis whereas the above expresses the amounts actually received by the directors during the financial year.

2. Employees and remuneration

The Company does not have any employees and therefore has no employee remuneration to disclose.

3. Entries recorded in the interests register

The following entries were recorded in the interest register of the Company during the year:

(a) Directors' interests in transactions

Company

In 2015, the Group entered into a contract with Mr C Castle, for the provision of investment advisory services. The contract's value is $120,000 plus GST. The contract terms are based on market rates for these types of services, and amounts are half payable on a monthly basis, and half payable in shares on an annual basis, for the duration of the contract. He also received a flow through payment of $204,000 plus GST for the provision of consultancy fees to Chatham Rock Phosphate Limited.

(b) Share dealings of directors

Company

On 22 September 2017, Mr C Castle was issued with 30,000,000 ordinary shares in satisfaction of $30,000 for consultancy fees pursuant to his contract for the year ended 31 March 2017.

On 22 September 2017, Ms L J Sanders and Mr C Castle were issued with 3,000,000 ordinary shares at an issue price of $0.001 per share as part of a renounceable rights offer made to shareholders.

On 22 September 2017, Ms C Castle was issued with 2,380,870 ordinary shares at an issue price of $0.001 per share as part of a renounceable rights offer made to shareholders.

On 22 September 2017, Ms L J Sanders was issued with 3,000,000 ordinary shares at an issue price of $0.001 per share as part of a renounceable rights offer made to shareholders.

(c) Loans to directors
Company
There were no loans to directors outstanding at 31 March 2018.

(d) Consultancy fees to directors
Company
Consultancy fees of $60,000 were paid to C Castle, for consulting services provided to the Company.

(e) Directors' indemnity and insurance
Company
The Company has insured all its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors. The insurance does not cover liabilities arising from criminal actions.

4. Independent Directors
At balance date, Peter Liddle and Simon Henderson were both considered Independent Directors for the purposes of NZX Main Board Listing Rule 3.3.1.

5. Donations
No donations were made by the Company during the accounting period.

6. NZX Waivers
NZX Limited has not granted the Company any waivers in the 12 months prior to the publication date of this annual report.

7. Diversity reporting

2018		
	Males	Females
Directors	3	2

2017		
	Males	Females
Directors	3	2

The Company has not provided a percentage breakdown of Officers. Aside from Chris Castle, who is contracted by the Company to act in the capacity of Chief Executive Officer, the Company does not employ any "Officers" for the purposes of NZX's diversity reporting rule (NZX Main Board Listing Rule 10.4.5(j)).

AORERE RESOURCES LIMITED
Corporate Governance
For the year ended 31 March 2018

The Board of Aorere Resources Limited (**Aorere**) considers strong corporate governance to be a critical component of the overall performance of Aorere. Accordingly, policies and processes are in place to establish, shape and maintain appropriate governance standards and behaviours throughout Aorere.

Copies of Aorere's corporate governance policies, and a statement of Aorere's compliance with the recommendations set out in the NZX Corporate Governance code as required by NZX Listing Rules 10.4.5(h) and (i) are available on its website at: http://aorereresources.co.nz/corporate-governance-policy/