ABN 30 116 800 269
Erin Resources Limited

INTERIM FINANCIAL REPORT

31 DECEMBER 2013

Contents

Corporate Directory

Directors

Brett Mitchell
Executive Chairman

Grant Davey
Non-Executive Director

Nick Poll
Non-Executive Director

Company Secretary

Rachel Jelleff

Registered Office and Principal Place of Business

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Perth WA 6000

Tel: +61 8 9389 2000
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Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditors

PKF Mack & Co
Level 4, 35 Havelock Street
West Perth WA 6872

Securities Exchange Listing

Erin Resources Limited securities are listed on the Australian Securities Exchange (ASX)

Code 'ERI' for ordinary shares
Code 'ERIOB' for listed options

Directors' Report

Your directors submit the condensed interim financial report for the consolidated Group for the half-year ended 31 December 2013.

Directors

The names of directors who held office during or since the end of the half-year:

Brett Mitchell – *Executive Chairman*

Grant Davey – *Non-executive Director*

Nick Poll – *Non-executive Director*

Operating Results

The consolidated loss for the Group after providing for income tax from continuing operations amounted to $127,084 (2012: loss of $474,128).

Dividends Paid or Recommended

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

Review of Operations

Summary

- New gold discovery on previously untested Lingokoto permit, Senegal
- Results include **6m @ 51.5g/t gold** in near-surface material, coincidental with soil geochemical result of 11.9g/t
- Two wide zones of gold anomalism defined by drilling
- Located in heavily endowed gold province
- Initial RAB drilling program at Lingokoto commenced in December 2013, follow up exploration program commenced in February 2014
- Bouroubourou permit extension increases strike by 3km strike along trend to the Maleko discovery

New Discoveries at Lingokoto and Bouroubourou

During the December 2013 quarter the Company commenced new exploration work programs on its priority Senegalese gold exploration projects focussed on an initial RAB drilling program at the Lingokoto project located in the north east of the country, only 24km from Randgold Limited's Loulo goldmine (>12Moz gold).

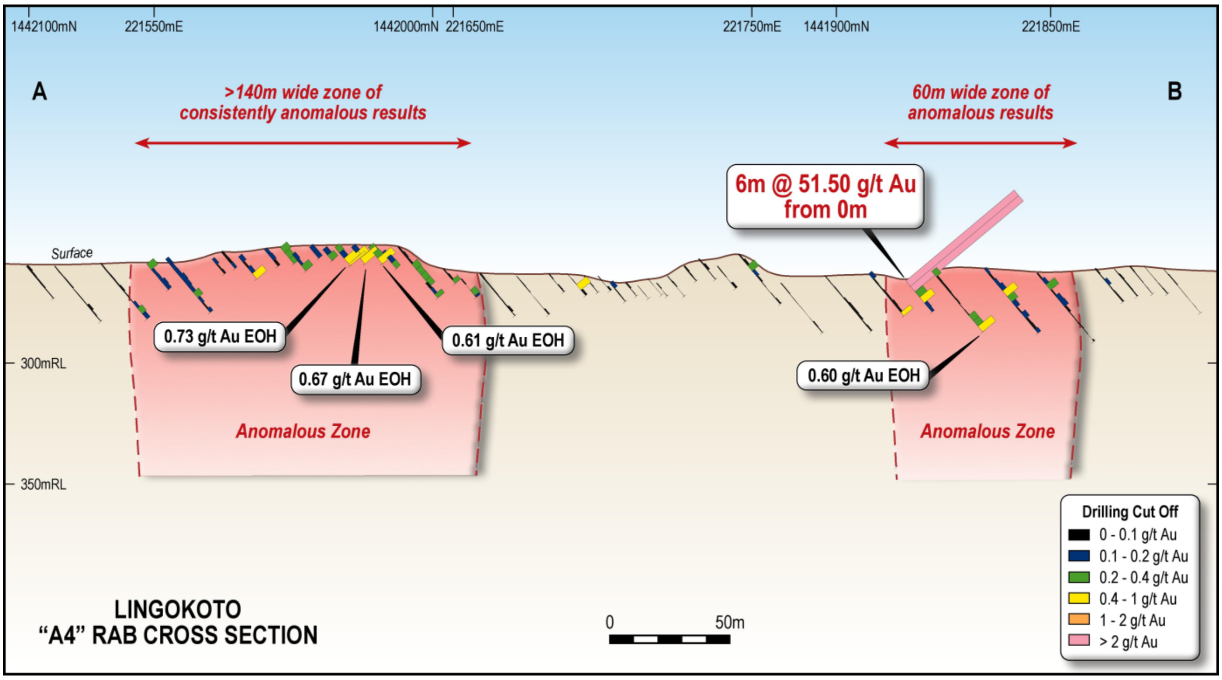
The Lingokoto permit lies in a strongly mineralised district but has received only partial geochemical coverage by previous explorers, with no historical drilling activity. The region to the east of the permit is host to several >1moz gold deposits, including Randgold Limited's Loulo goldmine (>12Moz gold) which sits 24km east from the A4 anomaly.

Erin's drill program on the Lingokoto permit was designed as an initial test of the regolith and geological setting the 500m x 400m open-ended "A4" gold anomaly, and comprised a single reconnaissance traverse of shallow RAB drill holes. Drillholes intersected predominantly deeply-weathered rocks and overlying lateritic material.

Directors' Report

On the SW part of the drill traverse four consecutive holes intersected a 60m wide zone of widespread gold anomalism (Figure 1). Within this zone, LGTRAB041 returned an intercept of **6m @ 51.5g/t Au** from surface in colluvium and mottled clays. The intercept comprises **consecutive composite samples of 3m @ 84.9g/t and 3m @ 18.1g/t Au and is supported by a soil result of 11.90g/t,** located some 50m to the east.

Figure 1 - RAB Section "A4" prospect



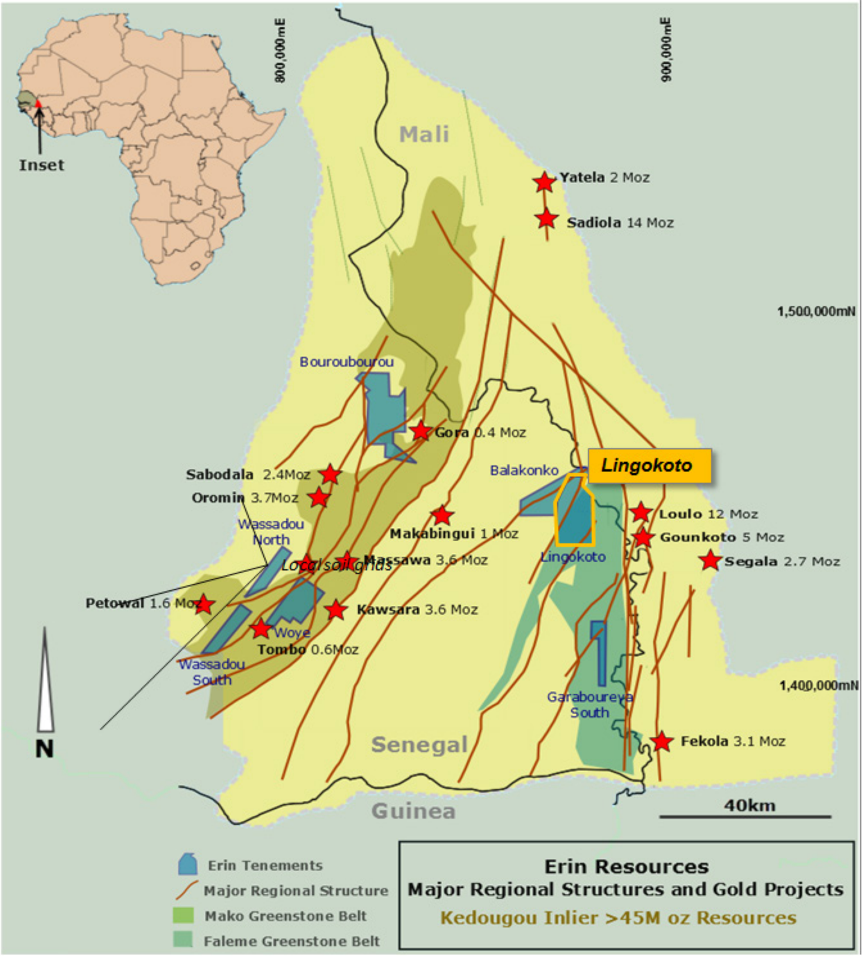
Erin holds 640km^2 of exploration permits in Senegal and a portfolio of 7 strategically located permits (Figure 2). All the Company's projects lie within the Kedougou inlier that extends over eastern Senegal and along the country's western border with Mali. There are 3 multi-million ounce gold deposits that have recently been discovered within 15 kilometers of Erin's projects and in Senegal: Masawa (3.6m oz), Petowal (1.6m oz) and Oromin (3.7m oz).

About 30M oz of gold has been discovered in Senegal over the last 10 years and the Kedougou inlier hosts over 45M oz of gold in resources. This inlier forms a part of the Birimian shield, which covers most of West Africa and hosts over 280M oz of gold.

Senegal only recently commenced industrial scale gold mining and production at Sabodala mine in 2009. The country's mining code, introduced in 2003, is based on mining codes found in Australia and Canada.

Directors' Report

Figure 2 - Regional Plan Senegal Permits and Location of Lingokoto Permit



Initial Exploration Success and Permit Extension for Bouroubourou

The Company announced two new gold discoveries at Maleko and Berola on the Bouroubourou Project from its exploration programs in early 2013, which included intersections up to 7m @ 10.41g/t gold. These discoveries were made after a 17 hole RC drilling program (2,500m) was completed and these initial drilling results from Bouroubourou are analogous to the mineralisation and early stage exploration results recorded at nearby significant gold discoveries in the Kedougou Inlier.

In April 2013 Erin acquired a 65km^2 permit extension to the Bouroubourou tenement, directly west of the Maleko discovery, which allows for exploring the potential trend of known mineralisation by up to 3km to the west as detailed in Figure 3. Additionally, there is prospective ground to the north in the new extension permit area.

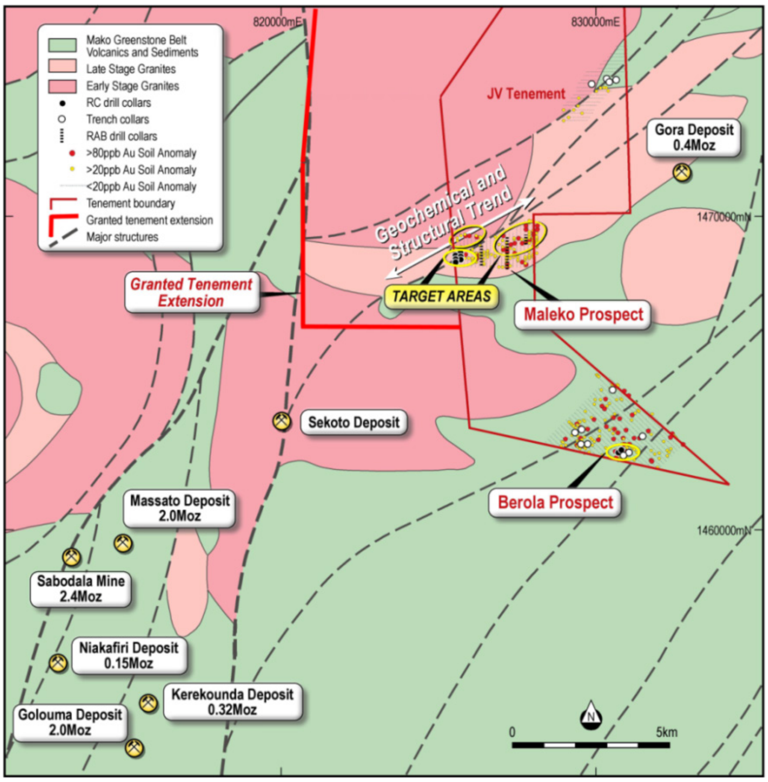
The 2013 RC drilling at Maleko returned the following significant intersections:

Drill Hole	Down Hole Au Intercept	From Depth (Down hole)
BourRC0011	4m @ 17.9g/t	27
BourRC0002	6m @ 2.71g/t	64
BourRC0004	5m @ 1.88g/t	7
BourRC0012	6m @ 1.24g/t	62

Directors' Report

The Maleko and Berola discoveries are well located within the region, as they lie between Teranga's Sabodala mine (2.4m oz, 15km away) and Gora deposit (0.5m oz, 8km away) that is under feasibility study. Oromin's deposits (3.7m oz) lie about 15km to the south-west.

Figure 3 - Location of Maleko and Berola discoveries and large gold deposits nearby



Mineralisation at Maleko (Figure 4) is associated with shearing, quartz veining, sericite/silicic alteration and pyrite within volcanic meta-sedimentary units, consistent in style with multi-million ounce deposits like Teranga's Sabodala mine (2.4m oz), Randgold's Massawa deposit (3.6m oz) and Oromin's deposits (3.7m oz).

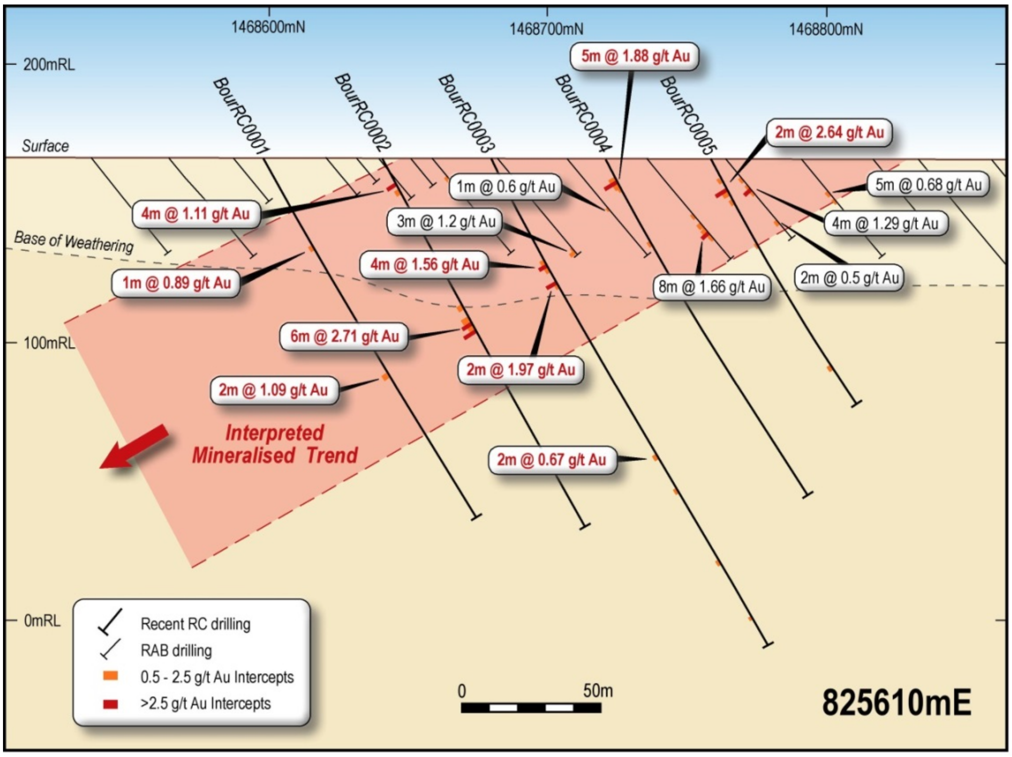
The intersections lie within a zone of mineralisation approximately 180m wide with an estimated dip of 35° to the south. This zone appears to be associated with an 80ppb gold soil anomaly, which trends westward and extends at least 400m to the western border of the Bouroubourou permit. The granted extension area to the west provides an additional 3km of highly prospective geology along trend from the Maleko discovery.

Quartz veining is associated with the higher-grade intersections and can be variably mineralised. As a result, it appears that quartz can be a good indicator of mineralization nearby, even if not containing abundant gold.

The next stage for exploration at Maleko is to expand the defined mineralisation to the east and west of the current discovery sections.

Directors' Report

Figure 4 - Cross Section 825610mE Showing Significant Intersections, Maleko



Tenements Located in the Republic of Senegal

Permit No.	Permit Title	Area (km^2)	Issued	Region	Erin Ownership
07786	Garaboureya (south portion)	36.6	13/08/2009	Kedougou	80%
07787	Balakonko	79.7	13/08/2009	Kedougou	80%
01814	Woye	94.4	26/02/2010	Kedougou	80%
10332	Bouroubourou	187	01/12/2010	Kedougou	80%
10333	Lingokoto	152	01/12/2010	Kedougou	80%
12907	Wassadou South	49.9	18/11/2011	Kedougou	77.5%
00852	Wassadou North	40.3	01/02/2012	Kedougou	77.5%

Competent Persons Statement

The information in this document that relates to Exploration Results is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Inwood is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Exploration results referring to Lingokoto have been previously disclosed by Erin Resources in accordance with JORC 2012 in the announcements dated 29/01/2014 entitled 'High Grades Encountered in First Pass Drilling'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The exploration results relating to the other projects were previously prepared and disclosed under the JORC Code 2004 and have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified from the original market announcement. Refer to www.erinresources.com for details on exploration results.

Directors' Report

Events Subsequent To Reporting Date

Lingokoto Exploration Program

On 29 January 2014 the Company announced first-pass RAB testing of the emerging "A4" soil anomaly in the southern part of Erin's Lingokoto permit has returned highly encouraging gold results, including an exceptional near-surface intercept of 6m @ 51.5g/t Au. Immediate follow up field work was announced on 27 February 2014.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 9 for the half-year ended 31 December 2013

This report is signed in accordance with a resolution of the Board of Directors.

Brett Mitchell
Executive Chairman
Dated 11 March 2014

PKF Mack & Co

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ERIN RESOURCES LTD

In relation to our review of the financial report of Erin Resources Ltd for the half year ended 31 December 2013, 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

11 MARCH 2014
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WESTERN AUSTRALIA

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2013

	CONSOLIDATED GROUP	
	31-Dec-13	**31-Dec-12**
	$	**$**
Revenue	7,082	14,585
Professional and consultancy fees	(13,105)	(166,730)
Marketing expenses	(213)	(6,601)
Directors' fees	(47,916)	(39,584)
Employee benefit expenses	(30,765)	(63,105)
Office and administrative expenses	(10,380)	(19,144)
Other expenses	(52,611)	(178,909)
Foreign exchange losses	(2,431)	(15,282)
Loss before income tax	(150,349)	(474,770)
Income tax benefit	-	-
Loss after income tax from continuing operations	**(150,349)**	**(474,770)**
Other comprehensive income for the half year		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of foreign operations	23,265	642
Other comprehensive income (net of tax) for the half year	**23,265**	**642**
Total comprehensive loss for the half year	**(127,084)**	**(474,128)**
Total comprehensive loss attributable to:		
Members of the parent entity	(127,084)	(474,128)
	(127,084)	**(474,128)**
Earnings per share for loss attributable to the ordinary equity holders of the parent		
From continuing and discontinued operations:		
Basic loss per share (cents)	(0.12)	(0.88)
Diluted loss per share (cents)	(0.12)	(0.88)

The accompanying notes form part of these consolidated interim financial statements.

Consolidated Statement of Financial Position

As at 31 December 2013

		CONSOLIDATED GROUP	
		31-Dec-13	**30-Jun-13**
	Note	**$**	**$**
CURRENT ASSETS			
Cash and cash equivalents		331,355	161,432
Trade and other receivables		69,020	54,826
Deferred expenditure		-	21,502
Total Current Assets		**400,375**	**237,760**
NON CURRENT ASSETS			
Exploration and evaluation expenditure	4	8,695,491	8,466,010
Total Non-Current Assets		**8,695,491**	**8,466,010**
TOTAL ASSETS		**9,095,866**	**8,703,770**
CURRENT LIABILITIES			
Trade and other payables		191,213	352,584
Short-term financial liabilities		-	131,405
Total Current Liabilities		**191,213**	**483,989**
NON-CURRENT LIABILITIES			
Loan payable to third party		275,000	275,000
Total Non-Current Liabilities		**275,000**	**275,000**
TOTAL LIABILITIES		**466,213**	**758,989**
NET ASSETS		**8,629,653**	**7,944,781**
EQUITY			
Contributed equity	5a	14,749,398	14,046,083
Share based payment reserve	6c	330,006	221,365
Foreign currency translation reserve		47,489	24,224
Retained earnings		(6,497,240)	(6,346,891)
TOTAL EQUITY		**8,629,653**	**7,944,781**

The accompanying notes form part of these consolidated interim financial statements.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2013

	Note	Share Capital $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Retained Earnings $	Total $
Balance at 1 July 2012		**5,764,533**	**-**	**-**	**(4,977,111)**	**787,422**
Loss attributable to members of parent entity		-	-	642	(474,770)	(474,128)
Erin Mineral Resources acquisition		-	-	-	(602,883)	(602,883)
Shares issued during the period (net of share issue costs)		8,281,550	73,613	-	-	8,355,163
Balance at 31 December 2012	5	**14,046,083**	**73,613**	**642**	**(6,054,764)**	**8,065,574**
Balance at 1 July 2013		**14,046,083**	**221,365**	**24,224**	**(6,346,891)**	**7,944,781**
Loss attributable to members of parent entity		-	-	23,265	(150,349)	**(127,084)**
Shares issued during the period (net of share issue costs)		703,315	108,641	-	-	**811,956**
Balance at 31 December 2013	5	**14,749,398**	**330,006**	**47,489**	**(6,497,240)**	**8,629,653**

The accompanying notes form part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2013

	CONSOLIDATED GROUP	
	31-Dec-13	**31-Dec-12**
	$	**$**
Cash flows from operating activities		
Interest received	2,827	14,585
Payments to suppliers and employees	(164,731)	(279,941)
Refund of R&D rebate	(101,679)	-
Net cash used in operating activities	**(263,583)**	**(265,356)**
Cash flows from investing activities		
Purchase of plant and equipment	-	(8,332)
Payment for exploration assets	(127,849)	(1,169,157)
Net cash used in investing activities	**(127,849)**	**(1,177,489)**
Cash flows from financing activities		
Proceeds from issue of shares, net of share issue cost	563,047	2,308,090
Net cash provided by financing activities	**563,047**	**2,308,090**
Net increase in cash and cash equivalents held	171,615	865,245
Cash and cash equivalents at beginning of period	161,432	515,827
Foreign exchange movement of cash	(1,692)	(14,639)
Cash and cash equivalents at end of period	**331,355**	**1,366,433**

The accompanying notes form part of these consolidated interim financial statements.

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

NOTE 1. CORPORATE INFORMATION

The financial report of Erin Resources Limited ('Erin' or the 'Company') and its controlled entities (the 'Group') for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 11 March 2014.

Erin Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Group during the half year was exploration and evaluation of mineral licenses.

NOTE 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new or revised accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

i) AASB 13 *Fair Value Measurement*, AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*. These standards have introduced new disclosures for the interim report but did not affect the entity's accounting policies or any of the amounts recognised in the financial statements.

ii) *AASB 10 Consolidated Financial Statements* was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities.* Under the new principles, the group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2013

iii) Under *AASB 11 Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The group has determined that the group's joint operations have not changed as a result of the adoption of AASB 11.

The Group has reviewed accounting standards and interpretations issued but not yet effective, and have decided not to early adopt any of these. The Group has not yet determined the financial effect of these.

Estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.
In preparing these interim financial statements, significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2013.

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 entity incurred a loss from continuing operations of $127,084 (2012: $474,128) during the half year ended 31 December 2013.

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

(i) The company has the ability to raise capital on the ASX.
(ii) The Directors monitor and review the cash flow forecast on a continuous basis to ensure that the Company can pursue its exploration strategy.

NOTE 3. DIVIDENDS

There are no dividends paid or declared during the period.

NOTE 4. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED GROUP	
	31-Dec-2013	**30-Jun-2013**
	$	**$**
Exploration and evaluation expenditure - at cost	**8,695,491**	**8,466,010**
Reconciliation of exploration and evaluation expenditure		
Costs brought forward	8,466,010	-
Additions during the year	106,733	3,433,389
Fair value of the exploration and evaluation expenditure acquired during the period	-	4,834,962
Amortisation of share based payments during the period	99,593	171,580
Foreign currency movement	23,155	26,079
	8,695,491	**8,466,010**

The value of exploration and evaluation expenditure carried forward is dependent on continued rights of tenure, the results of future exploration and recoupment of costs through successful development or sale.

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2013

NOTE 5. CONTRIBUTED EQUITY

	31 Dec-13 SHARES	30-Jun-13 SHARES	31-Dec-13 $	30-Jun-13 $
Ordinary shares on issue, fully paid (note 5a)	141,624,514	62,958,059	14,749,398	114,046,083
VHL shares (note 6a)	13,000,000	13,000,000	-	-
	154,624,514	**75,958,059**	**14,749,398**	**14,046,083**

a) Reconciliation of movement in share capital

Reconciliation of share movement for Dec 2013	**No. Of Shares**	**Issue Price**	**Amount**
Opening balance at 1 July 2013	75,958,059		14,046,083
Entitlement issued[4]	24,220,318	0.01	242,203
Entitlement issued – underwritten[5]	54,400,000	0.01	544,000
Exercise of options	46,137	0.02	923
Less costs of issue			(83,811)
Closing balance at 31 December 2013	154,624,514		14,749,398

Reconciliation of share movement for June 2013	**No. Of Shares**	**Issue Price**	**Amount**
Opening balance at 1 July 2012	215,000,000		5,764,533
10 for 1 consolidation[1]	21,500,059		5,764,533
Share issued on acquisition[2]	25,000,000	0.25	6,250,000
Shares issued to Verona [2]	3,500,000	0.25	875,000
Capital raising[3]	12,958,000	0.20	2,591,600
VHL Share issued to acquired EMRL[2]	13,000,000	-	-
Less costs of issue			(1,435,050)
Closing balance at 30 June 2013	75,958,059		14,046,083

[1]The Company completed a 10 for 1 consolidation of share capital, effective 17 August 2012, on approval at the shareholder meeting.

[2]Refer note 5 Asset Acquisition.

[3]The Company performed a capital raising, pursuant to its prospectus dated 26 July 2012. The Company issued 12,958,000 fully paid ordinary shares at an issue price of $0.20 to raise $2,591,600 before share issue costs.

[4]The Company performed a entitlement issue, pursuant to its prospectus dated 26 July 2013. The Company issued 24,220,318 fully paid ordinary shares at an issue price of $0.01 to raise $242,203 before share issue costs.

[5]The Company performed a underwritten entitlement issue, pursuant to its prospectus dated 26 July 2013. The Company issued 54,400,000 fully paid ordinary shares at an issue price of $0.01 to raise $544,000 before share issue costs.

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.

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2013

NOTE 6. SHARE BASED PAYMENTS

a) Valuation of the Voluntary Holding Lock shares

As part of the acquisition of Erin Mineral Resources, Voluntary Holding Lock shares were issued to the Erin Mineral Resources shareholders.

The Voluntary Holding Lock shares (VHL Shares) may only be released from their holding lock upon the earlier of the following being satisfied:

a) a change in control of the Company; or
b) the Company achieving an enterprise value of at least $25 million for ten consecutive trading days.

The VHL Shares will be fully paid ordinary shares that will rank equally with all existing shares on issue.

If, within 5 years from the date of issue of the VHL shares, the milestone is not reached and there is no change of control event, in relation to Erin, the VHL Shares will be cancelled by way of selective capital reduction or share buy-back at a price of $0.000001 per share.

The VHL shares are included in the acquisition fair value of exploration and evaluation and amortised over a period of 5 years.

Number of VHL shares issued		13,000,000
Fair value per share[1]		$0.07
Total value of the issue		$906,588
	31-Dec-13	**30-Jun-13**
Amortisation expense (based on 5 years)	$255,456	$161,636

[1]The shares have been valued based on the probability of the events occurring, using the volatility and the share price on the date of acquisition.

Valuation date	17-August-12
Dividend yield (%)	Nil
Expected volatility (%)	71.75%
Share price at grant date ($)	$0.25
Probability (%)	27.8%

b) Valuation of the options issued

(i) 4 million unlisted options

In part consideration for the provision of corporate advisory services to the Company, the Company issued 4,000,000 unlisted options (post consolidation) to Verona. The options have an exercise price of $0.20 each expiring on or before 30 June 2017. The options will only vest and become exercisable upon the voluntary holding lock in respect of the VHL Shares being released (refer note 4 Asset Acquisition).

The fair value of the share options, at grant date is determined using a binomial option pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2013

The following table lists the inputs to the model used for valuation of options:

Valuation date	17 August-12
Dividend yield (%)	Nil
Expected volatility (%)	71.75%
Risk-free interest rate (%)	3.09%
Expected life of option (years)	5
Option exercise price ($)	$0.2
Share price at grant date ($)	$0.25
Expiry date	30 June 2017
Performance conditions	Described above

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The probability of the performance conditions occurring was included in determining the fair value of the options.

The options are amortised over their expected life, being 5 years, and included in the fair value acquisition cost of exploration and evaluation expenditure.

Number of options		4,000,000
Fair value per option		$0.01
Total value of the issue		$55,790
	31 Dec-13	**30-Jun-13**
Amortisation expense (based on 5 years)	$15,720	$9,947

(ii) 2 million unlisted options

On 23 January 2013, a total of 2 million unlisted share options were issued to Mr Paul Cranney in consideration for geological consultancy services provided to the Company. The options were issued in three tranches and have an expiry date of 23 January 2018.

The fair value of the share options at grant date are determined using a binomial option pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of options:

	Tranche 1	**Tranche 2**	**Tranche 3**
Valuation date	23 January-13	23 January-13	23 January-13
Vesting Date	23 January-13	27 August-13	27 August-14
Dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	81%	81%	81%
Risk-free interest rate (%)	3.29%	3.29%	3.29%
Expected life of option (years)	5	5	5
Option exercise price ($)	$0.30	$0.35	$0.40
Share price at grant date ($)	$0.08	$0.08	$0.08
Expiry date	23 Jan 2018	23 Jan 2018	23 Jan 2018
Performance conditions	Described above	Described above	Described above

The options are amortised over their vesting date, and are expensed accordingly.

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2013

31 December 2013	Tranche 1	Tranche 2	Tranche 3	Total
Number of options	1,000,000	500,000	500,000	2,000,000
Fair value per option	$0.034	$0.032	$0.030	-
Total value of the issue	$34,000	$16,000	$15,000	$65,000
Amortisation expense (based on 5 years)	$34,000	$16,000	$8,830	$58,830

c) Reconciliation of share based payment expense

As at 31 December 2013	Number of VHL shares / unlisted options	Note	Value $	Share based payment expense at 31 December 2013 $
Opening balance:				-
VHL shares issued	13,000,000	6a	0.069	161,636
Movement during the year				
Amortisation expense	-			93,820
Total VHL share (note 6a)	**13,000,000**			**255,456**
Opening balance:				
Unlisted options issued	6,000,000			59,729
Movement during the year				
Amortisation expense 4 million options	-		0.014	5,773
Amortisation expense 500,000 options (Tranche 2)	-		0.032	4,297
Amortisation expense 500,000 options (Tranche 3)	-		0.030	4,751
Unlisted options issued – participants of entitlement @ $0.02	78,574,181	-	-	-
Total unlisted options	**84,574,181**			**74,550**
Total unlisted options and VHL shares	**97,574,181**			**330,006**

Notes to the Condensed Consolidated Financial Statements
For the half year ended 31 December 2013

As at 30 June 2013	Number of VHL shares / unlisted options Number	Note	Value $	Share based payment expense at 30 June 2013 $
Opening balance	-			-
Movement during the year				
VHL shares issued	13,000,000	6a	0.069	161,636
Total VHL share	13,000,000			**161,636**
Unlisted options issued @ $0.20	4,000,000		0.014	9,947
Unlisted options issued @ $0.30 *(Tranche 1)*	1,000,000		0.034	34,000
Unlisted options issued @ $0.35 *(Tranche 2)*	500,000		0.032	11,703
Unlisted options issued @ $0.40 *(Tranche 3)*	500,000		0.030	4,079
Total unlisted options	6,000,000			**59,729**
Total unlisted options and VHL shares	**19,000,000**			**221,365**

NOTE 7. OPERATING SEGMENTS

Following the completion of the successful acquisition of Erin Mineral Resources Limited, the Company became a gold exploration company. The Company has interests in 7 prospective gold assets in the Republic of Senegal which acts as the sole reportable segment to the executive management of the Group.

NOTE 8. EXPLORATION COMMITMENTS

The Company holds tenements in Senegal and is required to incur minimum expenditure on the tenements to meet both regulatory and joint venture requirements. In addition management have budgeted to incur expenditure on the tenements. The table below outlines the budgeted and regulatory expenditure on the exploration permits:

	CONSOLIDATED	
	31-Dec-2013 $	**30-Jun-2013 $**
No later than 1 year	**700,000**	776,742
Later than 1 year but not later than 5 years	**1,400,000**	237,806
Later than 5 years	**-**	-
	2,100,000	1,014,548

NOTE 9. RELATED PARTY TRANSACTIONS

a) Transactions with Director related entities

Directors and officers, or their personally-related entities, hold positions in other entities that result in them having controls or significant influence over the financial or operating policies of those entities.

Details of the transactions including amounts accrued but unpaid and receive at the end of the period are as follows:

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2013

Entity	Relationship	Nature of transactions	Transactions Half year 31-Dec-13 $	Transactions Half year 31-Dec-12 $	Balances Half year 31-Dec-13 $	Balances Year end 30-Jun-13 $
Elgra Consultancy Pty Ltd	(i)	Elgra corporate administrative costs reimbursed	2,975	-	-	20,654
Citation Resources Limited	(ii)	CTR corporate administrative costs reimbursed	385	-	-	334
Cradle Resources Limited	(iii)	Recharges to CXX for corporate administrative costs	(1,282)	-	(1,410)	-
Verona Capital Pty Ltd	(iv)	Technical support and corporate administrative costs and re-charges for reimbursement	-	4,402	(41,713)	36,782
Verona Capital Pty Ltd	(iv)	Loan payable	-	275,000	275,000	275,000
Panda Hill Mining Pty Ltd	(v)	Recharges to PHM for corporate administrative costs	(13,616)	-	(13,473)	-

(i) Elgra Consultancy Pty Ltd (Elgra) is a company associated with Mr Grant Davey.
(ii) Citation Resources (CTR) is a company associated with Mr Brett Mitchell who is currently a director of CTR.
(iii) Cradle Resources Limited (CXX) is a company associated with Mr Grant Davey who is currently a director of CXX.
(iv) Verona Capital Pty Ltd (Verona) is a company controlled 30% by Mr Grant Davey and 20% by Mr Brett Mitchell.
(v) Panda Hill Mining Pty Ltd (PHM) is a 100% subsidiary of CXX and is a company associated with Mr Grant Davey, who is currently a director of CXX.

b) Transactions with key management personnel

A summary of the short term benefits provided to key management personnel including amount accrued but unpaid are outlined below.

Director	Invoiced company	Nature of transactions	Transactions Half year 31-Dec-13 $	Transactions Half year 31-Dec-12 $	Balances Half year 31-Dec-13 $	Balances Year end 30-Jun-13 $
Robert Besley[1]	Demrir Pty Ltd	Directors fees	-	8,750	-	-
David Chapman[2]	Parati Pty Ltd	Consulting and Directors fees	-	20,834	-	-
Jim Malone[3]	Kilkenny Enterprises Pty Ltd	Directors fees	-	10,000	-	-
Nick Poll	-	Managing Director Fees	22,916	-	22,916	55,271
Brett Mitchell	Sibella Capital Pty Ltd	Directors fees	12,500	-	8,795	7,500
Grant Davey	Elgra Consultancy Pty Ltd	Consulting and Directors fees	12,500	76,429	12,500	169,167

[1]Resigned on 4 April 2013 [2]Resigned on 14 September 2012 [3]Resigned on 4 April 2013

Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2013

NOTE 10. CONTINGENT LIABILITIES

There were no known contingent liabilities or contingent assets as at the reporting date.

NOTE 11. EVENTS SUBSEQUENT TO REPORTING DATE

Lingokoto Exploration Program

On 29 January 2014 the Company announced first-pass RAB testing of the emerging "A4" soil anomaly in the southern part of Erin's Lingokoto permit has returned highly encouraging gold results, including an exceptional near-surface intercept of 6m @ 51.5g/t Au. Immediate follow up field work was announced on 27 February 2014.

Directors' Declaration

The Directors of the Company declare that:

1. the interim financial statements and notes, are in accordance with the *Corporations Act 2001* and:

   a) comply with Australian Accounting Standard AASB134 Interim financial reporting and the Corporations Regulations 2001; and
   b) give a true and fair view of the Consolidated entity's financial position as at 31 December 2013 and its performance for the half year ended on that date; and

2. 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, pursuant to s 303(5) of the Corporations Act.

Brett Mitchell
Executive Chairman
Dated 11 March 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ERIN RESOURCES LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Erin Resources Ltd (the company) which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2013 or during the half year.

Director's Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of the company and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the company a written Auditor's Independence Declaration.

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PKF MACK & CO

Chartered Accountants & Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Erin Resources Ltd is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss after tax of $150,349 (2012: Loss of $474,770) during the half-year ended 31 December 2013. This, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report of the company and consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and/or the consolidated entity not continue as a going concern.

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

11 March 2014
West Perth,
Western Australia