Erin Resources Limited

ABN 30 116 800 269

ANNUAL REPORT 2012

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CORPORATE DIRECTORY

DIRECTORS

Grant Davey	*Managing Director – Appointed 21 June 2012*
Jim Malone	*Non-Executive Chairman*
Robert Besley	*Non-Executive Director - Appointed 14 September 2012*
Jason Davis	*Non-Executive Director - Resigned 25 September 2012*
David Chapman	*Non-Executive Director - Resigned 14 September 2012*

COMPANY SECRETARY

Rachel Jelleff

REGISTERED OFFICE

Level 21, Allendale Square, 77 St Georges Terrace, Perth WA 6000

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PRINCIPAL PLACE OF BUSINESS

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AUDITORS

PKF Mack & Co

Level 4, 35 Havelock Street, West Perth WA 6005

Telephone: +61 8 9426 8999 Facsimile: +61 8 9426 8900

SOLICITORS

Steinepreis Paganin Lawyers

Level 4, The Read Buildings, 16 Milligan Street, Perth WA 6000

Telephone: +61 8 9321 4000 Facsimile: +61 8 9321 4333

SHARE REGISTRAR

Computershare Investor Services Pty Limited

ABN 48 078 279 277

Level 2, Reserve Bank Building, 45 St Georges Tce, Perth WA 6000

Telephone: 1300 787 272 Facsimile: +61 8 9323 2033

STOCK EXCHANGE LISTING

Erin Resources Limited shares are listed on the Australian Stock Exchange (ASX)

Code 'ERI' for ordinary shares

MANAGING DIRECTOR'S LETTER

Dear Shareholders,

2012 has been an interesting year for Erin Resources Limited. The Company has been actively reviewing investment activities mainly focused on the resources industry.

As announced to the ASX on 14th May 2012, the Company entered into a Financing and Merger Implementation Agreement to acquire 100% of the issued share capital in Erin Mineral Resources Limited which is an unlisted Australian public company.

The Company now holds various interests in 7 highly prospective gold assets located in the Kedougou Inlier of the Birimian Greenstone Belt in Senegal. The Company will focus on systematically exploring the projects over the next two years with the aim of defining economic resources on the Projects.

The Board of Directors is being restructured as to represent all shareholders and provide direction for the management team in the resource industry. Further to this we have employed a results driven exploration team based in Senegal.

I would personally like to thank you for your support in our company in the past year. As the Managing Director I will strive to ensure significant shareholder value is added in our company this year through successful exploration results.

Yours sincerely,

Grant Davey

Managing Director

Summary

The Company completed the acquisition to acquire 100% of Erin Mineral Resources Limited (Erin), which in turn holds various interests in seven prospective gold assets located in the Republic of Senegal;

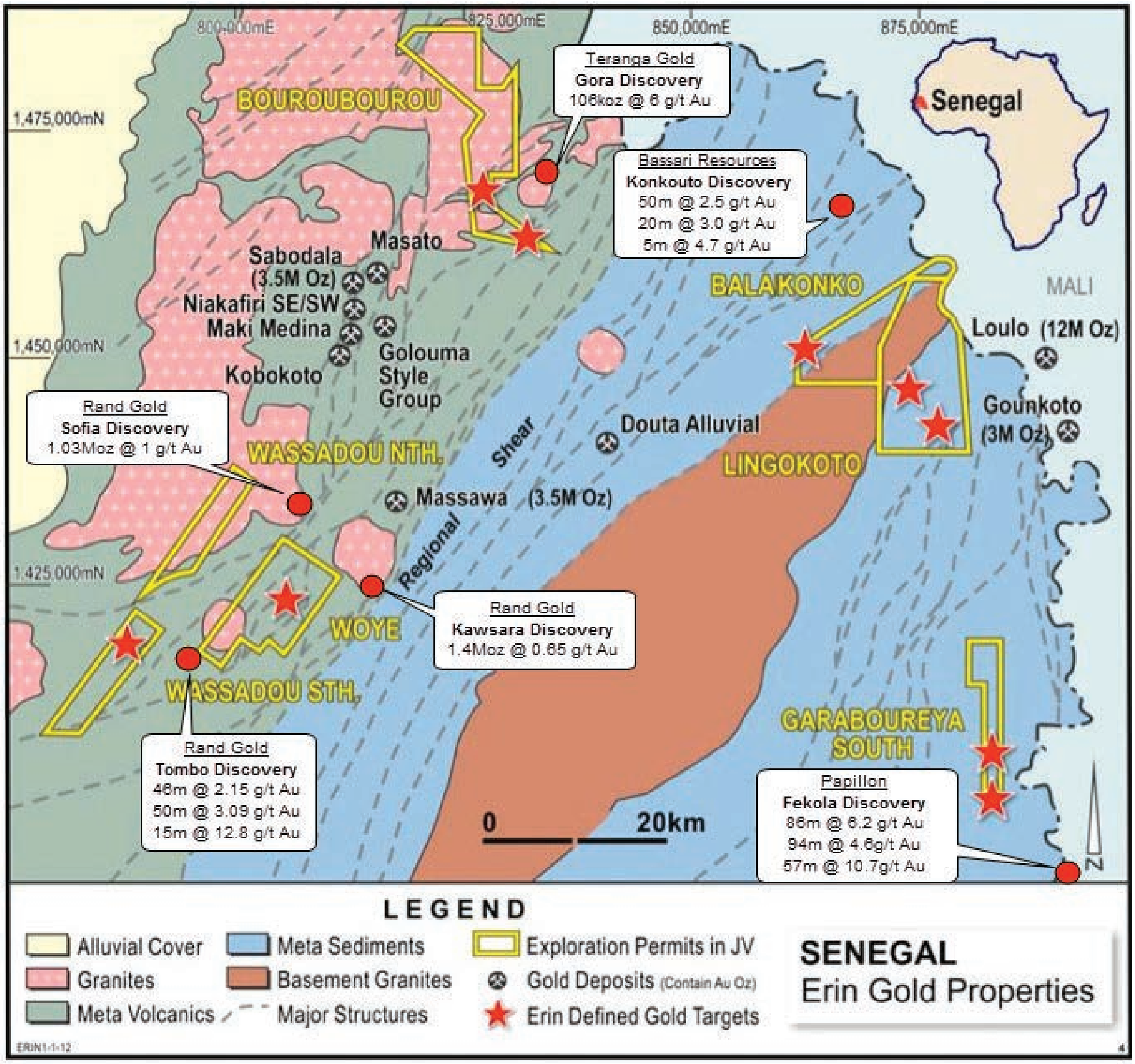
- Completion of $2.6m capital raising;
- Following settlement with Erin, the Company is now a West African gold focused exploration company;
- Initial exploration programmes at Woye and Bouroubourou were completed during July 2012; and
- Appointment of new Managing Director, Exploration and Management Team

Acquisition of Erin

On 14 May 2012, the Company executed a Merger Implementation Agreement to acquire 100% of the issued capital of Erin, an unlisted Australian public company with gold exploration assets in Senegal, West Africa (Acquisition). This transaction was completed on 14 September 2012.

As detailed in the Prospectus announced 26 July 2012, the Company holds various interests in seven prospective gold assets located in the Republic of Senegal, being the Lingokoto, Bouroubourou, Wassadou North and South, Woye, Garaboureya South and Balakonko gold projects (Projects) (Figure 1).

Figure 1: Location of Senegal Gold Projects



Ownership Structure

The acquisition was deemed to be a significant change in the nature and scale of the Company's activities and, as a result, the Company was required to re-comply with Chapters 1 & 2 of the ASX Listing Rules and was subject to shareholder approval on 17 August 2012.

Pursuant to the Agreement, the Company provided a loan facility to Erin for up to $900,000 which was applied towards advancing the priority exploration activities on the Projects during the period up to completion. Both parties pre-agreed where the funds will be applied on the Projects under the loan facility. The loan was interest-free and unsecured with the loan being treated as an intercompany loan between the parties following completion of the acquisition.

Table 1: Summary of Licenses in Senegal

License	Area (km²)	License Issued	JV Partner	Erin Ownership of Final project
Bouroubourou	121.3	1/12/2010	AfriGem	80%
Lingokoto	157	1/12/2010	AfriGem	80%
Woye	94.45	26/02/2010	MRC	80%
Balakonko (renewal pending)	83.8	13/08/2009	MRC	80%
Garaboureya (renewal pending)	36.6	13/08/2009	MRC	80%
Wassadou North	40.3	1/02/2012	SODEMINES	77.5%
Wassadou South	52.4	18/11/2011	SODEMINES	77.5%
Total	**585.85**			

The Exploration Licences in Senegal are issued for an initial 3 year period and are able to be renewed twice after the initial period, with a minimum 25% reduction on renewal. These renewals are each for 3 year periods.

Exploration Programme

Soil Geochemistry

On 19 May 2012 an early stage exploration programme was initiated to establish the priority drill targets for the 2012/2013 exploration season.

Infill soil geochemistry programmes were performed on Woye, Bouroubourou, Garaboureya South, Lingokoto and the Wassadou South projects.

The geological team will analyse the results from this programme to establish attractive gold anomalies that can be followed up during 2012/2013 exploration programme.

Drilling Programmes

Woye

The planned soil sampling and RAB and RC drilling is aimed to follow-up first order anomalies and has been designed to target two styles of gold mineralisation that are known to occur in the area:

- Gold mineralisation associated with regional structure-parallel shearing, hydrothermal alteration and quartz veined systems. These can be found in parallel or sub parallel gold bearing quartz vein systems which occupy narrow shear zones or lie within brittle fractures systems; and
- Broader sheared and alteration zones with silicified, carbonate altered and mineralised felsic dyke systems. Regionally, the felsic dykes are commonly found near or within known deposits such as Teranga's Sabodala deposit and Randgold's Massawa deposit.

Bouroubourou

Infill soil sampling on two areas defined by the regional soil sampling programme was undertaken in late 2011/early 2012. A 4,000 metre RAB programme commenced on this tenement on Saturday 22 June 2012. A second RAB rig has been commissioned to ensure the completion of the drill programme before the end of July 2012, after which we believe access to the property will become difficult due to the heavy rains.

Erin is drill-testing another complex structural trend that is interpreted to be along strike from Teranga's Gora deposit. We believe that the previous good soil geochemistry gold anomalies in this area, located within a strong north-east structural trend, could further be associated with the contact of a granodiorite intrusive and a granitic body. This structural setting is interpreted to be highly favourable for gold deposition.

Key Appointments

On 21 June 2012, the Company announced the appointment of Mr Grant Davey as Managing Director. Mr Davey is a Mining Engineer with over 20 years gold experience having worked in senior operational roles in Africa and Australia with AngloGold Ashanti, Anglo Coal and Forbes & Manhattan. Mr Davey was contracted by the Company earlier this year to oversee the technical and project due diligence process on the Company's Senegal joint venture properties and headed the company's negotiations on the merger transaction with Erin.

Mr Mark Fleming was appointed as Exploration Manager, Mr Fleming has extensive African experience having worked in Africa for the last 10 years in senior geology operational roles.

In addition, Mr Daniel Courtney was appointed as Senior Site Geologist, Mr Courtney has vast experience in the south east Senegalese Birimian Greenstone Belts where he has worked for Oromin over the last 7 ½ years in Senegal.

Corporate

On 26 July 2012, the Company lodged a prospectus for an offer of 12,500,000 Shares at an issue price of $0.20 per Share to raise a minimum of $2,500,000. The Company issued the prospectus shares on 12 September 2012 and received valid applications for 12,958,000 fully paid ordinary shares at an issue price of $0.20 each totalling $2,591,600.

Competent Persons Statement

The information in this document that relates to Exploration Results is based on information compiled or reviewed by Mr Mark Fleming who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Fleming is a full time employee of the Company. Mr Fleming has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fleming consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2012.

Directors

The names of Directors in office at any time during or since the end of the year are:

Grant Davey *Managing Director* – Appointed 21 June 2012
Jim Malone *Non-Executive Chairman*
Robert Besley *Non-Executive Director* – Appointed 14 September 2012
Jason Davis *Non-Executive Director* - Resigned 25 September 2012
David Chapman *Non-Executive Director* – Resigned 14 September 2012

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Rachel Jelleff

Principal Activities

During the year the consolidated group's continued its review for new investment opportunities, which culminated in the announcement on 14 May 2012 with the execution of an Merger Implementation Agreement with Erin Mineral Resources Limited (Erin).

Following the end of the financial year the Company has completed the acquisition of Erin following shareholder approval, and is now a West African gold focused exploration company.

Operating Results

The consolidated loss of the group amounted to $290,880 (2011: profit $1,935,168).

Dividends Paid or Recommended

No dividends have been paid or declared for payment during the year.

Significant Changes in State of Affairs

During the financial year there were no significant changes in the state of affairs of the Group.

The acquisition of Erin Mineral Resources Ltd following the end of the financial year was a significant change in the state of affairs for the Company, this changed the Company from a franchising pharmaceutical business to a West African gold focused exploration company.

After Balance Date Events

On 14 May 2012, the Company entered into a financing and merger implementation agreement with Erin Mineral Resources Limited (Erin), an unlisted Australian public company, to acquire 100% of the issued share capital of Erin. On the 17 August 2012, the shareholders approved the acquisition of Erin Mineral Resources Limited, this acquisition was completed on 14 September 2012. The salient terms of the agreement were as follows:

Consideration

In exchange for the Company acquiring 100% of the issued share capital in Erin, the Company issued by way of consideration on a post-Consolidation basis, the following to the Erin shareholders (in proportion to their existing holdings in Erin):

- 25,000,000 Shares; and
- 13,000,000 voluntary holding lock shares (VHL Shares) which will may only be released from their holding lock upon the earlier of the following being satisfied:
    - a change in control of the Company; or
    - the Company achieving an enterprise value of at least $25 million for ten consecutive trading days

The Company has applied for quotation of the VHL Shares upon completion and the VHL Shares will be fully paid ordinary shares that will rank equally with all existing Shares on issue.

Loan to Erin

The Company has provided a loan facility to Erin of up to $900,000 to be applied towards advancing the priority exploration activities on the projects during the period up to completion of the acquisition. The loan is interest-free and unsecured. At balance sheet date the loan was drawn to $387,777.

Consolidation of Share Capital

The Company undertook a consolidation of its issued share capital on the basis of 1 Share for every 10 Shares held that the Company's Shares are valued at a minimum of $0.20 each following the consolidation. Following this the Company had 21.5m ordinary shares on issue prior to the capital raising and Erin acquisition.

Capital Raising

The Company was required to conduct a capital raising as part of the listing requirements. A total amount of $2,591,600 was raised at an issue price of at least $0.20 (Post Consolidation). The capital raising shares were issued on 12 September 2012.

Verona Shares

As part of the Agreement with Erin, the Company has issued 3,500,000 shares (Post Consolidation) to Verona Capital Pty Ltd (Verona) in part consideration for the provision of corporate and technical services to the Company.

Issue of Options to Verona Capital

In part consideration for the provision of corporate advisory services to the Company, the Company has issued, 4,000,000 unlisted options (Post Consolidation) to Verona exercisable at $0.20 each expiring on or before 30 June 2017.

Board Changes

On completion, Mr Robert Besley was appointed Non-Executive Director and the Board accepted Mr David Chapman resignation on 14 September 2012. Mr Jason Davies also resigned as Director on 25 September 2012.

Change of Name

As a result of the acquisition, the Company changed its name to Erin Resources Limited on 17 August 2012.

Change in nature and scale of operations

Following the completion of the successful acquisition of Erin Mineral Resources Limited, the Company became a gold exploration company.

Environmental Issues

The consolidated group's operations are not subject to any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

Future Developments, Prospects and Business Strategies

The Company will continue to pursue its policy of enhancing the prospect of greater returns to its investors through further strategic investments during the next financial year. In that light, the Company is currently considering a number of complementary business investments and project acquisitions. Further information about likely developments in the operations of the group and the expected results of those operations in future financial years has not been included in this report, because disclosure of the information would be likely to result in unreasonable prejudice to the group.

Grant Davey	Managing Director
Qualifications	BSc Mining Eng. (Wits)
Experience	Mr Davey is a Mining Engineer with over 20 years gold experience having worked in senior operational roles in Africa and Australia with AngloGold Ashanti, Anglo Coal and Forbes & Manhattan. Mr Davey was contracted by the Company earlier this year to run the technical and project due diligence process on Erin's Senegal joint venture properties and headed the Company's team that negotiated the acquisition of Erin.
Interest in Shares and Options	1,871,387 Ordinary Shares 625,000 Ordinary Shares – escrowed until 13 June 2014 1,200,000 Unlisted Options exercisable at $0.20 each on or before 30 June 2017
Directorships held in other listed entities within the past three years	Nil

Jim Malone	Non-Executive Chairman
Qualifications	B.Comm
Experience	Mr Malone has worked as an accountant, stockbroker, business analyst and chief executive officer of medium sized businesses for the past 25 years, with the last 13 years in the natural resources sector. Mr Malone has a Bachelor of Commerce degree from the University of Western Australia and is a CPA. Mr Malone's expertise is in the area of business development, investor relations, capital raisings, ASX liaison and financial and administrative management.
Interest In Shares and Options	10,000 Ordinary Shares
Directorships held in other listed entities within the past three years	Richmond Mining Limited Australian American Mining Corp Limited Quest Petroleum NL Forge Resources Limited Exalt Resources Limited Latin Gold Limited

Robert Besley	Non-Executive Director - *Appointed 14 September 2012*
Qualifications	BSc(Hon)
Experience	Mr Besley is a geologist with more than 40 years' experience in the global mining industry. He was Managing Director of ASX listed CBH Resources Limited from its inception and oversaw its growth to become a major Australian lead-zinc-silver producer. He is a Non-Executive Director of KBL Mining Limited and Queensland Mining Limited and is Chairman of Silver City Minerals Limited.
Interest in Shares and Options	250,000 Ordinary Shares 668,350 Ordinary Shares – escrowed for a period of 24 months from the date of official re-quotation 347,542 VHL Shares – escrowed for a period of 24 months from the date of official re-quotation
Directorships held in other listed entities within the past three years	Non-Executive Director of KBL Mining Limited and Queensland Mining Limited and is Chairman of Silver City Minerals Limited.

Jason Davis	Non-Executive Director - *Resigned 25 September 2012*
Qualifications	MAppFin (Macq), Dip Fin Services (AFMA)
Experience	Mr Davis is a Perth Regional Head with national stockbroking firm BBY and an active investor in early stage companies. Mr Davis has a Masters of Applied Finance from Macquarie University and is a member of the Australian Institute of company Directors. Mr Davis's expertise is in the area of corporate finance, capital raising, venture capital investment and business development.
Interest in Shares and Options	954,419 Ordinary Shares
Directorships held in other listed entities within the past three years	Success Resources Global Ltd

David Chapman	Non-Executive Director - *Resigned 14 September 2012*
Qualifications	BSc (Hons) Geology MAUSIMM
Experience	Mr Chapman is a geologist with over 29 years resource industry experience as a senior and executive manager with WMC Resources and within the junior sector in Australia and overseas, particularly South America.
Interest in Shares and Options	Nil
Directorships held in other listed entities within the past three years	Nil

Rachel Jelleff	Company Secretary
Experience	Miss Jelleff has 4 years' experience in administering public companies and is also Company Secretary of Tamaska Oil and Gas Ltd.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each key management person of Erin Resources Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Erin Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Erin Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the remuneration committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance-based Remuneration

As part of each member of the key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel are involved in and have a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the group's goals and shareholder wealth, before the KPIs are set for the following year.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Any options not exercised before or on the date of termination lapse.

Details of Remuneration

Compensation of Key Management Personnel Remuneration – 2012

	Short-term Benefits		Post- employment Benefits				
Key Management Personnel	Cash, salary and commissions	Other	Superannuation	Termination benefits	Equity	Share based Payment Options	Total
Directors							
Jason Davis[1]	1,667	-	-	-	-	-	1,667
David Chapman[2]	1,667	31,250	-	-	-	-	32,917
Jim Malone	1,667	-	-	-	-	-	1,667
Key Management Personnel							
Rachel Jelleff	20,492	-	-	-	-	-	20,492
Total	25,493	31,250	-	-	-	-	56,743

[1] Resigned on 25 September 2012 [2] Resigned on 14 September 2012
The Director's currently do not have any contracts with the Company.

Compensation of Key Management Personnel Remuneration – 2011

	Short-term Benefits		Post- employment Benefits				
Key Management Personnel	Cash, salary and commissions	Other	Superannuation	Termination benefits	Equity	Share based Payment Options	Total
Directors							
Ken Lee[1]	23,333	-	-	-	-	-	23,333
Matthew Abrahams[2]	10,699	-	-	-	-	-	10,699
Tony Ince[3]	22,619	-	-	-	-	-	22,619
David Chapman[4]	5,000	-	-	-	-	-	5,000
Jim Malone[5]	-	-	-	-	-	-	-
Jason Davis[6]	20,000	-	-	-	-	-	20,000
Key Management Personnel							
Rachel Jelleff	8,956	-	-	-	-	-	8,956
Total	90,607	-	-	-	-	-	90,607

[1] Resigned on 27 April 2011 [2] Resigned on 28 February 2011 [3] Resigned on 30 June 2011 [4] Appointed on 30 March 2011 [5] Appointed on 30 June 2011
[6] Resigned on 25 September 2012

End of Remuneration Report

Meetings of Directors

The Directors attendances at Director's meetings held during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
Jason Davis	4	4
Grant Davey*	0	0
David Chapman	4	4
Jim Malone	4	4

*Grant Davey was appointed on 21 June 2012 and there were no Director Meetings held after this date to the end of the financial year.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Erin Resources Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. A Corporate Governance Policy is included as part of this report.

Options

At the date of this report the unissued ordinary shares of Erin Resources Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
14 September 2012	30 June 2017	$0.20	4,000,000

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure all of the Directors of the Company as named above, the Company Secretary and all executive officers of the Company against any liability incurred as such by a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the notice of the liability and the amount of the premium.

Proceedings on Behalf of 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.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the service provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The fees for non-audit services that were paid or payable to the Company's former external auditor, Hall Chadwick during the year ended 30 June 2012, were $6,350 for taxation advisory services.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 12 of the financial report.

This report is made in accordance with a resolution of Directors. These financial statements were authorised for issue on 24 September 2012 by the Directors of the Company.

Grant Davey
Managing Director
Dated 24 September 2012

PKF MACK & CO

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

TO THE MEMBERS OF ERIN RESOURCES LIMITED

In relation to our audit of the financial report of Erin Resources Limited for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

24 SEPTEMBER 2012
WEST PERTH,
WESTERN AUSTRALIA

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For the year ended 30 June 2012

		CONSOLIDATED GROUP	
		30-Jun-12	30-Jun-11
	Note	$	$
Revenue	2	53,061	35,508
Finance costs	3(A)	-	(95,137)
Professional and consultancy fees		(177,931)	(62,372)
Marketing expenses		(3,158)	(4,833)
Directors' fees		(5,000)	(81,651)
Employee benefit expenses	3(B)	(69,912)	(14,318)
Occupancy expenses		(26,099)	(2,364)
Doubtful debt expense		-	(8,381)
Impairment expense		-	(137,356)
Other expenses		(61,841)	(78,535)
Loss before income tax		**(290,880)**	**(449,439)**
Income tax benefit	4	**-**	117,283
Loss after income tax from continuing operations		**(290,880)**	**(332,156)**
Profit from discontinued operations	23	-	2,267,324
Other comprehensive (loss)/income (net of tax) for the year		-	-
Total comprehensive (loss)/income for the year		**(290,880)**	**1,935,168**
Loss attributable to:			
Members of the parent entity		(290,880)	1,935,168
Non-controlling interests		-	-
		(290,880)	**1,935,168**
Earnings per share for loss attributable to the ordinary equity holders of the parent:			
From continuing and discontinued operations			
Basic and diluted (loss)/profit per share (cents)	7	(0.15)	2.08
From continuing operations			
Basic and diluted (loss)/profit per share (cents)	7	(0.15)	(0.36)
From discontinued operations			
Basic (loss)/profit per share (cents)		-	2.44

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		CONSOLIDATED GROUP	
		30-Jun-12	30-Jun-11
	Note	$	$
CURRENT ASSETS			
Cash and cash equivalents	*8*	515,827	1,070,885
Other receivables	*9*	33,695	22,938
Deferred expenditure		55,064	-
Total Current Assets		**604,586**	**1,093,823**
NON-CURRENT ASSETS			
Other receivables	*9*	387,777	-
Total Non-Current Assets		**387,777**	**-**
TOTAL ASSETS		**992,363**	**1,093,823**
CURRENT LIABILITIES			
Other payables	*12*	204,941	227,688
Short-term financial liabilities	*13*	-	37,833
Total Current Liabilities		**204,941**	**265,521**
TOTAL LIABILITIES		**204,941**	**265,521**
NET ASSETS		**787,422**	**828,302**
EQUITY			
Contributed equity	*16*	5,764,533	5,514,533
Retained earnings		(4,977,111)	(4,686,231)
Parent interest		**787,422**	**828,302**
Non-controlling interests		-	-
TOTAL EQUITY		**787,422**	**828,302**

The accompanying notes form part of these financial statements

For the year ended 30 June 2012

Consolidated Group	Share Capital Ordinary $	Retained Earnings $	Non-Controlling Interest $	Total $
Balance at 1 July 2010	**4,032,490**	**(6,621,399)**	**(549,420)**	**(3,138,329)**
Profit attributable to members of parent entity	-	1,935,168	-	1,935,168
Disposal of non-controlling interests	-	-	549,420	549,420
Shares issued during the year	1,528,998	-	-	1,528,998
Transaction costs	(46,955)	-	-	(46,955)
Balance at 30 June 2011	**5,514,533**	**(4,686,231)**	**-**	**828,302**
Profit attributable to members of parent entity	-	(290,880)	-	(290,880)
Shares issued during the year	250,000	-	-	250,000
Balance at 30 June 2012	**5,764,533**	**(4,977,111)**	**-**	**787,422**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	CONSOLIDATED GROUP 30-Jun-12 $	30-Jun-11 $
Cash flows from operating activities			
Receipts from customers		-	613,669
Interest received		38,061	24,466
Payments to suppliers and employees		(417,509)	(1,069,770)
Finance costs		-	(24,472)
Income tax refund received		-	117,283
Net cash used in operating activities	*19*	**(379,448)**	**(338,824)**
Cash flows from investing activities			
Payments for intangible assets		-	(5,000)
Net cash used in investing activities		**-**	**(5,000)**
Cash flows from financing activities			
Repayment of loans		(37,833)	(25,000)
Repayment of leases		-	(17,878)
Receipts from related entities		-	85,000
Loans repaid by franchisees		-	(2,000)
Loans advanced to Erin Minerals Resources Limited		(387,777)	-
Proceeds from issue of shares, net of cost		250,000	1,362,042
Net cash (used in)/provided by financing activities		**(175,610)**	**1,402,164**
Net (decrease)/increase in cash and cash equivalents held		**(555,058)**	**1,058,340**
Cash and cash equivalents disposed of on disposal of subsidiaries		-	(46,925)
Cash and cash equivalents at beginning of year		1,070,885	59,470
Cash and cash equivalents at end of year	*8*	**515,827**	**1,070,885**

The accompanying notes form part of these financial statements

The financial statements of Erin Resources Limited for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of Directors on 24 September 2012. These consolidated financial statements and notes represent those of Erin Resources Limited, formerly Health Corporation Limited (the "Company") and Controlled Entities (the "consolidated group" or "group").

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have 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 for profit orientated entities.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a 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 ("IFRS") as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and they have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Financial report prepared on a going concern basis

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated group incurred a loss from continuing operations of $290,880 (2011: $332,156) during the year ended 30 June 2012.

In the Directors' opinion there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable for the following reasons:

(i) In the previous financial year, the group underwent a major restructuring of its business operations following the disposal of its pharmacy franchising operations in November 2010 and the acquisition of Intramedics Pty Ltd, a bioscience company on 17 August 2010. On 17 August 2012, the shareholders approved a change in the nature and scale of business activities as well as the acquisition of Erin Mineral Resources Limited, which holds gold exploration projects in Senegal. The Company is actively pursuing the exploration of these Projects;

(ii) The group completed a successful capital raising, subsequent to year end, raising a total of $2,591,600 cash before share issue costs; and

(iii) As at 30 June 2012 the group had cash and cash equivalents of $515,827. This cash with the capital raised, as noted above, the group has sufficient cash to enable the Company to pay its debts as and when they become due and payable for at least the next 12 months from the date of this report.

a. Principles of consolidation

A controlled entity is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a 30 June financial year end. Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

As at reporting date, the assets and liabilities of all controlled companies have been incorporated into the consolidated financial statements as well as their results for the year ended.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been charged where necessary to ensure consistencies with those policies applied by the parent entity.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated statement of financial position and in the consolidated statement of comprehensive income.

b. Acquisition of Assets

The acquisition method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued and liabilities assumed at the date of exchange. Where equity instruments are issued in an asset acquisition, the value of the equity instruments is the published market price as at the date of the exchange unless it can be demonstrated that the published price at the date of the exchange is an unreliable indicator of the fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

c. Income Tax

Tax Consolidation

The Company and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidated legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 21 October 2005. The tax consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable by the group in proportion to their contributions to the group's taxable income.

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. Employee Benefits

A provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

g. Segment Reporting

An operating segment is a component of the consolidated group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. The Company has disposed of all active subsidiaries in franchising and financing operations which were recognised as reportable segments in the financial report for the year ended 30 June 2011. Following the disposal of the Company's pharmacy franchising operations in November 2010 and the acquisition of Intramedics Pty Ltd, a bioscience company on 17 August 2010, the Company's principal activity was in the bioscience technology sector which was the Company's single reportable segment for the year ended 30 June 2012. Subsequently the Directors decided to refocus the activities of the Company to the mining sector, this change in the nature and scale of activities was approved by shareholders at a General Meeting, held on 17 August 2012.

On 14 May 2012, the Company entered into a financing and merger implementation agreement with Erin Mineral Resources Limited (Erin), an unlisted Australian public company, together with certain warrantors of Erin to acquire 100% of the issued share capital of Erin. Erin holds gold exploration assets in Senegal, West Africa through its subsidiaries. On 17 August 2012, the Company changed its name to Erin Resources Limited. For further details on the transaction, refer note 21.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months.

i. Revenue

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

j. 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 Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

k. Rounding of Amounts

The Company is a kind referred to in class order 98/100 issued by the Australian securities and Investment Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that class order to the nearest dollar.

l. Contributed Equity

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

m. Share Based Payments

Share based compensation relating to share options are recognised at fair value.

The fair value of the options is recognised as an employee benefit expense in the statement of comprehensive income, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

n. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year, which remain unpaid at year end. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised at fair value on initial recognition and subsequently at amortised cost, using the effective interest rate method.

o. Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less a provision for impairment. Trade receivables are generally due for settlement between thirty (30) and ninety (90) days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

p. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

q. Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the 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 share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

r. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 2. REVENUE

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Interest income	38,061	7,115
Administration fees	-	10,000
Debt forgiveness[1]	15,000	18,393
	53,061	35,508

[1] Debt forgiveness in the current financial year represents Director's fees that were accrued for but were reversed as they were subsequently forfeited by the Directors. For the year ended 30 June 2011, the debt forgiveness represented a loan owed by Intramedics Pty Ltd, to a third party, which was subsequently forgiven.

NOTE 3. LOSS FOR THE YEAR

A. FINANCE COSTS

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Finance costs:		
External	-	95,137
Total finance costs	-	95,137
Rental expenses on operating leases:		
Minimum lease repayments	-	2,364

B. EMPLOYEE BENEFITS

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Wages and Salaries	69,912	14,318
	69,912	14,318

NOTE 4. INCOME TAX EXPENSE

		CONSOLIDATED GROUP	
		30-Jun-12	30-Jun-11
		$	$
(a)	**The components of income tax expense comprise:**		
	Current tax	-	-
	Deferred tax	(83,682)	227,196
	DTA not recognised (losses)	64,462	225,515
	DTA not recognised (temporary)	19,220	(452,711)
	Research and development tax refund	-	(117,283)
		-	(117,283)
(b)	**The prima facie tax on profit/(loss) from continuing operations and discontinued operations before income tax is reconciled to the income tax as follows:**		
	Prima facie tax payable on (loss)/profit from continuing operations and discontinued operations before income tax at 30%	(87,264)	545,366
	Add:		
	Tax effect of:		
	Other non-allowable items	3,582	219,363
	Other assessable items	-	233,697
	Less:		
	Tax effect of:		
	Non-assessable items	-	(719,001)
	Loss of discontinued operations	-	(52,229)
	DTA not recognised (losses)	64,462	225,515
	DTA not recognised (temporary)	19,220	(452,711)
	Research and development tax refund	-	(117,283)
	Income tax expense/(benefit)	-	(117,283)
	Deferred Tax Assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note (1c) occur		
	Tax Losses	1,485,504	1,462,625
	Temporary Differences	60,366	41,146
	Total	1,545,870	1,503,771

NOTE 5. KEY MANAGEMENT PERSONNEL DISCLOSURES

The totals of remuneration paid to Key Management Personnel (KMP) of the Company and the group during the year were as follows:

	CONSOLIDATED GROUP	
	30-Jun-12 $	30-Jun-11 $
Short-term employee benefits	56,742	90,607
Post-employment benefits	-	-
	56,742	90,607

(a) Options Holdings of Key Management Personnel

Details of options and rights held directly, indirectly or beneficially by KMP and their related parties are as follows:

Options holdings

No options were held by KMP as at 30 June 2011 and 30 June 2012.

(b) Shareholdings of Key Management Personnel

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by KMP and their parties are as follows.

Share Holdings 2012

Key Management Personnel	Opening Balance 1.7.2011	Granted as Compensation	Options Exercised	Net Other Changes[a]	Closing Balance 30.6.2012
Directors					
Grant Davey	-	-	-	12,500,000	12,500,000
James Malone	-	-	-	-	-
Jason Davis	9,544,190	-	-	-	9,544,190
David Chapman	-	-	-	-	-
Other Key Management Personnel					
Rachel Jelleff	49,690	-	-	-	49,690
Total	9,593,880	-	-	12,500,000	22,093,880

[a]Net other changes are as a result of shares allotted on share issues and other movement due to changes in directors and directors' related entities.

Share Holdings 2011

Key Management Personnel	Opening Balance 1.7.2011	Granted as Compensation	Options Exercised	Net Other Changes[a]	Closing Balance 30.6.2012
Directors					
Ken Lee[1]	19,611,641	-	-	(27,667)	19,583,974
Matthew Abrahams[2]	50,000	-	-	33,334	83,334
Tony Ince[3]	-	-	-	-	-
David Chapman[4]	-	-	-	-	-
Jim Malone[5]	-	-	-	-	-
Jason Davis[6]	1,920,000	-	-	7,624,190	9,544,190
Other Key Management Personnel					
Rachel Jelleff	-	-	-	49,690	49,690
Total	21,581,641	-	-	7,679,547	29,261,188

[a]Net other changes are as a result of shares allotted on share issues and other movement due to changes in directors and directors' related entities.
[1] Resigned on 27 April 2011 [2] Resigned on 28 February 2011 [3] Resigned on 30 June 2011 [4] Appointed on 30 March 2011 [5] Appointed on 30 June 2011
[6] Resigned on 25 September 2012

NOTE 6. AUDITOR'S REMUNERATION

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Remuneration of the auditors of the group:		
Audit fees and review of financial reports - PKF Mack & Co	23,000	48,000
Audit fees and review of financial reports - Hall Chadwick	1,636	-
Accounting advisory services	-	20,000
Tax advisory services - Hall Chadwick	6,350	11,500
Total auditors' remuneration	30,986	79,500

NOTE 7. EARNINGS PER SHARE

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Reconciliation of earnings to profit or loss		
(Loss) / earnings used in calculating basic and diluted EPS	(290,880)	1,935,168
Loss used in calculating basic and diluted loss per share from continuing operations	(290,880)	(332,156)
Loss from discontinued operations	-	2,267,324
Loss attributable to non-controlling interests	-	-
Loss used in calculating basic loss per share from discontinuing operations	-	2,267,324
	Number	**Number**
Weighted average number of ordinary shares and potential ordinary shares		
Weighted average number of ordinary shares used in calculating basic EPS	191,164,384	88,745,294
Weighted average number of potential ordinary shares used in calculating diluted EPS	191,164,384	88,745,294
Diluted earnings per share is not reflected for discontinued operations as the result is anti-dilutive in nature.		
Anti-dilutive options on issue not used in dilutive EPS calculation	-	13,198,424

NOTE 8. CASH AND CASH EQUIVALENTS

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Cash at bank	515,827	1,070,885
	515,827	1,070,885

NOTE 9. OTHER RECEIVABLES

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Current:		
GST receivable	24,908	22,938
Prepayments	8,787	-
	33,695	22,938
Non-current:		
Loans to related entities[1]	387,777	-

[1] On 14 May 2012, the Company entered into a financing and merger implementation agreement with Erin Mineral Resources Limited, an unlisted Australian public company, together with certain warrantors of Erin, to acquire 100% of the issued share capital. The Company has provided a loan facility to Erin of up to $900,000 to be applied towards advancing the priority exploration activities on the projects during the period up to completion of the acquisition. The loan is interest-free and unsecured.

NOTE 10. CONTROLLED ENTITIES

	Country of	Percentage Owned (%)*	
	incorporation	2012	2011
Parent Entity:			
Erin Resources Limited[1]	Australia	-	-
Subsidiaries of Erin Resources Limited:			
Health Information Pharmacy MBA Pty Ltd	Australia	100	100
HEA Management Pty Ltd	Australia	100	100
Intramedics Pty Ltd	Australia	100	100

* Percentage of voting power in proportion to ownership

[1] On 17 August 2012, Health Corporation Limited changed its name to Erin Resources Limited.

Acquisition of controlled entity

30 June 2012

There were no acquisitions of controlled entities during the year.

NOTE 10. CONTROLLED ENTITIES (CONTINUED)

30 June 2011

On 17 August 2010, the Company acquired Intramedics Pty Ltd (Intramedics), a bioscience company involved in the development of a biologically stable form of Hyaluronic Acid ("HA"). A loss arising from the acquisition of Intramedics is included in the consolidated statement of comprehensive income amounted to $120,218.

The acquisition of Intramedics was settled by the issue of 6 million fully paid ordinary shares in the Company at $0.02. The fair value of acquired net assets and the resulting goodwill are as follows:

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Cash on hand	-	120
Identifiable assets acquired		
Cash on hand	-	120
Trade and other receivables	-	917
Loans payable	-	(18,393)
Net liabilities acquired	-	(17,356)
Consideration paid		
Fully paid ordinary shares in the Company - 6 million shares at 2 cents per share	-	120,000
Goodwill recognised on acquisition	-	137,356

Management have taken a conservative approach and fully impaired goodwill arising on the acquisition of Intramedics.

Disposal of controlled entities

30 June 2012

There were no disposals of controlled entities during the year.

30 June 2011

In November 2010, the group disposed of the following subsidiaries:

- Health Information Pharmacy Franchising Pty Ltd (Franchising segment)
- Leverage Financing Pty Ltd (Leverage Financing segment)
- HIP IP Pty Ltd (Franchising segment)
- Chemconsult Australia Pty Ltd (Franchising segment)
- Asset Trust 1 (Leverage Financing segment)

The total profit arising from the disposal of the above subsidiaries included in the consolidated statement of comprehensive income amounted to $2,267,324 as a result of the transfer of liabilities with the disposal of subsidiaries.

Refer to note 23 for further details.

NOTE 11. INTANGIBLE ASSETS

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Goodwill		
Balance at the beginning of the year	-	-
Arising on business combination	-	137,356
Impairment	-	(137,356)
Net carrying value	-	-

NOTE 12. OTHER PAYABLES

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Current		
Other payables	159,861	149,501
Sundry accrued expenses	45,080	78,187
	204,941	227,688

NOTE 13. FINANCIAL LIABILITIES

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Loan payable to director [1]	-	37,833
	-	**37,833**

[1] The loan is a short term advance from a company director that is interest free and has no fixed repayment terms. The loan was settled during the year.

NOTE 14. PARENT COMPANY DISCLOSURES

The individual financial statements for the parent entity show the following aggregate amounts

	30-Jun-12	30-Jun-11
	$	$
Current Assets	604,586	1,093,823
Non-Current Assets	413,301	25,002
Total Assets	1,017,887	1,118,825
Current Liabilities	204,942	265,522
Total Liabilities	204,942	265,522
Contributed Equity	5,764,532	5,514,532
Accumulated Losses	(4,951,587)	(4,661,229)
Total Equity	812,945	853,303
(Loss)/Profit for the year	(290,358)	243,332
Total comprehensive (loss)/income for the year	(290,358)	243,332

NOTE 15. PROVISIONS

	CONSOLIDATED GROUP	
	30-Jun-12 $	30-Jun-11 $
Current		
Provision for employee entitlements	-	-
	-	-
Reconciliation of movement in provisions		
Opening balance at the beginning of the year	**-**	**32,062**
Amount used / transferred on disposal of subsidiaries	-	(32,062)
Balance at the end of the year	-	-

NOTE 16. ISSUED CAPITAL

	30-Jun-12 Number	30-Jun-11 Number	30-Jun-12 $	30-Jun-11 $
Ordinary shares on issue, fully paid	215,000,000	190,000,000	5,764,533	5,514,533
	215,000,000	**190,000,000**	5,764,533	**5,514,533**

(a) Reconciliation of movement in share capital

Reconciliation of share movement 2012	No. Of Shares	Issue Price	Amount
Opening balance at beginning of year	190,000,000		5,514,533
Share issue - June 2012	25,000,000	0.01	250,000
Less costs of issue	-		-
At the end of year	215,000,000		5,764,533

Reconciliation of share movement 2011	No. Of Shares	Issue Price	Amount
Opening balance at beginning of year	53,266,827		4,032,490
Share issue – August 2010	35,511,218	0.0075	266,334
Share issue – December 2010	6,000,000	0.0200	120,000
Share issue – March 2011	14,200,000	0.012	170,400
Share issue – June 2011	81,021,955	0.012	972,264
	190,000,000		5,561,488
Less costs of issue	-		(46,955)
At the end of year	190,000,000		5,514,533

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value.

NOTE 16. ISSUED CAPITAL (CONTINUED)

(b) Capital Risk Management

The group's objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the group manages its capital by assessing the group's financial risk and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

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

NOTE 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

An amount of $250,000 is payable to Verona Capital Pty Ltd for reimbursement of costs and a management fee in relation to the acquisition of Erin Mineral Resources Limited (Refer to note 21). This payment to Verona is payable contingent upon a successful acquisition of Erin Mineral Resources Limited and relisting on the ASX.

Other than disclosed above, there were no other known contingent liabilities or contingent assets at the balance sheet date.

NOTE 18. SEGMENT REPORTING

The group disposed of all active subsidiaries in franchising and financing operations during the financial year ended 30 June 2011 which were recognised as reportable segments. Following the disposal of the Company's pharmacy franchising operations in November 2010 and the acquisition of Intramedics Pty Ltd, a bioscience company on 17 August 2010, the group's principal activity was in the bioscience technology sector.

During the year, the Directors decided to refocus the activities of the Company in the mining sector. Further information in relation to this is disclosed in note 21.

NOTE 19. CASH FLOW INFORMATION

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
Reconciliation of Cash Flow from Operations with loss after Income Tax	$	$
(Loss)/profit after income tax	(290,880)	1,935,168
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
Profit from discontinued operations	-	(2,552,373)
Bad debts written off	-	8,381
Impairment expense	-	137,356
Third party loan forgiven	(15,000)	(18,393)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/Decrease in trade and other receivables	(65,822)	(186,201)
(Decrease)/Increase in trade payables and accruals	(7,746)	337,238
Cash flow from operations	(379,448)	(338,824)

NOTE 20. SHARE-BASED PAYMENTS

CONSOLIDATED GROUP	2012 Number of options Number	2012 Weighted average exercise price $	2011 Number of options Number	2011 Weighted average exercise price $
Outstanding at the beginning of the year	2,508,424	1.20	2,508,424	1.20
Expired during the year	(2,508,424)	1.20	-	-
Outstanding at year-end	-	-	2,508,424	1.20
Exercisable at year-end	-	-	2,508,424	1.20

The options outstanding at 30 June 2011 expired on 1 December 2011. These share options where issued to former employees of the group under the Erin Resources Limited employee option plan.

No options were granted during the year.

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE

On 14 May 2012, the Company entered into a financing and merger implementation agreement with Erin Mineral Resources Limited (Erin), an unlisted Australian public company, to acquire 100% of the issued share capital of Erin. On the 17 August 2012, the shareholders approved the acquisition of Erin Mineral Resources Limited, this acquisition was completed on 14 September 2012. The salient terms of the agreement were as follows:

Consideration

In exchange for the Company acquiring 100% of the issued share capital in Erin, the Company issued by way of consideration on a post-Consolidation basis, the following to the Erin shareholders (in proportion to their existing holdings in Erin):

- 25,000,000 Shares; and
- 13,000,000 voluntary holding lock shares (VHL Shares) which will may only be released from their holding lock upon the earlier of the following being satisfied:
    - a change in control of the Company; or
    - the Company achieving an enterprise value of at least $25 million for ten consecutive trading days

The Company has applied for quotation of the VHL Shares upon completion and the VHL Shares will be fully paid ordinary shares that will rank equally with all existing Shares on issue.

Loan to Erin

The Company has provided a loan facility to Erin of up to $900,000 to be applied towards advancing the priority exploration activities on the projects during the period up to completion of the acquisition. The loan is interest-free and unsecured. At balance sheet date the loan was drawn to $387,777.

Consolidation of Share Capital

The Company undertook a consolidation of its issued share capital on the basis of 1 Share for every 10 Shares held that the Company's Shares are valued at a minimum of $0.20 each following the consolidation. Following this the Company had 21.5m ordinary shares on issue prior to the capital raising and Erin acquisition.

Capital Raising

The Company was required to conduct a capital raising as part of the listing requirements. A total amount of $2,591,600 was raised at an issue price of at least $0.20 (Post Consolidation). The capital raising shares were issued on 12 September 2012.

Verona Shares

As part of the Agreement with Erin, the Company has issued 3,500,000 shares (Post Consolidation) to Verona Capital Pty Ltd (Verona) in part consideration for the provision of corporate and technical services to the Company.

NOTE 21. EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

Issue of Options to Verona Capital

In part consideration for the provision of corporate advisory services to the Company, the Company has issued, 4,000,000 unlisted options (Post Consolidation) to Verona exercisable at $0.20 each expiring on or before 30 June 2017.

Board Changes

On completion, Mr Robert Besley was appointed Non-Executive Director and the Board accepted Mr David Chapman resignation on 14 September 2012.

Change of Name

As a result of the acquisition, the Company changed its name to Erin Resources Limited on 17 August 2012.

Change in Nature and Scale of Operations

Following the completion of the successful acquisition of Erin Mineral Resources Limited, the Company became a gold exploration company.

NOTE 22. RELATED PARTY TRANSACTIONS

Key Management Personnel Loans

2012: Loans to/(from) directors and related parties	Balance at 1-Jul-11 $	Net movement in loans $	Balance at 30-Jun-12 $
Non interest bearing loans			
Jason Davis	37,833	(37,833)	-

2011: Loans to/(from) directors and related parties	Balance at 1-Jul-10 $	Net movement in loans $	Balance at 30-Jun-11 $
Non-interest bearing loans			
Mr Ken Lee	(229,968)	229,968	-
Health Information Services Trust	212,751	(212,751)	-
HIP On-Line Pty Ltd	3,971	(3,971)	-
HIP Brimbank Pty Ltd	(860,284)	860,284	-
K & J Lee Partnership(HIP C)	(180,000)	180,000	-
HIP Morningside	(29,563)	29,563	-
Jason Davis	-	(37,833)	(37,833)
Interest bearing loans			
Ken & Julia Lee Partnership	(2,443,689)	2,443,689	-
HIP Qld Pty Ltd	(579,642)	579,642	-
Loans secured by pharmacies			
HIP Brimbank Pty Ltd	5,617,500	(5,617,500)	-
HIP Castle Hill Pty Ltd	3,846,550	(3,846,550)	-
HIP Morningside Pty Ltd	4,448,885	(4,448,885)	-
	9,806,511	(9,844,344)	(37,833)

Other Related Transactions - Ken Lee

	CONSOLIDATED GROUP	
	2012 $	2011 $
Sales to pharmacies related to Ken Lee	-	151,632
Interest received or receivable from pharmacies related to Ken Lee	-	94,522

NOTE 22. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with Other Related Parties

Pursuant to the Erin loan facility arrangements (note 9) the Company paid a total of $387,777 during the period being exploration expenditure on the Senegal exploration tenements.

Director's fees amounting to $15,000 that were payable by the Company to a Director as at 30 June 2011 were forgiven during the period and have been written off to revenue in the consolidated statement of comprehensive income.

In addition, Directors' fees amounting to $5,000 were paid during the period while the balance of $55,000 to 30 June 2012 was forfeited by the Directors.

A short term loan amounting to $37,833 advanced by a Director which was outstanding at 30 June 2011 was repaid during the period.

A total of $31,250 was paid to Parati Pty Ltd, a company related to a Director, Mr. David Chapman, for consulting services.

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

NOTE 23. DISCONTINUED OPERATIONS

30 June 2012

There were no discontinued operations during the year ended 30 June 2012.

30 June 2011

In November 2010, the Group sold the following subsidiaries:

- Health Information Pharmacy Franchising Pty Ltd (Franchising segment)
- Leverage Financing Pty Ltd (Leverage Financing segment)
- Health Information Pharmacy IP Pty Ltd (Franchising segment)
- Chemconsult Australia Pty Ltd (Franchising segment)
- Asset Trust 1 (Leverage Financing segment)

The above subsidiaries, with net assets of $2,458,863 as at 30 November 2010 were sold to Ken Lee, previously, a Director of the Company on that date for a non-cash consideration of $4,726,187.

The consideration for the sale of subsidiaries to Ken Lee consists of following:

- The forgiveness of debt totalling $2,443,689 owed by the Company to Eferes Pty Ltd;
- The transfer of the Company's debt totalling $230,000 owed to K&J Superannuation Fund to Ken Lee;
- The forgiveness of debt totalling $579,642 owed by the Company to HIP Queensland Pty Ltd;
- The transfer of debt totalling $700,000 owed by the Company to HIP Brimbank Pty Ltd to Ken Lee;
- The transfer of debt totalling $579,642 owed by the Company to Health for Tomorrow Pty Ltd to Ken Lee; and
- The transfer of the Company's debt totalling $193,214 owed to Lawsfield Holdings Pty Ltd to Ken Lee.

The financial performance of the discontinued operations to the date of sale which is included in profit/ (loss) from discontinued operations per the statement of comprehensive income is as follows:

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Revenue	-	700,973
Expenses	-	(986,022)
Loss before income tax	-	(285,049)
Income tax expense	-	-
Loss attribute to members of the parent entity	-	(285,049)
Profit on sale before income tax	-	2,552,373
Income tax expense	-	-
Profit on sale after income tax	-	2,552,373
Total profit / (loss) after tax attribute to the discontinued operation	-	2,267,324

NOTE 23. DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from/ (used in) discontinued operations which have been incorporated into the statement of cash flows are as follows:

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Net cash used in operating activities	-	(166,316)
Net cash (used in) / from investing activities	-	(5,000)
Net cash from / (used in) financing activities	-	57,392
Net cash used in discontinued operation	-	(113,924)

Effect of Disposal on the Financial Position of the Group

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Cash and cash equivalents	-	46,925
Trade and other receivables	-	74,047
Other current assets	-	61,877
Long term receivables	-	13,616,311
Property, plant and equipment	-	(6,555)
Intangible assets	-	858
Trade and other payables	-	(1,154,371)
Short term borrowings	-	(9,680,688)
Short term financial liabilities	-	(467,479)
Short term provisions	-	(32,062)
Net assets and liabilities	-	2,458,863

	CONSOLIDATED GROUP	
	30-Jun-12	30-Jun-11
	$	$
Consideration received, satisfied in cash	-	-
Cash disposed of	-	46,925
Net cash outflow	-	(46,925)

NOTE 24. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of cash at bank, payables and loans receivable.

Market Risks

The group is exposed to a variety of financial risks through its financial instruments for example, interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

At reporting date, the group does not have long term borrowings and its exposure to interest rate risk is assessed as low. The risk monitors its interest rate risk through sensitivity analysis, as outlined below.

The consolidated group's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets of the group are summarised in the following tables:

NOTE 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

2012	Floating interest rate $	1 Year or less $	Over 1 to 5 years $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Cash and cash equivalents	515,827	515,827	-	-	515,827	1.54
Loans receivable	-	-	-	387,777	387,777	
	515,827	515,827	-	387,777	1,031,654	
Financial liabilities						
Other payables and sundry accruals	-	-	-	204,942	204,942	
	-	-	-	204,942	204,942	

2011	Floating interest rate $	1 Year or less $	Over 1 to 5 years $	Non-interest bearing $	Total $	Weighted average interest rate %
Financial assets						
Cash and cash equivalents	1,070,885	1,070,885	-	-	1,070,885	5.50
	1,070,885	1,070,885	-	-	1,070,885	
Financial liabilities						
Trade and sundry payables	-	-	-	227,688	227,688	
Short term financial liabilities	-	-	-	37,833	37,833	
	-	-	-	265,521	265,521	

At 30 June 2012, if interest rates had changed by -/+100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $5,158 lower/higher (2011: $5,890).

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit Risk

Management has assessed the credit risk exposure as minimal at balance sheet date. The loan with Erin Mineral Resources Limited will be converted to an intercompany loan subsequent to year end.

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the parent company and consolidated group but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date. Erin Resources Limited has not yet made an assessment of the impact of these amendments and do not anticipate early adoption.

AASB 9 Financial Instruments

The revised AASB 9 incorporates the IASB's completed work on Phase 1 of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement) on the classification and measurement of financial assets and financial liabilities. In addition, the IASB completed its project on derecognition of financial instruments.

The Standard includes requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. AASB 9 (issued in 2009) only included requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 (AASB 139).

The main changes in this Standard compared with AASB 139 are described below.

(a) Financial assets are classified based on:

   (i) the objective of the entity's business model for managing the financial assets; and

   (ii) the characteristics of the contractual cash flows.
   This replaces the categories of financial assets in AASB 139, each of which had its own classification criteria. Application guidance has been included in AASB 9 on the conditions necessary for a financial asset to be measured at amortised cost.

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

(c) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment are recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(e) Hybrid contracts with financial asset hosts are classified and measured in their entirety in accordance with the classification criteria. (The treatment of embedded derivatives in respect of financial liability hosts has not changed).

(f) Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.

(g) Investments in contractually linked instruments that create concentrations of credit risk (tranches) are classified and measured using a 'look through' approach. Such an approach looks to the underlying assets generating cash flows and assesses the cash flows against the classification criteria (discussed in (a) above) to determine whether the investment is measured at fair value or amortised cost.

(h) Financial assets are reclassified only in the rare circumstances when there is a relevant change in the entity's business model.

(i) The portion of a change of fair value relating to the entity's own credit risk for financial liabilities measured at fair value utilising the fair value option is presented in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 10 Consolidation

AASB 10 replaces AASB 127 and 3 key elements of control. According to AASB 10 an investor controls an investee if and only if the investor has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Entities are advised to re-consider control of related entities in light of AASB 10 on adoption.

AASB 11 Joint Arrangements

AASB 11 replaces the AASB 131 Interests in Joint Ventures. The previous standard had 3 types of Joint ventures whereas AASB 11 only has two. These are:

- Joint Operations; and
- Joint Ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

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. Those parties are called joint venturers.

Joint ventures must now be accounted for using the equity method of accounting. The option to proportionately consolidate a joint venture entity has been removed. This will have significant implications for entities that currently use proportionate consolidation. Some entities only have interests in joint ventures and only use proportionate consolidation. Adopting AASB 11 will cause them to use equity accounting and will result in a different presentation in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

The IASB are aware that this change is likely to cause concern for many entities. They note:

- the evidence suggests that in accounting for interests in jointly controlled entities, approximately half of the entities applying IFRSs use proportionate consolidation and half use the equity method;
- the variation in practice, which is facilitated by the option in AASB 131, is a prime motivation for developing AASB 11;
- that variation will, inevitably, be a source of disagreement; and
- that the approach in the standard is consistent with its view of what constitutes the economic substance of an entity's interests in joint arrangements, a view that it concedes may differ from that of certain entities preparing financial statements.

Accounting for interests in Joint Operations will be different to that of Joint Ventures. A joint operator shall recognise in relation to its interest in a joint operation:

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

The accounting for Joint Operations more closely resembles the old proportionate consolidation regime therefore is it important for entities to consider how best to structure joint arrangements so as to present their interests in those arrangements in a relevant and reliable manner.

In considering the above it is important to understand how AASB 11 distinguishes between the two types of joint arrangements. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards.

AASB 12 is an attempt to improve the level of disclosure around these types of arrangements and to enhance existing disclosures with regard to interests in a subsidiary, a joint arrangement and an associate.

The AASB requires an entity to disclose information that enables users of financial statements to evaluate:

(a) the nature of, and risks associated with, its interests in other entities; and

(b) the effects of those interests on its financial position, financial performance and cash flows.

Entities are advised to review AASB 12 in more detail in the lead up to adoption as the disclosures are generally more detailed and enhanced compared to current requirements.

AASB 13 Fair Value Measurement

AASB 13:

(a) defines fair value;

(b) sets out in a single IFRS a framework for measuring fair value; and

(c) requires disclosures about fair value measurements.

Fair value is defined as:

> "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 (i.e. an exit price)"

The standard does not require fair value measurements in addition to those already required or permitted by other IFRSs.

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

The IASB note:

> "That definition of fair value emphasises that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value."

Entities are advised to review their current policies with regards to measuring fair value in light of the guidance in AASB 13 and the principles highlighted above.

AASB 1053 Application of Tiers of Australian Accounting Standards

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

(a) Tier 1: Australian Accounting Standards; and

(b) Tier 2: Australian Accounting Standards – Reduced Disclosure

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

The following entities apply Tier 1 requirements in preparing general purpose financial statements:

(a) for-profit entities in the private sector that have public accountability (as defined in this Standard); and

(b) the Australian Government and State, Territory and Local Governments.

The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:

(a) for-profit private sector entities that do not have public accountability;

(b) all not-for-profit private sector entities; and

(c) public sector entities other than the Australian Government and State, Territory and Local Governments.

Public accountability means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. A for-profit private sector entity has public accountability if:

(a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or

(b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

The Standard makes numerous amendments to Australian Accounting Standards and Interpretations listed above as a result of the amendments to AASB 9.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]

The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in AASB 140 Investment Property. Under AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in AASB 140.

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Interpretation 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets addresses similar issues involving non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment. The amendments incorporate Interpretation 121 into AASB 112 after excluding investment property measured at fair value from the scope of the guidance previously contained in Interpretation 121.

AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]

The amendments ultimately affect AASB 1 First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9 Financial Instruments as issued in December 2009) as it has been superseded by AASB 2010-7 for annual reporting periods beginning on or after 1 January 2013.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]

This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures.

These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on the basis they:

- are not part of International Financial Reporting Standards (IFRSs), which include requirements to disclose aggregate (rather than individual) amounts of KMP compensation;
- are not included in New Zealand accounting standards and, accordingly, their removal is consistent with meeting the 2010 Outcome Proposal of the Australian and New Zealand governments that for-profit entities are able to use a single set of accounting standards and prepare only one set of financial statements;
- are considered by the AASB to be more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001;
- were originally included in AASB 124 when fewer similar disclosure requirements were included in the Corporations Act and, in many respects, relate to similar disclosure requirements currently in that Act and therefore detract from the clarity of the requirements applying in this area; and
- could be considered (during the transition period for this Amending Standard) for inclusion in the Corporations Act or other legislation to the extent they presently go beyond the requirements in legislation and are considered appropriate in light of government policy.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The following interpretations should be adopted by an entity during the first annual reporting period commencing after the effective date of each pronouncement. In certain circumstances earlier adoption may be permitted, refer to the full pronouncements for further detail.

NOTE 25. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.

Stripping costs incurred during the development phase of a mine are usually capitalised and depreciated or amortised on a systematic basis (typically units of production method) once production begins.

Interpretation 20 deals with the situation where an entity continues to remove overburden and to incur stripping costs during the production phase of the mine. Stripping in this phase may produce inventory and/or provide access to deeper levels of material that have a higher ratio of ore to waste.

This interpretation outlines that stripping activity which provides benefit in the form of inventory produced should be accounted for in accordance with the principles of AASB 102 Inventories. To the extent the benefit is improved access to ore, the entity shall recognise these costs as a non-current asset, if certain criteria are met. This interpretation refers to the non-current asset as the 'stripping activity asset' and it shall be accounted for as an addition to, or as an enhancement of an existing asset

NOTE 26. COMPANY DETAILS

Registered Office	Level 21, Allendale Square 77 St Georges Terrace Perth WA 6000 Tel: +61 8 9389 2000 Fax: +61 8 9389 2099
Principal Place of Business	Level 21, Allendale Square 77 St Georges Terrace Perth WA 6000 Tel: +61 8 9389 2000 Fax: +61 8 9389 2099

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes and the remuneration report in the Directors Report designated as audited, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Company's and consolidated group's financial position as at 30 June 2012 and their performance for the year ended on that date; and

   (c) are in accordance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view;

3. 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.

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

Grant Davey
Managing Director
Dated 24 September 2012

PKF MACK & CO
Chartered Accountants & Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

ERIN RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Erin Resources Limited, which comprises the statements of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statements of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Erin Resources Limited (the company) and the consolidated entity. The consolidated entity comprises 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 gives a true and fair view and 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 of the financial report that gives a true and fair view 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.

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PKF Mack & Co
Chartered Accountants & Business Advisers

Opinion

In our opinion:

(a) the financial report of Erin Resources Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2012 and of their 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 in pages 8 to 10 of the directors' report for the year ended 30 June 2012. 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 Erin Resources Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

PKF Mack and Co.

PKF MACK & CO

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SIMON FERMANIS
PARTNER

24 SEPTEMBER 2012
WEST PERTH,
WESTERN AUSTRALIA

Overview

In March 2003, the Australian Securities Exchange (ASX) Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations").

In August 2007, the ASX Corporate Governance Council published a revised Principles and Recommendations (2nd Edition).

In 2010, the ASX Corporate Governance Council published a further revised Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) to ensure that these remain relevant to the Australian business and investment communities. The Company's Corporate Governance Statement is structured below with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition). The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In a limited number of instances, the Company has determined not to comply with the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a company of this size. Recommendations which the Company does not comply with are highlighted in this report.

1. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

1.2 The Company's practice:

The Board considers that the essential responsibility of directors is to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of the Company's business is delegated to the Chairman, who is accountable to the Board.

Further, the Board takes specific responsibility for:-

- Contributing to the development of and approving corporate strategy;
- Appointing, assessing the performance of and, if necessary removing the Executive Director;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- Overseeing and monitoring:
    - Organizational performance and the achievement of strategic goals and objectives
    - Compliance with the Company's code of conduct
    - Progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;
- Monitoring financial performance including approval of the annual, half yearly and quarterly reports and liaison with the auditor;
- Ensuring there are effective management processes in place, including reviewing and ratifying systems of risk identification and management, ensuring appropriate and adequate internal control processes, and that monitoring and reporting procedures for these systems are effective;
- Enhancing and protecting the Company's reputation;
- Approving major capital expenditure, capital management, acquisitions and divestments;
- Reporting to shareholders;
- Appointment of directors; and
- Any other matter considered desirable and in the interest of the Company.

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a formal Board Charter which is on the Company's website and summarised above. In broad terms, the Board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

Senior executives are responsible for the ongoing management of the Company's operations and report to the Board. They are accountable for all functions that are necessary to the operations of the Company and not specifically reserved to the Board. Senior executive's performance is reviewed on a regular basis by the Board.

Based on the above information the Company believes it is fully compliant with Recommendations 1.1, 1.2 and 1.3.

2. PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

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

Recommendation 2.2: The chair should be an Independent Director.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

Recommendation 2.4: The Board should establish a nomination committee.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

2.2 The Company's practice:

Independence

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be Independent Directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, the Company has two independent, Non-Executive Directors. The Company also has a third Non-Executive Director who would be qualified as independent except for the fact that he was previously employed in an executive capacity by the Company within the past three years. The Board as a whole comprises a Managing Director, Non-Executive Chairman and two Non-Executive Directors.

Composition

The Directors have been chosen for their particular expertise to provide the Company with a competent and well-rounded decision-making body and which will assist the Company and shareholders in meeting their objectives.

The term in office held by each Director in office at the date of this report is as follows and details of the professional skills and expertise of each of the Directors are set out in the Directors' Report.

Name	Position	Term in Office
Jim Malone	Non-Executive Chairman	15 months
Grant Davey	Managing Director	3 months
Robert Besley	Non-Executive Director	2 weeks

The Directors meet frequently, both formally and informally, so that they maintain a mutual, thorough understanding of the Company's business and to ensure that the Company's policies of corporate governance are adhered to.

Education

The Company has a formal process to educate new Directors about the nature of the business, current issues, the corporate strategy and the Company's expectations concerning the performance of Directors. Directors are given access to and encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The Director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other board members.

Nomination Committee

The Company does not currently have a separate nomination committee and as such has not complied with Recommendation 2.4. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities and as such, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

Monitoring of Board Performance

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- Attendance at all Board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed,
- Attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

Based on the above information the Company believes it is fully compliant with Recommendations 2.1, 2.2, 2.3, 2.5 and 2.6. The Company is not compliant with Recommendation 2.4 as outlined.

3. PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the Company's integrity
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices

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

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

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

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

3.2 The Company's practice:

Ethical Standards

The Company has a formal Code of Conduct as per Recommendation 3.1. This code outlines how Directors and employees of the Company and its related bodies corporate are to behave when conducting business. A full copy of this Code of Conduct is available on the Company's website.

The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Diversity Policy

The Board has adopted a Diversity Policy as per Recommendation 3.2. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees. The Diversity Policy outlines the processes by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company.

The Company is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees and is utilised to enhance the Company's performance.

The Board is responsible for monitoring company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

Gender Diversity

As a priority, the Company is focusing on the participation of women on its Board and within senior management. The Board is in the process of determining appropriate measurable objectives for achieving gender diversity.

Women Employees, Executives and Board Members

The Company and its consolidated entities have two (2) female employees/executives:

- its company secretary; and
- its chief financial officer

which represent approximately 33% of the total employees, executives and/or board members of the Company and its consolidated entities. There are currently no female members of the Board of the Company.

Based on the above information the Company believes it is fully compliant with Recommendations 3.1, 3.2, 3.3, 3.4 and 3.5.

4. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1: The Board should establish an audit committee.

Recommendation 4.2: The audit committee should be structured so that it:

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

Recommendation 4.3: The audit committee should have a formal charter.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

4.2 The Company's practice:

Audit Committee

The Board has not established a separate audit committee and as such has not complied with Recommendation 4.1 & 4.2. The duties and responsibilities typically delegated to such a committee are the responsibility of the full Board, due to the size and current operations of the Company.

The processes the Board applies in performing this function include:-

- reviewing internal control and recommending enhancements;
- monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- improving the quality of the accounting function, personnel and processes;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner; and
- reviewing the performance of the external auditors on an annual basis and nomination of auditors is at the discretion of the Board.

Audit and Compliance Policy

The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues and the Board meets quarterly to consider audit matters prior to statutory reporting.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions.

The Board assumes responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board maintains responsibility for a framework of internal control and ethical standards for the management of the consolidated entity.

The Board, consisting of members with financial expertise and detailed knowledge and experience of the mineral exploration and evaluation business, advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The Chairman and chief financial officer declared in writing to the Board that the Company's financial reports for the year ended 30 June 2012 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

Based on the above information the Company believes it is fully compliant with Recommendations 4.3 and 4.4. The Company is not compliant with Recommendations 4.1 and 4.2 as outlined.

5. PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Companies should promote timely and balanced disclosure of all material matters concerning the Company.

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

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

5.2 The Company's practice:

Continuous Disclosure Policy

The Company has a formal Continuous Disclosure Policy as required by Recommendation 5.1. This policy was introduced to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring The Company and individual officers do not contravene the Corporations Act or ASX Listing Rules. A full copy of this policy can be found on the Company's website.

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Therefore to meet this obligation the Company undertakes to:

(a) Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the companies securities, unless that information is not required to be disclosed under the listing rules;

(b) Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and

(c) Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Managing Director and the Company secretary are responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all directors, officers and employees of the Company coordinate disclosures through the Managing Director and the Company secretary, including:

(d) Media releases;

(e) Analyst briefings and presentations; and

(f) The release of reports and operational results.

Based on the above information the Company believes it is fully compliant with Recommendations 5.1 and 5.2.

6. PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

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

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

6.2 The Company's practice:

Shareholder Communication

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in general meetings.

The Board encourages full shareholder participation at the Annual General Meeting as it provides shareholders an opportunity to review the Company's annual performance. Shareholder attendance also ensures a high level of accountability and identification with the Company's strategy and goals.

The shareholders are responsible for voting on the appointment of directors, approval of the maximum amount of directors' fees and the granting of options and shares to Directors. Important issues are presented to the shareholders as single resolutions.

The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

Information is communicated to shareholders through:-

- the Annual Report which is distributed to all shareholders;
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on the Company's website;

- the Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate; and
- compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

The Company's full policy on shareholder communication can be found on our website.

Based on the above information the Company believes it is fully compliant with Recommendations 6.1 and 6.2.

7. PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Companies should establish a sound system of risk oversight and management and internal control.

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

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

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

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

7.2 The Company's practice:

RISK MANAGEMENT

Recognise and Manage Risk

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.

The Board has established a formal policy to effectively recognise and manage risk as required by Recommendation 7.1. The Company's policy is to achieve levels of operation that balance risk and reward with the ultimate aim of optimising shareholder value. The Risk Management and Internal Control policy is detailed in full on our website.

Oversight of the Risk Management System

The Board takes a proactive approach to risk management. The Board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight encompasses operational, financial reporting and compliance risks.

The Company believes that it is crucial for all Board members to be a part of the process, and as such the Board has not established a separate risk management committee. The Board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the Company's vision and strategy, designed to meet stakeholder's needs and manage business risks.

The Chairman has declared, in writing to the Board and in accordance with section 295A of the Corporations Act, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Company.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

- Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.

- Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.
- Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

Based on the above information the Company believes it is fully compliant with Recommendations 7.1, 7.2, 7.3 and 7.4.

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1: The Board should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it:

- consists of a majority of independent Directors
- is chaired by an independent chair
- has at least three members

Recommendation 8.3: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Directors and senior executives.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

8.2 The Company's practice:

Remuneration Committee

The Company does not currently have a separate remuneration committee and as such has not complied with Recommendation 8.1 or Recommendation 8.2. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities.

Remuneration Policies

Remuneration of Directors are formalised in service agreements. The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the chairman and the executive team.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating Directors and senior executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Chairman's and senior executive's emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

1. Retention and Motivation of senior executives
2. Attraction of quality management to the Company
3. Performance incentives which allow executives to share the rewards of the success of the Company

Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and, specifically for Directors' fees, within the maximum amount approved by shareholders. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

For details on the amount of remuneration and all monetary and non-monetary components for all Directors refer to the Remuneration Report on pages 8 to 10 of the Financial Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

Based on the above information the Company believes it is fully compliant with Recommendation 8.3 and is not compliant with Recommendation 8.1 or Recommendation 8.2 as outlined.

Principle	Reference in the Company's Corporate Governance Statement
Principle 1 – *Lay solid foundations for Management and oversight* Companies should establish and disclose the respective roles and responsibilities of Board and Management. • **Recommendation 1.1:** Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions. • **Recommendation 1.2:** Companies should disclose the process for evaluating the performance of Senior Executives. • **Recommendation 1.3:** Companies should provide the information indicated in the Guide to reporting on Principle 1.	See page 43
Principle 2 - *Structure the Board to add value* Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. • **Recommendation 2.1:** A majority of the Board should be independent Directors. • **Recommendation 2.2:** The chair should be an independent director. • **Recommendation 2.3:** The roles of chair and Chief Executive Officer should not be exercised by the same individual. • **Recommendation 2.4:** The Board should establish a nomination committee. • **Recommendation 2.5:** Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors. • **Recommendation 2.6:** Companies should provide the information indicated in the Guide to reporting on Principle 2.	See page 44
Principle 3 - *Promote ethical and responsible decision-making* Companies should actively promote ethical and responsible decision-making • **Recommendation 3.1:** Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the Company's integrity - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices • **Recommendation 3.2:** Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them. • **Recommendation 3.3:** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. • **Recommendation 3.4:** Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board. • **Recommendation 3.5:** Companies should provide the information indicated in the Guide to reporting on Principle 3.	See page 45
Principle 4 - *Safeguard integrity in financial reporting* Companies should have a structure to independently verify and safeguard the integrity of their financial reporting. • **Recommendation 4.1:** The Board should establish an audit committee. • **Recommendation 4.2:** The audit committee should be structured so that it: - consists only of Non-Executive Directors - consists of a majority of independent Directors - is chaired by an independent chair, who is not chair of the Board - has at least three members. • **Recommendation 4.3:** The audit committee should have a formal charter. • **Recommendation 4.4:** Companies should provide the information indicated in the Guide to reporting on Principle 4.	See page 46

Principle	Reference in the Company's Corporate Governance Statement
Principle 5 - *Make timely and balanced disclosure* Companies should promote timely and balanced disclosure of all material matters concerning the Company. • **Recommendation 5.1:** Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a Senior Executive level for that compliance and disclose those policies or a summary of those policies. • **Recommendation 5.2:** Companies should provide the information indicated in the Guide to reporting on Principle 5.	See page 47
Principle 6 - *Respect the rights of shareholders* Companies should respect the rights of shareholders and facilitate the effective exercise of those rights. • **Recommendation 6.1:** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. • **Recommendation 6.2:** Companies should provide the information indicated in the Guide to reporting on Principle 6.	See page 48
Principle 7- *Recognise and manage risk* Companies should establish a sound system of risk oversight and management and internal control. • **Recommendation 7.1:** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. • **Recommendation 7.2:** The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. • **Recommendation 7.3:** The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. • **Recommendation 7.4:** Companies should provide the information indicated in the Guide to reporting on Principle 7.	See page 49
Principle 8- *Remunerate fairly and responsibly* Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. • **Recommendation 8.1:** The Board should establish a remuneration committee. • **Recommendation 8.2:** The remuneration committee should be structured so that it: - consists of a majority of independent Directors - is chaired by an independent chair - has at least three members. • **Recommendation 8.3:** Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives. • **Recommendation 8.4:** Companies should provide the information indicated in the Guide to reporting on Principle 8.	See page 50

Exchange Listing

Erin Resources Limited shares are listed on the Australian Securities Exchange. The Company's ASX code is ERI.

Substantial Shareholders (Holding not less than 5%)

As at 15 September 2012

Name of Shareholder	Total Number of Voting Share in Erin Resources Ltd in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Exploration Capital Partners 2009 Limited Partnership	11,530,151	15.18
Fadco Investments Limited	6,772,613	8.92
Sunbeam Opportunities Limited	4,515,075	5.94

Class of Shares and Voting Rights

At 15 September 2012 there were 887 holders of 75,958,059 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

(b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

Distribution of Shareholders

Spread of Holdings	Ordinary Shares
1 – 1,000	299
1,001 – 5,000	88
5,001 – 10,000	231
10,001 – 100,000	176
100,001 and over	93
Total	**887**

The number of shareholders holding less than a marketable parcel is 349.

Listed Options

The Company does not have any listed options on issue.

Unlisted Options

Securities	Number of Securities on issue	Number of Holders	Name of Holders holding more than 20%	Number Held
Options exercisable at $0.20 on or before 30 June 2017	4,000,000	1	Verona Minerals Pty Ltd	4,000,000

Escrowed Securities

The Company has the following securities subject to ASX imposed escrow.

4,168,350	Ordinary Shares escrowed for a period of 24 months from the date of official quotation
24,331,650	Ordinary Shares escrowed for a period of 12 months from the date of official quotation
347,542	VHL Shares escrowed for a period of 24 months from the date of official quotation
12,652,458	VHL Shares escrowed for a period of 12 months from the date of official quotation
625,000	Ordinary Shares escrowed until 13 June 2014
625,000	Ordinary Shares escrowed until 13 June 2013
4,000,000	Unlisted Options exercisable at $0.20 each on or before 30 June 2017 escrowed for a period of 24 months from the date of official quotation

In relation to the VHL Shares above, these classes of Shares are also subject to voluntary escrow.

Cash Usage

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

Listing of 20 Largest Shareholders as at 15 September 2012

	Shareholder	Shares Held	Percentage Held
1	EXPLORATION CAPITAL PARTNERS 2009 LIMITED PARTNERSHIP	11,530,151	15.18%
2	FADCO INVESTMENTS LIMITED	6,772,613	8.92%
3	SUNBEAM OPPORTUNITIES LIMITED	4,515,075	5.94%
4	VERONA MINERALS PTY LTD	3,500,000	4.61%
5	ALBA CAPITAL PTY LTD	2,570,253	3.38%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	2,257,538	2.97%
7	PAGODATREE INVESTMENTS LIMITED	2,257,538	2.97%
8	HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	2,050,000	2.70%
9	BRERETON - BRAY PTE LTD	1,777,812	2.34%
10	MR KEN BENG CHYE LEE & MRS JULIA ALICE LEE	1,718,948	2.26%
11	MR BRETT MITCHELL & MRS MICHELLE MITCHELL <MITCHELL SPRING FAMILY A/C>	1,508,084	1.99%
12	CALM HOLDINGS PTY LTD <CLIFTON SUPERFUND A/C>	1,302,601	1.71%
13	ROCK INVESTMENTS TRADING LTD	1,207,739	1.59%
14	THE QUEEN ELIZABETH GARDEN FOUNDATION LTD/GTE	1,128,769	1.49%
15	JOKE PTY LTD <KENNY FAMILY FUND A/C>	1,104,101	1.45%
16	NOTEZY PTY LTD <NOTEZY SUPERFUND A/C>	1,038,469	1.37%
17	JANE BESLEY & ROBERT BESLEY <R & J BESLEY S/F A/C>	1,015,892	1.34%
18	RIVERSTONE CORPORATE PTY LTD <DAVIS TRADING 1 A/C>	954,419	1.26%
19	NOTEZY PTY LTD	749,503	0.99%
20	FW CO PTY LTD	720,000	0.95%
	TOTAL	**49,679,505**	**65.40%**

Permit No.	Permit Title	Area (km²)	Issued	Region	Erin Ownership
07786	Garaboureya (south portion)	36.6	13/08/2009	Kedougou	80%
07787	Balakonko	83.8	13/08/2009	Kedougou	80%
01814	Woye	94.4	26/02/2010	Kedougou	80%
10332	Bouroubourou	121.3	1/12/2010	Kedougou	80%
10333	Lingokoto	157.0	1/12/2010	Kedougou	80%
12907	Wassadou South	52.4	18/11/2011	Kedougou	77.5%
00852	Wassadou North	40.3	1/02/2012	Kedougou	77.5%

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