

AORERE RESOURCES LIMITED

Consolidated Financial Statements

For the year ended 31 March 2023

AORERE RESOURCES LIMITED Directory

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Registered office: 1232 State Highway 60, Onekaka, Golden Bay

Share registry: Link Market Services, 80 Queen Street, Auckland

Independent Auditors: Grant Thornton New Zealand Audit Limited, Grant Thornton House, 215 Lambton Quay, Wellington

Legal Advisers: Duncan Cotterill, Chartered Accountants House, 50 Customhouse Quay, Wellington

Bankers: ANZ Banking Group (New Zealand) Ltd, 215-229 Lambton Quay, Wellington

AORERE RESOURCES LIMITED

Directors' Report

In the opinion of the directors of Aorere Resources Limited, the financial statements and notes, on pages 5 to 25:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Group as at 31 March 2023 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 Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

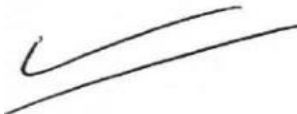
The directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of the financial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

The directors are pleased to present the financial statements of Aorere Resources Limited for the year ended 31 March 2023.

For and on behalf of the Board of Directors:



Linda Sanders
Director
31 August 2023



Chris D Castle
Director
31 August 2023

AORERE RESOURCES LIMITED

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AORERE RESOURCES LIMITED
Consolidated Statement of Financial Position
As at 31 March 2023

	Note	Group	
		2023 \$	2022 \$
Non-current Assets			
Other investments	10	158,232	352,517
Total non-current assets		<u>158,232</u>	<u>352,517</u>
Cash and cash equivalents		1,337	40,215
Trade and other receivables	11	532	1,416
Other investments	10	243,142	202,110
Total current assets		<u>245,011</u>	<u>243,741</u>
Total assets		<u>403,243</u>	<u>596,258</u>
Equity			
Share capital	13	1,355,862	1,355,862
Share revaluation reserves		(125,645)	84,467
Accumulated losses		(928,600)	(887,311)
Total equity attributable to equity holders of the Company		<u>301,617</u>	<u>553,018</u>
Total equity		<u>301,617</u>	<u>553,018</u>
Liabilities			
Trade and other payables	12	93,897	38,387
Income tax payable		7,729	4,853
Total current liabilities		<u>101,626</u>	<u>43,240</u>
Total equity and liabilities		<u>403,243</u>	<u>596,258</u>

The financial statements have been approved by the Board of Directors on 31 August 2023.

The notes on pages 10 to 23 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2023

	Note	Group 2023 \$	2022 \$
Continuing operations			
Revenue from contracts with customers	6	151,855	165,404
Administration expenses	7	(224,605)	(165,531)
Change in fair value of financial assets at fair value through profit and loss		34,337	(70,847)
Loss before income tax		(38,413)	(70,974)
Income tax expense	8	(2,876)	(4,853)
Loss for the year attributable to shareholders		(41,289)	(75,827)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Change in fair value of financial assets at fair value through other comprehensive income		(210,112)	(30,896)
Total other comprehensive income		(251,401)	(106,723)
Basic loss per share		(0.002)	(0.003)
Diluted loss per share		(0.002)	(0.003)

The notes on pages 10 to 23 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Consolidated Statement of Changes in Equity
For the year ended 31 March 2023

	Share capital \$	Share revaluation reserve \$	Accumulated losses \$	Total \$
Balance at 1 April 2022	1,355,862	84,467	(887,311)	553,018
Loss for the year	-	-	(41,289)	(41,289)
Other comprehensive income	-	(210,112)	-	(210,112)
<i>Total comprehensive income for the year</i>	-	(210,112)	(41,289)	(251,401)
Balance at 31 March 2023	1,355,862	(125,645)	(928,600)	301,617
Balance at 1 April 2021	1,296,862	115,363	(811,484)	600,741
Loss for the year	-	-	(75,827)	(75,827)
Other comprehensive income	-	(30,896)	-	(30,896)
<i>Total comprehensive income for the year</i>	-	(30,896)	(75,827)	(106,723)
<i>Transactions with owners in their capacity as owners</i>				
Issue of shares	59,000	-	-	59,000
Balance at 31 March 2022	1,355,862	84,467	(887,311)	553,018

The notes on pages 10 to 23 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Note	Group 2023 \$	2022 \$
Cash flows from operating activities			
Cash received from customers		136,040	74,850
Cash paid to suppliers		(208,211)	(163,945)
Net cash used in operating activities	16	(72,171)	(89,095)
Cash flows from investing activities			
Purchase of other investments current		(6,695)	(215,907)
Purchase of other investments non-current		(12)	-
Net cash used in investing activities		(6,707)	(215,907)
Cash flows from financing activities			
Net proceeds on issue of shares		-	59,000
Proceeds from AIN transaction		-	150,000
Advance from related parties		40,000	-
Net cash from financing activities		40,000	209,000
Net decrease in cash and cash equivalents		(38,878)	(96,002)
Cash and cash equivalents at 1 April		40,215	136,217
Cash and cash equivalents at 31 March		1,337	40,215

The notes on pages 10 to 23 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

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AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

1. Reporting entity

Aorere Resources Limited (the "Company"), is a company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 and listed on the Unlisted Security Exchange ("USX").

The consolidated financial statements of Aorere Resources Limited as at and for the year ended 31 March 2023 comprise the Company and its subsidiary (together referred to as the "Group").

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

2. Basis of preparation

(a) *Statement of compliance*

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

These financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards.

The financial statements were approved by the Board of Directors on – 31 August 2023.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost convention, as modified by the revaluation of financial instruments as identified in specific accounting policies below.

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

(c) *Functional and presentation currency*

These financial statements are presented in New Zealand dollars, which is the Group's functional currency.

(d) *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 Note 4(a) – valuation of unlisted investments.

(e) *Changes in Accounting Policies*

The Group has adopted all of the new and revised Standards and Interpretations issued by the NZ Accounting Standards Board that are relevant to its operations and effective for an accounting period that begins on or after 1 April 2022. There has not been a material impact to the financial statements.

(f) *New NZ IFRS standards and interpretations issued but not yet adopted*

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective and have not been adopted early by the Group.

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

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

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

3. Significant accounting policies

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

(a) *Basis of consolidation*

(i) *Subsidiaries*

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

(c) *Equity and reserves*

Ordinary shares

Share capital represents the incremental costs directly attributable to the issue of ordinary shares.

Other components of equity include the following:

- Share revaluation reserve – comprises gains and losses from the revaluation of other investments valued at FVOCI see Note 3 (i).

(d) *Director benefits*

Directors expenses are recognized when the service is provided.

(e) *Revenue*

Performance obligations and timing of revenue recognition.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

3. Significant accounting policies

Services

The Group carries out management services for clients, with revenue recognised typically on an over time basis. The contracts require payment to be received for the time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the Group's failure to perform its obligations under the contract. On partially complete contracts, the Group recognises revenue based on stage of completion of the service which is estimated by comparing the number of months spent on the service with the total number of months contracted (i.e. an input based method). This is considered a faithful depiction of the transfer of services and therefore also represents the amount to which the Group would be entitled based on its performance to date.

(f) Finance income and expenses

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

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

(g) Income tax expense

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

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

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

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.

(h) 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.

(i) Financial Instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

3. Significant accounting policies (continued)

Fair value through profit or loss (FVTPL)

This category comprises other investments at fair value through profit and loss. The Group accounts for financial assets that are not categorised as “hold to collect” at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Fair value through other comprehensive income (FVOCI)

This category comprises other investments and investments in Chatham Rock Phosphate Limited at fair value through other comprehensive income. The Group accounts for financial assets that are held as “hold to collect” at FVOCI.

Assets in this category are measured at fair value with gains or losses recognised in other comprehensive income and gains flow through to the Share Revaluation Reserve. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

Other financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability.

The Group's ordinary shares are classified as equity instruments.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

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 financial assets at fair value through other comprehensive income are determined by reference to their quoted bid price at the reporting date. Where an active market does not exist around reporting date, a proxy for the quoted bid price is determined using active market prices for a period closest to the reporting date. For equity investments which are unlisted, the fair value is based on appropriate valuation methodology.

(b) *Receivables*

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

5. Segment reporting

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

Geographical segments

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

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

Group - Geographical segments

	New Zealand \$	Australia \$	Canada \$	Total \$
2023				
Other revenue	136,040	-	15,815	151,855
Total income	136,040	-	15,815	151,855
Segment assets	109,857	168,507	124,879	403,243
2022				
Other revenue	74,850	-	90,554	165,404
Total income	74,850	-	90,554	165,404
Segment assets	172,474	135,155	288,629	596,258

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

6. Revenue

	Note	Group	
		2023	2022
Management fees		136,040	72,000
Directors' fees		15,815	90,554
Other income		-	2,850
Total revenue		151,855	165,404

7. Administrative expenses

The following items of expenditure are included in administrative expenses:

	Note	Group	
		2023	2022
Auditor's remuneration to Grant Thornton comprises:			
Audit of financial statements		33,138	28,750
Total auditor's remuneration		33,138	28,750
Accounting fees		5,500	7,600
Bank fees		172	306
Consultancy fees		10,250	9,060
Directors fees	17	6,000	6,000
Foreign exchange losses		-	1,480
General expenses		50	391
Legal fees		2,532	9,403
Listing fees		8,820	7,665
Management fees	17	148,040	84,000
Registry fees		10,103	10,668
Travel expenses		-	208
Total administration expenses		224,605	165,531

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

8. Income tax expense in the Statement of Profit and Loss and Other Comprehensive Income

Reconciliation of effective tax rate

	Group	
	2023	2022
Loss for the year	(41,289)	(75,827)
Total income tax expense	2,876	4,853
Loss excluding income tax	(38,413)	(70,974)
Income tax using the Company's domestic tax rate (28%)	(10,756)	(19,873)
<i>Tax effect of:</i>		
Non-deductible expenses	2,470	2,146
Current year losses for which no deferred tax is recognised	10,613	-
Change in unrecognised temporary differences	(4,500)	18,504
Prior year unrecognised tax losses now utilised	-	(323)
Prior period adjustment	2,876	-
Investment income calculated under tax legislation	2,173	4,399
Income tax expense	2,876	4,853
<i>Comprising:</i>		
Current tax expense		
Current period	-	4,853
Prior period adjustment	2,876	-
	2,876	4,853
Deferred tax expense		
Origination and reversal of temporary differences	(6,113)	(18,504)
Change in unrecognised temporary differences	6,113	18,504
	-	-
Total income tax expense recognised directly in profit or loss	2,876	4,853
Imputation credit account:		
Imputation credits at 1 April	-	-
Less imputation credits transferred to group	-	-
Imputation credits at 31 March	-	-

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

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

9. Deferred tax assets and liabilities

Unrecognised deferred tax assets

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

<i>In thousands of dollars</i>	Group 2023	2022
Tax losses	(37,906)	(27,537)
Net tax (assets)/liabilities	(37,906)	(27,537)

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

10. Investments

Other investments

	Group 2023	2022
Non-current investments		
<i>Financial assets designated at fair value through other comprehensive income</i>		
Listed equity shares	131,675	209,568
Listed equity shares – held by third party on behalf of Group	23,935	73,779
Unlisted equity shares	2,622	2,622
Unlisted equity options – held by third party on behalf of Group	-	66,548
	158,232	352,517
Current investments		
<i>Financial assets designated at fair value through profit or loss</i>		
Listed equity shares	125,169	158,862
Unlisted equity shares	117,973	43,248
	243,142	202,110

11. Trade and other receivables

	Group 2023 \$	2022 \$
GST receivable	532	1,416
	532	1,416

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

12. Trade and other payables

	2023	Group
	\$	2022
		\$
Trade and other payables due to related parties	57,450	-
Other trade payables	4,404	7,768
Other payables	32,043	30,618
	93,897	38,386

13. Capital and Reserves

Share capital

	Ordinary shares	
	2023	2022
On issue at 1 April	2,566,555,042	2,419,055,042
Shares issued	-	147,500,000
	2,566,555,042	2,566,555,042

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 16 November, 2021 147,500,000 shares were issued to qualified investors at \$0.0004 cents each.

14. Earnings/(loss) per share

Basic loss per share

The calculation of basic and diluted earnings per share at 31 March 2023 was based on the loss attributable to ordinary shareholders of \$(41,289) (2022: \$75,827) and a weighted average number of ordinary shares outstanding of 2,566,555,042 (2022: 2,473,609,837), calculated as follows:

Loss attributable to ordinary shareholders

	2023	Group
		2022
Basic loss per share (cents)	(0.002)	(0.003)
Net loss for the year	(41,289)	(75,827)

Weighted average number of ordinary shares:

	2023	2022
Issued ordinary shares at 1 April	2,566,555,042	2,419,055,042
Effect of shares issued November 2022	-	54,554,795
	2,566,555,042	2,473,609,837

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

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

15. Financial instruments

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

Foreign currency risk

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

	NZD
2023	
Foreign currency risk	
Other investments held in Canadian dollars	124,797
Other investments held in Australian dollars	168,507
2022	
Foreign currency risk	
Other investments held in Canadian dollars	288,547
Other investments held in Australian dollars	135,155

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

Market risk

Equity Price risk

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

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

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

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

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

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

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

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

15. Financial instruments (continued)

Other investments of the Group relate to:

	2023	2022
Non-current investments		
Equity securities at fair value through other comprehensive income	158,232	352,517
Current investments		
Equity securities at fair value through profit and loss	243,142	202,110

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 associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk framework for the management of the Group's short, medium and longer term funding and liquidity management requirements. The Group manages liquidity risk by maintaining a cash balance through monitoring future cash flow forecasts of its operations and management's expectations of the settlement of financial assets and liabilities.

At 31 March 2023, the Group had \$93,897 (2022: \$38,387) in trade and other payables and \$7,729 (2022: \$4,853) in other liabilities. 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. At 31 March 2023 the Group's total assets exceeded total liabilities by \$301,617.

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

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

Credit risk

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

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

Classification and fair values

The fair value of all financial instruments is the carrying value.

The Company measures equity investments at fair value. 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. Refer to Note 4(a) for how other investments (ie. non-listed) are valued.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

16. Financial instruments (continued)

	Fair value through other comprehensive income	Fair value through profit or loss	Amortised cost	Total carrying amount
2023				
Assets				
Other investments	53,065	-	-	53,065
Investment in CRP	105,167	-	-	105,167
Total non-current assets	158,232	-	-	158,232
Other investments				
Cash and cash equivalents	-	243,142	-	243,142
	-	-	1,337	1,337
Total current assets	-	243,142	1,337	244,479
Total assets	158,232	243,142	1,337	402,711
Liabilities				
Trade and other payables	-	(93,897)	-	(93,897)
Total current liabilities	-	(93,897)	-	(93,897)
Total liabilities	-	(93,897)	-	(93,897)
2022				
Assets				
Other investments	224,563	-	-	224,563
Investment in CRP	127,954	-	-	127,954
Total non-current assets	352,517	-	-	352,517
Other investments				
Cash and cash equivalents	-	202,110	-	202,110
	-	-	40,215	40,215
Total current assets	-	202,110	40,215	242,325
Total assets	352,517	202,110	40,215	594,842
Liabilities				
Trade and other payables	-	(38,387)	-	(38,387)
Total current liabilities	-	(38,387)	-	(38,387)
Total liabilities	-	(38,387)	-	(38,387)

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

16. Reconciliation of the loss for the year with the net cash from operating activities

	Group 2023	2022
Loss for the year from continuing operations after income tax	(41,289)	(75,827)
Adjustments for:		
Non-cash income	(15,815)	(90,554)
Loss in fair value of fair value through profit and loss financial assets	(34,337)	70,847
Income tax	2,876	4,853
	<u>(88,565)</u>	<u>(90,681)</u>
Change in trade and other receivables	884	(784)
Change in trade and other payables	15,510	2,370
Net cash from operating activities	<u>(72,121)</u>	<u>(89,095)</u>

17. Related parties

Directors of the Company directly control 28.62% (2022: 28.62%) of the voting shares of the Company.

Chris Castle, Jill Hatchwell & Linda Sanders, Directors of Aorere Resources Limited are also common Directors of Chatham Rock Phosphate Limited and Chatham Rock Phosphate (NZ) Limited. Chris Castle is also a Director of Decklar Resources Limited (formerly Asian Mineral Resources Limited).

Chris Castle receives management fees passed through from Chatham Rock Phosphate Limited. This year that has amounted to \$136,040 (2022: \$72,000).

Director fee remuneration for the year was \$12,000 (2022: \$12,000) out of which \$12,000 (2022: \$6,000) is payable at reporting date.

		Transaction value Year ended 31 March	
		2023	2022
Related Parties	Transactions		
Decklar Resources Limited (Formerly Asian Mineral Resources Limited)	Directors' fees received	15,823	90,554
Chatham Rock Phosphate (NZ) Limited	Management fees received	136,040	72,000

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2023

17. 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, in addition to Chris Castle's remuneration already disclosed:

	Group	
	2023	2022
Management Fees		
Chris Castle	148,040	84,000
Directors Fees		
Linda Sanders	6,000	6,000
Jill Hatchwell	6,000	6,000

KMP Balances at Year End

	2023	2022
	\$	\$
<i>To be settled in Cash</i>		
Management Fees		
Chris Castle	5,000	-
Directors Fees		
Linda Sanders	6,000	3,000
Nevay Holdings Limited	6,450	3,000
	<u>12,450</u>	<u>6,000</u>
Short term funding		
Chris Castle	40,000	-
Total	<u>57,450</u>	<u>6,000</u>

Nevay Holdings Limited is a related party through Directors of the Company owning shares in Nevay Holdings Limited.

18. Contingencies

There are no contingent liabilities at 31 March 2023 (2022: nil).

19. Group entities

Aorere's significant subsidiary is listed below. The subsidiary has a 31 March reporting date.

	Country of Incorporation	Ownership interest	
		2023	2022
Mineral Investments Limited	New Zealand	100	100

20. Subsequent events

There were no subsequent events.

Independent Auditor's Report

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To the Shareholders of Aorere Resources Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aorere Resources Limited (the "Company") and its controlled entities (the "Group") on pages 5 to 23 which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

Basis for Opinion

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Directors' Responsibilities for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with the New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7/>

Restriction on use of our report

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

Grant Thornton New Zealand Audit Limited



Auckland, New Zealand

31 August 2023