Aorere Resources

AORERE RESOURCES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDING 31 MARCH 2013

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CHAIRMAN'S REPORT
For the year ended 31 March 2013

It is with great pleasure that we report on the re-branding of our organisation, increased market capitalisation, a new farm-in agreement, and our potential impact on the New Zealand economy.

Widespread Portfolios Limited changed its name to Aorere Resources Limited on 7 May 2013. The Board felt that the name "Aorere" was distinctly New Zealand, being the name of the first major goldmine which was established near Nelson in 1857. The rush lasted for 3 years during which Collingwood was touted as the capital of New Zealand, but then the spectacular finds in Otago and the West Coast drew the miners away. The re-branding to Aorere Resources coincides with a strategy to emphasise our investments in the New Zealand mineral and petroleum sectors.

During the financial year, shareholders' funds decreased from $5,175,000 to $4,528,000. This was predominantly due to the increase in administration expenses and reduction in fair value of investments. However, a more pleasing reflection on the progress made by Aorere is the increase in market capitalisation of the company from $2.6 million to $5.5 million. The increase in capitalisation has come from two distinct areas:

1. The decision of the company to split the shares
2. The extraordinary progress made by Chris Castle and the Chatham Rock Phosphate team in de-risking the project.

We are also pleased with the Term Sheet that was signed with Perth based Mosman Oil & Gas Ltd for the 100% owned Kotuku oil and gas permit (PEP38526). The Term Sheet sets out the commercial terms for Mosman to farmin to Kotuku with Aorere receiving Mosman shares plus cash. Mosman plans to increase its petroleum holding to include Australia, Papua New Guinea and further New Zealand acreage.

New Zealand mineral and petroleum resources will be very important to New Zealand's economic development in the future. There are enormous amounts of untapped resources which require sensible extraction to maximise their potential. We are heartened by the government's support of the resource sector recently evidenced by the Minister of Conservation's decision to allow Bathurst Resources to mine on the Denniston Plateau.

Moving forward, we are currently reviewing several mineral and petroleum projects which will be funded by a Share Purchase Plan in July/August 2013.

We look forward to an exciting future for Aorere Resources.

Yours Faithfully

Dene Biddlecombe
Chairman

AORERE RESOURCES LIMITED Directors Review

Financial Result for the year to 31 March 2013

The after tax operating result, including unrealised losses on the share-trading portfolio, was a loss of $809,000 (2012 loss of $2,750,000). An analysis of the trading result is provided in the table below

	Year to 31 March 13 ($,000)	Year to 31 March 12 ($,000)
Gains on the sale of shares	2	10
Other income	394	490
Total Income	396	500
Loss on the sale of shares	(9)	(575)
Operating expenses	(694)	(495)
Impairment on investments	(338)	(2036)
Share of Chatham Rock Phosphate loss	(148)	(158)
Net profit/loss before income tax	(793)	(2,765)
Income tax	(16)	15
Net profit (loss) after tax	(809)	(2,750)

The issued capital of 23,490,449 shares increased to 500,092,160 during the period due to a 20 for one split and shares issued for cash and services provided.

Shareholders' Funds decreased during the period from $5,175,000 to $4,528,000. Notwithstanding that, the market value of the company increased during the same 12 month period from $2.6 million to $5.5 million. The discount to net assets of 65% became a premium of 14.7%. We believe much of that gain is based on the decision to split our shares.

Group Overview

2013 is a transformational year as Aorere Resources adopts a new name, new chairman and new direction. After nine years as a fully NZX listed company, and coinciding with the appointment of our new chairman Dene Biddlecombe, the board decided to undertake a full review of the company's investments and its future direction.

Heartened by a more positive resources investment climate in New Zealand and stronger political will, directors decided to refocus the investment strategy on 5-6 early stage oil, gas and minerals projects, seeking investment value rises as those projects de-risk.

Aorere intends to reassess its investment focus from overseas to New Zealand based projects. Existing overseas-based investments (principally, Asian Mineral Resources and King Solomon Mines) will be realised over time. This investment approach recognises the more positive resources environment now evident in New Zealand and the stronger political support for resources that the Government has shown. New projects are intended to include both green-field and more advanced mineral opportunities.

Aorere will initially outsource for relevant expertise and resources to identify deals and manage involvement in these projects. The networks developed and experience gained from establishing and managing Chatham Rock Phosphate will be used to develop a revised investment portfolio.

The new investment focus is intended to result in greater investment diversity and can be implemented using existing infrastructure. It is hoped as a result of these changes there will be more of the kind of success experienced to date with Chatham Rock Phosphate.

Portfolio Review

Chatham Rock Phosphate

The past 12 months have been immensely satisfying for the progress achieved towards the CRP's goal of starting mining operations in 2015. Its ongoing work continues to demonstrate the economic, financial and environmental benefits of the project:

- It holds New Zealand's only major rock phosphate deposit- providing at least 15 years supply.
- Based on present projections it is expected to generate annual earnings pre-tax of US92 million.
- It has significant environmental benefits – ultra low cadmium, low carbon footprint, low farm run-off characteristics.
- According to the NZ Institute of Economic Research, it will benefit the NZ economy by $900 million through import substitution, exports and increased economic activity.

Among the highlights achieved over the past year (including those since balance date) were:

- Submission of a draft marine consent application to the Environmental Protection Authority.
- Edison investment research increasing CRP's valuation to $2 a share from $1.87.
- The Government bringing forward the start date of the EEZ legislation, which will enable CRP to submit a final marine consent application at the end of June.
- The early enactment of the Crown Minerals Act on 24 May 2013 to enable CRP's mining licence application to be considered under the new law.
- The appointment of three new directors to the board – Boskalis senior executive Ko de Blaeij, marine expert Robert Goodden and CRP principal scientist Robin Falconer.
- The appointment of senior GNS scientist Ray Wood to the role of Chief Operating Officer.
- Continued capital raising of $15.8 million since April 2012, including continuing support by existing shareholders. A total of $21.9 million has now been raised for the project since the prospecting licence was granted in early 2010.
- Strong interest in the project at international conferences where team members are sought-after speakers.
- Regular media coverage of announcements and project progress by industry, national and international media.
- Preparation of numerous scientific reports by NIWA on a range of topics related to the marine environment, for use in the environmental impact assessment supporting the marine consent application to the EPA.
- Preparation of highly sophisticated plume models by world expert Deltares to measure and in assist in minimising the predicted influence of mining activities.
- Continued active progress with Royal Boskalis in the design of a mining system.
- Filing of our mining licence application in September 2012.
- Royal Boskalis investing in a 20% holding.
- Applying for five phosphate prospecting licences off the coast of Namibia.
- The appointment of Najib Moutia (a former senior executive of world leading phosphate producer OCP) as Vice President Strategy and Marketing.

The most significant achievement, from an investor perspective, was the rerating of the company's share price following several key milestones. At its 46c peak on 9 October 2012, the company's market value reached nearly $59 million, compared with $8.5 million in January 2012 and $22 million before the issue of shares on 24 September to Royal Boskalis and Subsea Investments.

Driving the rise in the price was CRP submitting its application for a mining licence and the release of the first Edison Research report assessing the company's value at that stage at $1.87. The share price has since settled at around the 35c mark with a present total market capitalisation of $47.5 million.

A key part of the company's operations involves building strong relationships with all stakeholders – informing them about the project, seeking their input and keeping them advised of progress; be they non-government organisations, politicians, officials and advisers, iwi and imi, the international scientific and mining and fertiliser industries, the media, and of course shareholders.

This consultation and communication works in tandem with ensuring the company has scientific evidence to support any claims made.

The primary focus in the 6-7 months ahead will be working through the consenting process needed for the marine consent. All going well, approval will be granted by early 2014, leading the way to completing engineering designs and modifying the ship Royal Boskalis will use for mining and transporting the rock phosphate deposit.

Oil & Gas

Aorere has entered into a heads of agreement with Perth based Mosman Oil and Gas relating to the company's wholly owned interest in petroleum exploration permit 38526 over the Kotuku oil seeps near Greymouth. Mosman is currently undertaking due diligence enquiries on the permit which, if successful, will result in a formal farm-in agreement. Mosman describes Kotuku as "a demonstrated working petroleum system with near term positive cash flow potential from shallow onshore oil development, as well as multiple deeper exploration plays".

Asian Mineral Resources

The renaissance of Asian Minerals continues with the company's operations now principally funded by Pala Investments.
The Ban Phuc nickel mine is due to open in June.

AGM

The Annual General Meeting of shareholders will be held at 5pm Tuesday 9 July at Mac's Function Centre (Odlin's Building), Taranaki Street Wharf, Wellington.

For and on behalf of the Board

Dene Biddlecombe	**Chris D Castle**
Chairman	**Director**

AORERE RESOURCES LIMITED

Formerly trading as Widespread Portfolios Limited
Financial Statements
For the year ended 31 March 2013

AORERE RESOURCES LIMITED
Directors' Report

In the opinion of the directors of Aorere Resources Limited, the financial statements and notes, on pages 2 to 38:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and Group as at 31 March 2013 and the results of their operations and cash flows for the year ended on that date.
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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

The directors are pleased to present the financial statements of Aorere Resources Limited for the year ended 31 March 2013.

For and on behalf of the Board of Directors:

Chris Castle
Director
29 May 2013

Dene Biddlecombe
Director
29 May 2013

AORERE RESOURCES LIMITED

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AORERE RESOURCES LIMITED
Statement of Financial Position
As at 31 March 2013

In thousands of dollars	Note	Group 2013	Group 2012	Company 2013	Company 2012
Assets					
Other investments	11	555	1,084	-	-
Intangible assets	14	744	441	-	-
Investments in subsidiaries	11	-	-	4,404	4,443
Investments in equity accounted investees	10	3,306	3,420	-	-
NZX Bond		83	80	83	80
Total non-current assets		4,688	5,025	4,487	4,523
Cash and cash equivalents	13	51	52	-	-
Brokers current accounts		3	67	-	-
Trade and other receivables		130	76	14	7
Advance from Chatham Rock Phosphate Limited	20	-	1	-	-
Other investments	11	2	6	-	-
Prepayments		10	10	10	10
Current tax assets	9	1	3	1	1
Deferred tax	12	5	21	5	21
Total current assets		202	236	30	39
Total assets		**4,890**	**5,261**	**4,517**	**4,562**
Equity					
Share capital	15	12,332	12,201	12,332	12,201
Reserves	15	5	113	5	1,119
Accumulated losses	15	(7,809)	(7,139)	(7,929)	(8,837)
Total equity attributable to equity holders of the Company		4,528	5,175	4,408	4,483
Total equity		4,528	5,175	4,408	4,483
Liabilities					
Trade and other payables		361	86	109	79
Advance to Chatham Rock Phosphate Limited	20	1	-	-	-
Total current liabilities		362	86	109	79
Total equity and liabilities		**4,890**	**5,261**	**4,517**	**4,562**

The financial statements have been approved by the Board of Directors on 29 May 2013.

Chris Castle

Dene Biddlecombe

The notes on pages 8 to 38 are an integral part of these financial statements.

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AORERE RESOURCES LIMITED
Statement of Comprehensive Income
For the year ended 31 March 2013

In thousands of dollars	Note	Group 2013	Group 2012	Company 2013	Company 2012
Revenue	6	394	490	-	-
Net finance income/(expense)	7	2	10	3	5
Administrative expenses	8	(694)	(495)	(224)	(192)
Loss on disposal available-for-sale investments		(9)	(575)	-	-
Share of loss of equity accounted investees	10	(148)	(158)	-	-
Profit/(loss) before income tax		(455)	(728)	(221)	(187)
Income tax (credit)/expense	9	16	(14)	16	(14)
Profit/(loss) for the year		**(471)**	**(714)**	**(237)**	**(173)**
Other comprehensive income					
Net change in fair value of available-for-sale financial assets		(338)	(2,036)	-	-
Other comprehensive income for the year, net of tax		(338)	(2,036)	-	-
Total comprehensive income		**(809)**	**(2,750)**	**(237)**	**(173)**
Earnings/(loss) per share for the year	16				
Basic earnings/(loss) per share (New Zealand cents)		(0.142)	(3.042)		
Diluted earnings/(loss) per share (New Zealand cents)		(0.098)	(1.689)		

The notes on pages 8 to 38 are an integral part of these financial statements.

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AORERE RESOURCES LIMITED
Statement of Changes in Equity
For the year ended 31 March 2013

In thousands of dollars	Note	Group 2013	Group 2012	Company 2013	Company 2012
Opening equity as at 1 April		5,175	7,925	4,483	4,656
Profit/(loss) for the year		(471)	(714)	(237)	(173)
Other comprehensive income		(338)	(2,036)	-	-
Total comprehensive income for the year		(809)	(2,750)	(237)	(173)
Contributions from owners					
Issue of shares	15	160	-	160	-
Extension of share warrants		5	-	5	-
Share issue costs		(29)	-	(29)	-
Proceeds from the disposal of Treasury shares		26	-	26	-
Closing equity as at 31 March		**4,528**	**5,175**	**4,408**	**4,483**

The notes on pages 8 to 38 are an integral part of these financial statements.

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AORERE RESOURCES LIMITED
Statement of Cash Flows
For the year ended 31 March 2013

In thousands of dollars	Note	Group 2013	Group 2012
Cash flows from operating activities			
Cash received from customers		423	440
Proceeds from sale of other investments current		8	72
Net interest received		3	6
Tax refund received		-	2
Cash paid to suppliers		(204)	(544)
Exploration expenditure		(303)	(16)
Purchase of other investments current		-	(27)
Net cash from/(used in) operating activities	19	(73)	(67)
Cash flows from investing activities			
Proceeds from NZX Bond		-	30
Proceeds from sale of other investments non-current		216	407
Proceeds to/(from) broker current accounts		65	(65)
Proceeds to/(from) related parties		5	(34)
Purchase of other investments non-current		(373)	(560)
Reinvested interest NZX Bond		(3)	(4)
Net cash from/(used in) investing activities		(90)	(228)
Cash flows from financing activities			
Proceeds from issue of share capital	15	136	-
Proceeds from sale of Treasury shares		26	-
Net cash from/(used in) financing activities		162	-
Net (decrease)/increase in cash and cash equivalents		(1)	(295)
Cash and cash equivalents at 1 April		52	347
Cash and cash equivalents at 31 March	13	**51**	**52**

(There is no Statement of Cash Flows for the Company, as the Company has no cash balances)

The notes on pages 8 to 38 are an integral part of these financial statements.

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AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

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AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

1. Reporting entity

Aorere Resources Limited (the "Company") formerly trading as Widespread Portfolios Limited, is a company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the Company and consolidated financial statements are presented. The consolidated financial statements of Aorere Resources Limited as at and for the year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

Aorere Resources Limited invests and trades in a range of locally and overseas listed equities and derives income from share trading, interest and dividends. It is also actively involved in oil and gas exploration.

2. Basis of preparation

(a) *Statement of compliance*
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on – 29 May 2013.

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

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

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

(c) *Going concern*
The financial report has been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's exploration commitments, being the minimum work requirements under exploration permits for petroleum as set out in Note 22.

At 31 March 2013, the Group had cash reserves of $51,000 and exploration permit work commitments with associated indicative costings as set out in Note 22. In order to meet these exploration commitments, and continue to pay its debts as and when they fall due and payable, the Group will rely on taking appropriate steps, including:

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AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

2. Basis of preparation (continued)

- Meeting its obligations by either farmout or partial sale of the Group's exploration interests;
- Raising capital by one of a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding share warrants, and/or further issue of shares to the public;
- In some circumstances, subject to negotiation and approval, minimum work requirements may be varied or suspended, and/or permits may be surrendered or cancelled; or
- Other avenues that may be available to the Group.

Additionally, Chris Castle has provided a letter of comfort confirming his support to the Group and confirms that he will not make a demand upon the Group for amounts outstanding until the Group is in a position to make payment.

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

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

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

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

- Note 4(a) – valuation of unlisted investments

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

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

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2. Basis of preparation (continued)

NZ IFRS 9 – Financial Instruments (effective from 1 January 2015)
The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9. The new standard is being issued in phases, with early adoption available as each phase is issued. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and financial liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The Group's management have yet to assess the impact of this new standard on the Group's financial statements. However, management does not expect to implement IFRS 9 until all of the chapters have been published and they can comprehensively assess the impact of all changes.

Annual Improvements 2009-2011(the Annual Improvements)
The IASB issued the annual omnibus of minor amendments to IFRS standards for annual periods beginning on or after 1 January 2013. Management does not anticipate a material impact on the Group's financial statements from these Amendments.

3. Significant accounting policies

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

(a) *Basis of consolidation*
(i) *Subsidiaries*
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) *Acquisitions from entities under common control*
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid for the acquisition is recognised directly in equity.

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

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3. Significant accounting policies (continued)

(iv) *Transactions eliminated on consolidation*
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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

(c) *Financial instruments*
Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.
Non-derivative financial instruments are measured initially at fair price plus transaction costs, except for those carried at fair value through comprehensive income, which are measured at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.
Accounting for finance income and expense is discussed in Note 3(h).

Available-for-sale financial assets
The Group's long term investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the Statement of Comprehensive Income. Where the fair value of the asset falls below cost, the impairment is shown in the Statement of Comprehensive Income.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

3. Significant accounting policies (continued)

(c) *Financial instruments (continued)*

Instruments at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for short term trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the Statement of Comprehensive Income when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the Statement of Comprehensive Income.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Investments in equity securities

Investments in equity securities held by the group with a long term objective are classified as available-for-sale. The fair value of equity investments classified as available-for-sale is their quoted bid price at the balance sheet date. For equity investments which are unlisted, the fair value is based on Directors' judgement of a fair market value based on recent share activity primarily from recent private placement subscription agreements. If fair value cannot be reliably measured, then unlisted investments are valued at cost.

Investments in equity securities held by the group with a short term objective are classified as fair value through profit or loss. The fair value of equity investments classified as fair value through profit or loss is their quoted bid price at the balance sheet date. For equity investments which are unlisted, the fair value is based on Directors' judgement of a fair market value based on recent share activity primarily from recent private placement subscription agreements. If fair value cannot be reliably measured, then unlisted investments are valued at cost.

Receivables

Receivables are stated at their cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

3. Significant accounting policies (continued)

(d) *Impairment*

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

(e) *Intangible assets*

Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as intangible assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Statement of Comprehensive Income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
(ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

(i) Sufficient data exists to determine technical feasibility and commercial viability, and
(ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (d)).
For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Oil and gas properties and other property, plant and equipment

Oil and gas properties and other property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, for qualifying assets and borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

3. Significant accounting policies (continued)

(e) *Intangible assets (continued)*

Depreciation

Oil and gas properties are generally depreciated on a unit-of-production basis over the proved reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved reserves of the relevant area. The unit of production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight line basis over their estimated useful lives which is generally 20 years for refineries and major inspection costs are amortised over three to five years, which represents the estimated period before the next planned inspection.

Farmouts

The Group will account for farm-out arrangements as follows:

- The Group will not record any expenditure by the farminee on the Group's behalf;
- The Group will not recognise a gain or loss on the farm-out arrangement but rather will designate any costs previously capitalised in relation to the whole interest as relating to the partial interest retained; and
- Any cash consideration to be received will be credited against costs previously capitalised in relation to the whole interest with any excess to be accounted for by the Group as a gain on disposal.

(f) *Director benefits*

Share-based payment transactions

The grant date fair value of options granted to directors is recognised as a directors' expense, with a corresponding increase in equity, over the period in which the directors become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(g) *Revenue*

Revenue from services rendered is measured at the fair value of the consideration received or receivable.

(h) *Finance income and expenses*

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

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

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3. Significant accounting policies (continued)

(i) *Income tax expense*
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

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

(k) *Segment reporting*
A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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4. Determination of fair values

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

(a) *Investments in equity and debt securities*
The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. Where an active market does not exist around balance date, a proxy for the quoted bid price is determined using active market prices for a period closest to the balance sheet date. For equity investments which are unlisted, the fair value is based on Directors' judgement of a fair market value based on recent share activity primarily from recent private placement subscription agreements. If fair value cannot be reliably measured, then unlisted investments are valued at cost.

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

(c) *Share-based payment transactions*
The fair value of directors' stock options is measured using a binomial lattice model. The value of share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

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5. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The Group has two business segments being investment and exploration in oil and gas.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

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

Group
Business segments

In thousands of dollars	**Investment**	**Exploration**	**Total**
2013			
Total segment revenue	396	-	396
Segment result	(455)	-	(455)
Segment assets	4,146	744	4,890
Other segment information			
Investment in equity accounted investees	(148)	-	(148)
2012			
Total segment revenue	500	-	500
Segment result	(728)	-	(728)
Segment assets	4,820	441	5,261
Other segment information			
Investment in equity accounted investees	(158)	-	(158)

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5. Segment reporting (continued)

Group
Geographical segments

In thousands of dollars	New Zealand	Canada	Other	Total
2013				
Interest revenue	3	-	-	3
Other revenue	363	31	(1)	393
Total revenue	366	31	(1)	396
Segment assets	4,351	333	206	4,890
Other segment information				
Investment in equity accounted investees	3,306	-	-	3,306
2012				
Interest revenue	7	-	-	7
Other revenue	438	55	-	493
Total revenue	445	55	-	500
Segment assets	4,197	545	519	5,261
Other segment information				
Investment in equity accounted investees	3,420	-	-	3,420

6. Revenue

	Group		Company	
In thousands of dollars	2013	2012	2013	2012
Consultancy fees	300	388	-	-
Directors fees	94	102	-	-
Total revenues	**394**	**490**	-	-

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7. Finance income and expenses

	Group		Company	
In thousands of dollars	2013	2012	2013	2012
Interest income on bank deposits	3	7	3	5
Net gain on disposal of financial assets designated at fair value through profit or loss	4	2	-	-
Net change in fair value of financial assets designated at fair value through profit or loss	-	4	-	-
Finance income	7	13	3	5
Net change in fair value of financial assets designated at fair value through profit or loss	-	-	-	-
Net foreign exchange losses	(5)	(3)	-	-
Finance expense	(5)	(3)	-	-
Net finance income/(expense)	**2**	**10**	**3**	**5**

8. Administrative expenses

The following items of expenditure are included in administrative expenses:

	Group		Company	
In thousands of dollars	2013	2012	2013	2012
Auditor's remuneration to WHK New Zealand Audit Partnership comprises:				
audit of financial statements	17	24	17	24
Total auditor's remuneration	17	24	17	24
Accountancy	22	15	20	15
Directors fees	81	84	81	84
General expenses	15	13	12	10
Insurance	28	24	28	24
Legal fees	31	4	31	4
Listing fees	24	20	24	20
Management fees	465	300	-	-
Registry fees	9	10	9	10
Travel expenses	2	1	2	1
Total administration expenses	**694**	**495**	**224**	**192**

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9. Income tax expense in the income statement

Reconciliation of effective tax rate

In thousands of dollars	Group 2013	Group 2012	Company 2013	Company 2012
Profit/(loss) for the year	(471)	(714)	(237)	(173)
Total income tax (credit)/expense	16	(14)	16	(14)
Profit/(loss) excluding income tax	(455)	(728)	(221)	(187)
Income tax using the Company's domestic tax rate (28%)	(127)	(204)	(62)	(52)
Tax effect of:				
Non-deductible expenses	14	168	11	6
Non-assessable income	-	(1)	-	-
Non-assessable equity accounted earnings	41	44	-	-
Current year losses for which no deferred tax asset is recognised	174	31	67	32
Change in unrecognised temporary differences	(86)	(3)	-	-
Investment income calculated under tax legislation	9	92	-	-
Prior year unrecognised tax losses now utilised	(11)	(141)	-	-
Under provision in prior years	2	-	-	-
Income tax (credit)/expense	16	(14)	16	(14)
Comprising:				
Current tax expense	-	-	-	-
Deferred tax expense				
Origination and reversal of temporary differences	(127)	51	(51)	(37)
Change in unrecognised temporary differences	235	(65)	67	23
Adjustments in respect of prior years	(92)	-	-	-
	16	(14)	16	(14)
Total income tax (credit)/expense in income statement	16	(14)	16	(14)
The current tax liability/(asset) consists of:				
Resident withholding tax paid	(1)	(3)	(1)	(1)
Current tax liability/(asset)	(1)	(3)	(1)	(1)

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9. Income tax expense in the income statement (continued)

	Group		Company	
In thousands of dollars	2013	2012	2013	2012
Deferred tax expense recognised directly in equity				
Deferred tax on revaluation of current investments	(66)	(164)	-	-
Change in unrecognised temporary differences	66	164	-	-
	-	-	-	-
Imputation credit account				
Imputation credits at 1 April	198	199	1	1
Resident withholding tax deducted	1	1	1	1
New Zealand tax payments, net of refunds	(1)	(2)	(1)	(1)
Prior period adjustment	-	-	-	-
Imputation credits at 31 March	198	198	1	1

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

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10. Equity accounted investees

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group.

In thousands of dollars	**Group 2013**	**2012**
Ownership	10.4%	21.3%
Current assets	1,522	478
Non-current assets	17,449	11,389
Total assets	18,970	11,867
Current liabilities	(751)	(3,621)
Total liabilities	(751)	(3,621)
Revenues	-	-
Expenses	(1,427)	(741)
Profit/(loss)	(1,427)	(741)

Movements in carrying value of equity accounted investees:

In thousands of dollars	**Group 2013**	**2012**
Balance at 1 April	3,420	3,043
Investment during the year	34	535
Share of profit/(loss)	(148)	(158)
Balance at 31 March	**3,306**	**3,420**

The Directors have equity accounted the Group's investment Chatham Rock Phosphate Limited in accordance with NZ IAS 28 - Investments in Associates.

The Directors have reviewed the carrying value of this investment for possible impairment. The carrying value is dependent upon Chatham Rock Phosphate Limited raising additional funding and gaining resource consents, both of which are necessary for the project to be commercially successful.

The Group owns 13,967,669 shares in Chatham Rock Phosphate Limited. The quoted share price at the year end, as listed on the NZX, was 36 cents. Taking this value per share would value the investment at $5,028,361.

At 31 March 2012 the Group owned more than 20% of the shares in Chatham Rock Phosphate Limited and while the percent of the voting power in the investee has decreased during the year, the Directors are firmly of an opinion that significant influence still exists at 31 March 2013. The Group has representation on the board of Chatham Rock Phosphate Limited and the management agreement between the Group and Chatham Rock Phosphate Limited provides for Chris Castle, personally to provide fundamental services to Chatham Rock Phosphate Limited in his role as Managing Director, of the investee.

The Directors have concluded that there is no impairment on this investment. The value of the investment in Chatham Rock Phosphate Limited is supported by independent valuations of the project.

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11. Investments

Other investments

In thousands of dollars	Group 2013	Group 2012	Company 2013	Company 2012
Non-current investments				
Available-for-sale financial assets				
Equity investments in Listed Companies	457	986	-	-
Equity investments in privately held Companies	98	98	-	-
	555	1,084	-	-
Current investments				
Financial assets designated at fair value through profit or loss	2	6	-	-

Investment in subsidiaries

In thousands of dollars	Group 2013	Group 2012	Company 2013	Company 2012
Non-current investments				
Investment in subsidiaries	-	-	4,404	4,443
	-	-	4,404	4,443

12. Deferred tax assets and liabilities

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

In thousands of dollars	Group 2013	Group 2012	Company 2013	Company 2012
Intangible assets	208	123	-	-
Current investments	-	(1)	-	-
Trade and other payables	(5)	(21)	(5)	(21)
Tax losses	(208)	(122)	-	-
Net tax (assets)/liabilities	(5)	(21)	(5)	(21)

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12. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year:

In thousands of dollars	Balance at 1/4/12	Recognised in income	Recognised in equity	Balance at 31/3/13
Non-current investments	-	-	-	-
Intangible assets	123	85	-	208
Current investments	(1)	1	-	-
Trade and other payables	(21)	16	-	(5)
Tax losses	(122)	(86)	-	(208)
	(21)	16	-	(5)

In thousands of dollars	Balance at 1/4/11	Recognised in income	Recognised in equity	Balance at 31/3/12
Non-current investments	-	-	-	-
Intangible assets	119	4	-	123
Current investments	(2)	1	-	(1)
Trade and other payables	(7)	(14)	-	(21)
Tax losses	(117)	(5)	-	(122)
	(7)	(14)	-	(21)

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

	Group		Company	
In thousands of dollars	2013	2012	2013	2012
Tax losses	(921)	(752)	(235)	(168)
Non-current investments	(358)	(292)	-	-
Net tax (assets)/liabilities	(1,279)	(1,044)	(235)	(168)

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

13. Cash and cash equivalents

	Group	
In thousands of dollars	2013	2012
Bank balances	51	52
Cash and cash equivalents in the statement of cash flows	**51**	**52**

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14. Intangible assets

Exploration and evaluation

In thousands of dollars	Group 2013	Group 2012
Exploration interests - Kotuku	744	441
Balance	**744**	**441**

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

The exploration permit 38526 in the West Coast Basin was granted on 5 September 2007 for 10 years. The Company holds a 100% interest in the permit which comprises some 143.6 sq kms.

15. Capital and reserves

Reconciliation of movement in capital and reserves
Group

In thousands of dollars	Share capital	Fair value reserve	Treasury shares	Share option reserve	Share warrant reserve	Retained earnings	Total
Balance at 1 April 2011	12,201	715	(175)	288	-	(5,104)	7,925
Total comprehensive income for the year	-	(715)	-	-	-	(2,035)	(2,750)
Balance at 31 March 2012	**12,201**	**-**	**(175)**	**288**	**-**	**(7,139)**	**5,175**
Balance at 1 April 2012	12,201	-	(175)	288	-	(7,139)	5,175
Total comprehensive income for the year	-	-	-	-	-	(809)	(809)
Issue of shares	160	-	-	-	-	-	160
Share issue costs	(29)	-	-	-	-	-	(29)
Directors' warrants lapsed	-	-	-	(288)	-	288	-
Share warrant instalments	-	-	-	-	5	-	5
Disposal of Treasury shares	-	-	175	-	-	(149)	26
Balance at 31 March 2013	**12,332**	**-**	**-**	**-**	**5**	**(7,809)**	**4,528**

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15. Capital and reserves (continued)

Company

In thousands of dollars	Share capital	Fair value reserve	Treasury shares	Share option reserve	Share warrant reserve	Retained earnings	Total
Balance at 1 April 2011	12,201	1,006	(175)	288	-	(8,664)	4,656
Total comprehensive income for the year	-	-	-	-	-	(173)	(173)
Balance at 31 March 2012	**12,201**	**1,006**	**(175)**	**288**	**-**	**(8,837)**	**4,483**
Balance at 1 April 2012	12,201	1,006	(175)	288	-	(8,837)	4,483
Total comprehensive income for the year	-	-	-	-	-	(237)	(237)
Issue of shares	160	-	-	-	-	-	160
Share issue costs	(29)	-	-	-	-	-	(29)
Directors' warrants lapsed	-	-	-	(288)	-	288	-
Share warrant instalments	-	-	-	-	5	-	5
Disposal of Treasury shares	-	-	175	-	-	(149)	26
Balance at 31 March 2013	**12,332**	**1,006**	**-**	**-**	**5**	**(8,935)**	**4,408**

Share capital

In thousands of shares	Ordinary shares 2013	Ordinary shares 2012
On issue at 1 April	23,490	23,490
Issued for cash	1,175	-
Issued in lieu of payment	339	-
Share split one-for-twenty	475,088	-
On issue at 31 March	500,092	23,490

The Group has also issued warrants.

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

On 13 July 2012 the Company completed a share purchase plan which resulted in the issue of 1,175,000 ordinary shares at $0.10 cents per share.

On 3 August 2012 the Company issued 338,923 ordinary shares to Directors in lieu of payment for Directors fees, at an issue price of $0.123 cents per share.

On 8 August 2012 the Company confirmed that they had undertaken a one-for-twenty share split of ordinary shares, which resulted in the issue of 475,087,552 ordinary shares.

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15. Capital and reserves (continued)

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

On 22 June 2012, a special meeting of warrantholders agreed to a variation to the terms of the warrants which permitted warrantholders (in addition to the option of paying the full exercise price, allowing them to lapse or selling them) to make an instalment payment of one tenth of a cent ($0.001) per Warrant by the revised final exercise date of 27 July 2012 in order to have until 27 July 2017 to exercise the Warrant - a five year extension to the current exercise period.

An instalment was received for 4,620,819 warrants which were extended for five years and 3,884,186 warrants were not extended and have now lapsed.

With the effect of the share split on 8 August 2012, the number of shares into which a warrant may be exercised has been increased from 2 shares to 40 shares.

The Warrants have no minimal value. Each warrant entitles the holder, on exercise, to 40 shares. Accordingly the remaining number of new shares that may be issued through the exercise of warrants is 184,832,760. The final exercise date is 27 July 2017, and after that the warrants lapse.

The exercisable price of the warrants is presently:
- From 1 April 2013 until 27 July 2017: $0.0745 cents per new share or, in total, $2.981 cents per warrant.

In thousands of warrants	Transferable Warrants 2013	2012
On issue at 1 April	8,505	8,505
Less warrants lapsed	3,884	-
On issue at 31 March	4,621	8,505

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

Treasury shares
The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. During the year, shares in the Company held by the Group were sold. At 31 March 2013 the Group held nil of the Company's shares (2012: 190,000).

Share option reserve
With the introduction of NZIFRS and in particular NZ IFRS 2 "Share-based payments", it is necessary for the Group to account for options granted in return for services received. In accordance with NZ IFRS 2 the fair value of the options are expensed over the vesting period.

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

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16. Earnings/(loss) per share

Basic earnings/(loss) per share
The calculation of basic earnings per share at 31 March 2013 was based on the profit/(loss) attributable to ordinary shareholders of $(471,000) (2012: $714,000) and a weighted average number of ordinary shares outstanding of 331,734,000 (2012: 23,490,000), calculated as follows:

Profit/(loss) attributable to ordinary shareholders

	Group	
In thousands of dollars	**2013**	**2012**
Basic earnings/(loss) per share (cents)	(0.142)	(3.042)
Net profit/(loss) for the year	(471)	(714)

Weighted average number of ordinary shares

In thousands of shares	**2013**	**2012**
Issued ordinary shares at 1 April	23,490	23,490
Effect of shares issued July 12	840	-
Effect of shares issued August 12	224	-
Effect of share split one-for-twenty August 2012	307,180	-
Weighted average number of ordinary shares at 31 March	331,734	23,490

Diluted earnings/(loss) per share
The calculation of diluted earnings per share at 31 March 2013 was based on profit/(loss) attributable to ordinary shareholders of $(471,000) (2012: $714,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 480,997,000 (2012: 42,300,000), calculated as follows:

	Group	
In thousands of dollars	**2013**	**2012**
Diluted earnings/(loss) per share (cents)	(0.098)	(1.689)
Net profit/(loss) for the year	(471)	(714)

Weighted average number of ordinary shares (diluted)

In thousands of shares	**2013**	**2012**
Weighted average number of ordinary shares (basic)	331,734	23,490
Effect of warrants on issue	18,810	18,810
Effect of Directors warrants lapsed June 2012	(1,351)	-
Effect of warrants lapsed July 2012	(5,193)	-
Effect of share split one-for-twenty August 2012	135,646	-
Weighted average number of ordinary shares (diluted) at 31 March	479,646	42,300

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17. Share-based payments

No warrants have been granted since the end of the financial year. The warrants were provided at no cost to the recipients.

Each warrant entitled the recipient, on exercise, to 2 shares. Accordingly the number of new shares that may have been issued through the exercise of these warrants was 1,800,000. The final exercise date was 30 June 2012, at which point the warrants lapsed.

The number and weighted average exercise prices of Director share warrants is as follows:

	Weighted average exercise price 2013	Weighted average exercise price 2012	Number of directors warrants 2013	Number of directors warrants 2012
Outstanding at 1 April	2.99	2.99	900,000	900,000
Warrants lapsed	(2.99)	-	(900,000)	-
Outstanding at 31 March	-	2.99	-	900,000
Exercisable at 31 March			-	900,000

18. Financial instruments

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

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

In thousands of dollars	**CAD**	**AUD**	**USD**
2013			
Foreign currency risk			
Brokers current accounts	3	-	-
Other investments	333	84	21
2012			
Foreign currency risk			
Brokers current accounts	67	-	-
Other investments	545	320	101

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

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18. Financial Instruments (continued)

Market risk
Equity Price risk
The Group primarily invests in overseas-based mining and mineral exploration companies. Most investments are held for the longer term although part of the portfolio (usually about 10%) is committed to shorter-term share-trading activity.

Due to the very narrow spread of investments and the mineral sector focus, the Group's investment approach is likely to provide returns either better or worse than market averages. The Group is structured and operated to achieve growth in shareholders' funds and more particularly in the net tangible asset value of each share. The objective is not to make trading profits on a regular annual basis by selling our successful investments. A year in which net tangible assets per share increases by 20% or more is a good year for the Group, regardless of the accounting profit or loss that may have been incurred.

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

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

Risk is minimised to the extent that it can be by the following strategies:

- Investments are financed solely from equity sources (the group will have no borrowings)
- The Group will avoid investment opportunities with open ended liabilities
- Investments will be well researched before acquisition
- There is frequent monitoring of the portfolio and market conditions generally
- There is continuous ongoing assessment of investments in the context of other investment opportunities available.

Other investments of the Group relate to:

In thousands of dollars	**2013**	**2012**
Non-current investments		
Equity securities available-for-sale	555	1,084
Current investments		
Equity securities at fair value through profit and loss	2	6

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

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

18. Financial instruments (continued)

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

The only financial liabilities are trade and other payables. At 31 March 2013, the Group had $361,000 (2012: $86,000) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

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

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

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

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

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

The Group manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. Financial assets such as cash at bank and deposits are held with reputable organisations.

At reporting date, there are no issues with the credit quality of financial assets that are neither past due or impaired, and all amounts are expected to be received in full.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

Sensitivity analysis
In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange will have an impact on equity.

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's equity investments and trading securities by approximately $5,000 for the year ended 31 March 2013 (2012: $12,000).

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

18. Financial instruments (continued)

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

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

In thousands of dollars	Designated at fair value	Loans and receivables	Available for sale	Other liabilities	Total carrying amount
2013					
Assets					
Other investments	-	-	555	-	555
NZX Bond	-	83	-	-	83
Total non-current assets	-	83	555	-	638
Other investments	2	-	-	-	2
Trade and other receivables	-	130	-	-	130
Current tax assets	-	1	-	-	1
Cash and cash equivalents	-	51	-	-	51
Total current assets	2	182	-	-	184
Total assets	**2**	**265**	**555**	**-**	**822**
Liabilities					
Trade and other payables	-	-	-	361	361
Total liabilities	**-**	**-**	**-**	**361**	**361**

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

18. Financial instruments (continued)

In thousands of dollars	Designated at fair value	Loans and receivables	Available for sale	Other liabilities	Total carrying amount
2012					
Assets					
Other investments	-	-	1,084	-	1,084
NZX Bond	-	80	-	-	80
Total non-current assets	-	80	1,084	-	1,164
Other investments	6	-	-	-	6
Trade and other receivables	-	76	-	-	76
Current tax assets	-	3	-	-	3
Cash and cash equivalents	-	52	-	-	52
Total current assets	6	131	-	-	137
Total assets	**6**	**211**	**1,084**	**-**	**1,301**
Liabilities					
Trade and other payables	-	-	-	86	86
Total liabilities	**-**	**-**	**-**	**86**	**86**

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

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

In thousands of dollars	Group 2013	2012
Profit/(loss) for the year after income tax	(471)	(714)
Adjustments for:		
(Gains)/losses on sale of financial assets at fair value through profit & loss	-	(2)
Losses on sale of available-for-sale financial assets	9	575
Unrealised (gains)/losses on financial assets at fair value through profit & loss	-	(4)
Share of loss of equity accounted investees	148	158
Deferred tax recognised	16	(14)
	(298)	(1)
Change in trade and other receivables	(13)	(45)
Change in current tax assets	-	1
Change in prepayments	-	(1)
Change in trade and other payables	234	(65)
Change in other investments current	4	44
Net cash from operating activities	**(73)**	**(67)**

20. Related parties

Directors of the Company control 10.7% (2012: 12.7%) of the voting shares of the Company, directly.

Chris Castle is a director of Nevay Holdings Limited and of Aorere Resources Limited. He also acts as an investment advisor to Aorere Resources Limited.

Chris Castle received management fees during the year of $465,000 (2012: $300,000). Chris Castle is contracted on a full time basis to Widespread Limited. The management fee for the year is made up as follows: $150,000 base contract and $150,000 being the capped amount paid based on directors and management fees received by Aorere Resources Limited from companies for whom he is a Director. Further, bonuses are payable dependent on performance. In 2013 he received additional fees of $45,000 and additional fees relating to 2012 of $45,000 and a performance bonus for 2011 of $75,000. He receives these fees both in his own name and also via Nevay Holdings Limited. This arrangement was negotiated by the independent directors and expires on 31 March 2013, with a right of renewal for a further three years.

Chris Castle is a director for Asian Mineral Resources Limited and King Solomon Mines Limited.

Jill Hatchwell is a director and the secretary of Nevay Holdings Limited and a director of Aorere Resources Limited.

20. Related parties (continued)

Asian Mineral Resources Limited

		Transaction value Year ended 31 March		Balance receivable/(payable) as at 31 March	
In thousands of dollars		**2013**	**2012**	**2013**	**2012**
Directors	**Transactions**				
C Castle	Directors Fees	36	44	-	9
C Castle	Consultancy Fees	-	9	-	9

King Solomon Mines Limited

		Transaction value Year ended 31 March		Balance receivable/(payable) as at 31 March	
In thousands of dollars		**2013**	**2012**	**2013**	**2012**
Directors	**Transactions**				
C Castle	Directors Fees	45	44	-	-

Chatham Rock Phosphate Limited

		Transaction value Year ended 31 March		Balance receivable/(payable) as at 31 March	
In thousands of dollars		**2013**	**2012**	**2013**	**2012**
Directors	**Transactions**				
C Castle, J Hatchwell & L Sanders	Intercompany advances	(2)	34	(1)	1
Chris Castle	Directors Fees	14	14	14	14
C Castle, J Hatchwell, & L Sanders	Investment & management services	300	370	(45)	34

C Castle, J Hatchwell & L Sanders, Directors of Aorere Resources Ltd are also commonly Directors in Chatham Rock Phosphate Limited. During the year ended 31 March 2013, the Group received an intercompany advance of $2,000 from Chatham Rock Phosphate Limited. The advance was interest free and repayable on demand.

Chatham Rock Phosphate Limited paid management fees to Aorere Resources Ltd under a new management agreement. The new management agreement has an initial term of two years. Under the Agreement, Aorere Resources Ltd is engaged by the Chatham Rock Phosphate Limited as an independent contractor which procures that Chris Castle personally provide fundamental services to the Chatham Rock Phosphate Limited at a cost of $300,000 per annum (2012: $370,000). The Agreement is payable in both cash (three quarters) and shares (one quarter).

20. Related parties (continued)

Transactions with key management personnel
Key management personnel of the Group are also members of the board of directors. Key management personnel remuneration includes the following:

	2013 $	2012 $
Short-term benefits:		
Directors fees	14	28
Post-employment benefits:		
Share-based payments	42	-
Total remuneration	**56**	**28**

21. Group entities

Significant subsidiaries

	Country of Incorporation	Ownership interest 2013	Ownership interest 2012
Widespread Limited	New Zealand	100	100
Mineral Investments Limited	New Zealand	100	100

22. Commitments

Permit work commitments
Indicative expenditure commitments at balance date (being minimum work requirements under exploration permits for petroleum). The Group is dependent on certain factors to be able to meet these minimum work requirements. They are set out in Note 2(c).

In thousands of dollars	Group 2013	2012
Within one year	35	-
After one year but not more than five years	1,100	-
	1,135	-

The committed work program within twelve months of commencement of PEP 38526 includes reprocessing existing seismic data acquired post 1980 and undertaking structural interpretation and mapping of the permit area and area immediately surrounding the permit area, and documenting an inventory of leads and prospects arising from the above activities and planning the acquisition of at least 20km of geophysical data ($35,000) or the plan and design of an exploratory well to be drilled within 30 months of the commencement date of PEP 38526. This is currently being completed.

22. Commitments (continued)

The committed work program within 30 months of the commencement of PEP 38526 includes either the acquisition of at least 20km of geophysical data and outlining further work that is required to delineate one or more prospects to a status where the prospect could be drilled or ($1,100,000) or planning and undertaking the drilling and testing of an exploration well or re-entering and testing an existing well.

The permit commencement date was 5 September 2012.

23. Subsequent events

On 22 April 2013, the Group announced that it had entered an exclusive term sheet for Kotuku Petroleum Exploration Permit 38526 ("the Permit") with Perth based Mosman Oil and Gas Limited ("Mosman"). Under the term sheet, Mosman has a 45 day exclusive period to undertake due diligence enquiries on the Kotuku. Subject to the outcome of those enquiries the parties will negotiate and enter a formal farmin agreement whereby:

- The permit will be transferred to Mosman.
- Mosman would commit to funding approximately $1,000,000 in exploration activities on the Permit in the short term.
- The group would receive approximately $1,000,000, predominantly through an issue of shares in Mosman.
- The Group would be granted a 2% overriding royalty in respect of the Permit.

The Group has stated that in addition to its proposed capital investment, Mosman brings extensive international experience in the oil and gas exploration sector.

The Board believes that this is an exciting step towards the development of the Permit and looks forward to working with Mosman to bring the term sheet to a conclusive agreement.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aorere Resources Limited

Report on the Financial Statements

We have audited the financial statements of Aorere Resources Limited (the "Company") and Group on pages 4 to 38, which comprise the consolidated and separate statements of financial position as at 31 March 2013, the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements that give 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, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its subsidiaries.

WHK

Opinion

In our opinion, the financial statements on pages 4 to 38:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the Company and Group as at 31 March 2013 and the results of its operations and cash flows for the year ended on that date.

Emphasis of Matter

At 31 March 2013 the group's current liabilities exceeded its current assets in the amount of $160,000. Without qualifying our opinion, we draw attention to Note 2(c) in the financial statements which indicates that in order for the group to meet its on going commitments and continue to pay its debts as and when they fall due, the group is reliant, in the immediate period following the signing of these financial statements, upon raising further funding and also upon the continued financial support of the Managing Director Chris Castle to not call upon amounts owing from the group until the group is in a position to do so. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 require us to comment on whether we have obtained all the information and explanations that we have required from the Company and whether we consider that proper accounting records have been kept by the Company.

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the Company as far as appears from our examination of those records.

WHK

WHK New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

29 May 2013

AORERE RESOURCES LIMITED
Shareholder Information

Stock exchange listing
The Company's ordinary shares are listed on the NZSX market operated by NZX Limited.

1. Distributions of security holders and security holdings as at 29 May 2013:

Size of holding	Number of security holders	Number of securities
1 - 1,000	2	1,760
1,001 - 5,000	161	350,080
5,001 - 10,000	34	268,300
10,001 - 100,000	239	11,400,489
100,001 +	385	493,494,713
Geographic distribution		
New Zealand	785	493,705,334
Australia	17	5,508,120
Rest of world	19	6,301,888

Distributions of warrant holders and warrant holdings as at 29 May 2013:

Size of holding	Number of warrant holders	Number of warrants
1 - 1,000	27	11,512
1,000 - 5,000	46	110,037
5,001 - 10,000	21	151,032
10,001 - 100,000	41	1,306,335
100,001 +	13	3,041,903
Geographic distribution		
New Zealand	139	4,521,448
Australia	2	46,726
Rest of world	7	52,645

AORERE RESOURCES LIMITED
Shareholder Information

2. 20 Largest registered holders of quoted equity securities as at 29 May 2013:

	Ordinary	**%**
Sandcastle Trust	37,456,000	7.41
C A Purcell & J A Ward	22,752,120	4.50
Tasman Portfolios Limited	17,440,000	3.45
P W Hall	14,000,000	2.77
Chester Nominees Limited	11,170,000	2.21
Leveraged Equities Finance Limited	10,543,200	2.09
P G Crafar	9,675,120	1.91
M Verbiest	8,333,460	1.65
S P Ward & J P Ward & E P Welson	8,256,680	1.63
J A Ward	8,162,280	1.61
D D Kelly & K A Hutchins	7,869,860	1.56
C A Purcell	7,566,360	1.50
P V Robinson	7,337,060	1.45
J W Guinness	6,761,040	1.34
P W Brooks	6,219,400	1.23
A R Jamieson & E L Jamieson & E N Law	6,203,660	1.23
G H Common & G P Walker	6,095,520	1.21
R S Thornton	5,925,600	1.17
J E Hatchwell & P G Vincent & S N Kingsbury	5,805,360	1.15
K T Hindle	5,573,340	1.10

20 Largest registered holders of quoted warrants as at 29 May 2013:

	Ordinary	**%**
Sandcastle Trust	917,400	19.85
K R Frankum	311,664	6.74
C W Carter	238,975	5.17
Leveraged Equities Finance Limited	211,081	4.57
M Verbiest	197,537	4.27
C A Purcell	189,159	4.09
S P Ward & J P Ward & E P Welson	157,418	3.41
G H Common & G P Walker	148,388	3.21
P W Brooks	146,485	3.17
J E Hatchwell & P G Vincent & S N Kingsbury	144,334	3.12
C A N Beyer	131,881	2.85
D De Lautour	126,800	2.74
D D Kelly	120,781	2.61
L R Mutlow	93,586	2.03
E A J Cameron	82,715	1.79
A J McCarrison & N G Francis	77,695	1.68
G R Cuttriss	61,523	1.33
Marra Family Trust Limited	59,629	1.29
C D Castle	52,600	1.14
L Stephens	47,154	1.02

AORERE RESOURCES LIMITED
Statutory Information
For the year ended 31 March 2013

3. Substantial Security Holders as at 29 May 2013

The following persons are substantial security holders in accordance with section 21 of the Securities Market Act 1988:

Holder Name	Number Held	Percentage
Ordinary Shares		
Linda Jane Sanders*	44,566,669	8.82%
Christopher David Castle*	39,720,000	7.86%
Total Ordinary Shares on Issue:	**505,515,342**	
Listed Warrants (WIDWA)**		
Linda Jane Sanders*	967,400	20.9%
Christopher David Castle*	970,000	21.0%
K R Frankum	311,664	6.74%
C W Carter	238,975	5.17%
Total Listed Warrants on Issue:	**4,620,819**	

* Christopher David Castle and Linda Jane Sanders jointly hold 37,456,000 ordinary shares and 917,400 listed warrants as trustees of the Sandcastle Trust. In addition, Christopher David Castle holds a further 2,264,000 ordinary shares and 52,600 listed warrants in his own name and Linda Jane Sanders holds a further 7,110,669 ordinary shares and 50,000 listed warrants in her own name.

** Each warrant confers a right to its holder to receive forty ordinary shares of the Company upon payment to the Company of $2.981. All warrants lapse if not exercised by 27 July 2017.

4. Directors' Security Holdings as at 29 May 2013

Director Name	Ordinary Shares 2013	Ordinary Shares 2012	Listed Warrants* 2013	Listed Warrants* 2012	Director Warrants 2013	Director Warrants 2012
D Biddlecombe**	1,829,545	-	-	-	-	-
L J Sanders	44,566,669	1,983,200	967,400	967,400	-	125,000
C D Castle	39,720,000	1,966,000	970,000	970,000	-	475,000
J E Hatchwell	7,862,704	290,268	144,334	144,334	-	100,000
D D Kelly	8,966,224	359,560	120,781	120,781	-	-
K T Hindle***	5,573,340	212,974	-	102,487	-	100,000

*Each listed warrant confers a right to its holder to receive forty (2012: two) ordinary shares of the Company upon payment to the Company of $2.981 (2012: $2.982). All warrants lapse if not exercised by 27 July 2017.

** Appointed 4 September 2012

*** Resigned 6 July 2012

AORERE RESOURCES LIMITED
Statutory Information
For the year ended 31 March 2013

1. Directors and remuneration

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

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

In thousands of dollars	**Fees**	**Share-based payment**	**Consultancy fees**	**Total**
C Castle	-	-	345,000	345,000
Nevay Holdings Limited	-	-	120,000	120,000
L Sanders	7,590	15,410	-	23,000
J Hatchwell	5,940	12,060	-	18,000
K Hindle (Resigned 6 July 2012)	4,500	-	-	4,500
D Kelly	5,940	12,060	-	18,000
D Biddlecombe (Appointed 4 September 2012)	-	17,500	-	17,500

2. Entries recorded in the interests register

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

(a) Directors' interests in transactions

Company

In 2011, the Group entered into a three-year contract with Mr C Castle & Nevay Holdings Limited, a company of which Mr C Castle & Ms J Hatchwell are directors, for the provision of investment advisory services. The contract's value is $900,000 plus GST. The contract terms are based on market rates for these types of services, and amounts are payable on a monthly basis for the duration of the contract.

(b) Share dealings of directors

Company

On 13 July 2012, Mr C Castle purchased 30,000 ordinary shares in the Company for $3,000 under a share purchase plan; Ms L Sanders purchased 20,000 ordinary shares in the Company for $2,000 under a share purchase plan.

On 2 August 2012, Ms L Sanders was issued 109,488 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2012 of $13,467; Ms J Hatchwell was issued 98,049 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2012 of $12,060; Mr D Kelly was issued 65,693 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2012 of $8,080; and Mr K Hindle was issued 30,167 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2012 of $8,080.

On 7 August 2012, Ms L Sanders was issued 41,007,472 ordinary shares in the 1 for 20 share split undertaken by the Company; Mr C Castle was issued 37,734,000 ordinary shares in the 1 for 20 share split undertaken by the Company; Ms J Hatchwell was issued 7,378,023 ordinary shares in the 1 for 20 share split undertaken by the Company; and Mr D Kelly was issued 8,079,807 ordinary shares in the 1 for 20 share split undertaken by the Company.

On 8 February 2013, Ms J Hatchwell disposed of 1,000,000 ordinary shares in the company for $12,000 in an on market transaction.

(b) Share dealings of directors (continued)
Company
On 18 March 2013, Mr D Kelly disposed of 635,200 ordinary shares in the company for $7,622 in an on market transaction.

On 13 May 2013, Mr D Biddlecombe was issued 1,829,545 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2013 of $20,125 including GST; Ms L Sanders was issued 1,400,909 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2013 of $15,410; Ms J Hatchwell was issued 1,096,364 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2013 of $12,060; and Mr D Kelly was issued 1,096,364 ordinary shares in satisfaction of Directors fees for the year ended 31 March 2013 of $12,060.

(c) Loans to directors
Company
There were no loans to directors outstanding at 31 March 2013.

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

3. Independent Directors

At the balance date, Dene Biddlecombe and Denis Kelly are both considered Independent Directors for the purposes of NZSX listing rule 3.3.1.

4. Gender composition of the Board of Directors

Dene Peter Biddlecombe	Male
Christopher David Castle	Male
Jill Elizabeth Hatchwell	Female
Denis Douglas Kelly	Male
Linda Jane Sanders	Female

5. NZX Waivers

NZX Limited granted the Company the following waiver in 2012.

The Company applied for a Waiver from NZSX Listing Rule 3.3.1(c) and 3.6.2(c), on 13 July 2012 upon the resignation of Mr K Hindle, until an appropriate replacement Independent Director could be appointed. The waiver was from:

- The requirement in Rule 3.3.1(c) for the Board to include a minimum of two Independent Directors; and
- The requirement in Rule 3.6.2(c) that the Audit Committee have a minimum of three Directors, of which a majority must be Independent Directors.

This enabled the Company to have only one Independent Director on both the Board and the Audit Committee, until the earlier of the appointment of a replacement Independent Director and

6 October 2012. Mr D Biddlecombe was appointed on 4 September 2012 ending reliance on the waiver.

AORERE RESOURCES LIMITED
Corporate Governance
For the year ended 31 March 2013

ETHICAL STANDARDS

Aorere Resources Limited (the "Company") expects its directors and employees to act legally, ethically and with integrity in a manner consistent with the Company's policies, guiding principles and values. The Company has put measures in place to assist with achieving this expectation. These measures are available on the Company's web site.

ROLE OF THE BOARD

The Board of Directors of the Company is elected by the shareholders to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework within which the business of the Company is conducted and confirms strategies for achieving these objectives, monitors management's performance and ensures that procedures are in place to provide effective internal financial control.

The Board is responsible for guiding the corporate strategy and direction of the Company and has overall responsibility for decision making. The Board delegates to the Managing Director responsibility for implementing the Board's strategy and for managing the operations of the Company.

BOARD COMPOSITION AND PERFORMANCE

The Board currently comprises of five directors including the Chairman and the Managing Director.

The Board meets once every six weeks on a formal scheduled basis, and more frequently in order to prioritise and respond to issues as they arise. Board meetings are frequently held by conference call to reduce travel costs.

The Chairman of the Board is Dene Biddlecombe. The Chairman's role includes managing the Board; ensuring the Board is well informed and effective; acting as the link between the Board and Chris Castle, the Managing Director; and ensuring effective communication with shareholders.

The Company does not at present have a formal director training programme.

BOARD COMMITTEES

The Board has two sub-committees: an Audit Committee and a Remuneration Committee. Dene Biddlecombe, Denis Kelly and Jill Hatchwell are on the Audit Committee and Dene Biddlecombe and Denis Kelly are on the Remuneration Committee. Dene Biddlecombe and Denis Kelly are independent directors.

The Board has delegated certain of its responsibilities to these Committees. The decisions of these Committees are reported back to the Board in order to allow the other members of the Board to question committee members.

Given the nature of business of the Company and the internal financial controls that the Company has in place, it is not considered necessary to have an internal auditor in addition to an Audit Committee.

AORERE RESOURCES LIMITED
Corporate Governance
For the year ended 31 March 2013

The Company has determined that it is not appropriate, nor in the best interests of its security holders to establish a Nomination Committee at this time. The Company considers it appropriate to deal with potential nominations at the full Board level and then leave the ultimate decision on Board composition to shareholders through any Board appointee being subject to re-election at the Company's next annual meeting.

REPORTING AND DISCLOSURE

Management accounts are prepared prior to each Board meeting and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

The Board must ensure that the Company makes all disclosures required at law in its Annual Report.

DIRECTOR REMUNERATION

Each Board member receives remuneration from a collective fee pool that is fixed by ordinary shareholder resolution from time to time and allocated between the directors by the Board as it sees fit.

The Company does not have a remuneration policy however the remuneration of all directors is disclosed each year in the Company's Annual Report. The level of fees payable to directors is to be of an amount approved from time to time by shareholders. Subject to shareholder approval and the relevant NZX Listing Rule requirements, the directors may be remunerated other than in cash by way of an issue of equity securities.

RISK MANAGEMENT

The Board reviews management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Board regularly reports the risks associated with its investments on its website.

Under its constitution, the Company may obtain directors' and officers' liability insurance to cover directors acting on behalf of the Company.

SHAREHOLDER RELATIONS

The Company aims to ensure that shareholders are informed of all major developments affecting the Company affairs. Information is communicated to shareholders in the Annual Report, Interim Report, and regular NZX announcements. The Company maintains an email addresses register which any shareholder or stakeholder may request to be included on. All NZX announcements (other than those of an administrative nature) are sent to all recipients on the email register. The Company also maintains its website to provide comprehensive information about its operations, activities and investments.

STAKEHOLDER INTERESTS

The Company does not currently have any employees or material creditors. The Company's stakeholders are accordingly limited at present but will develop over time as the Company's investments develop.

The Board will remain cognisant of stakeholder interests as they develop and consider policies to deal with different stakeholders accordingly. The Company will maintain public information as described in these policies to give stakeholders access to relevant information.