

AORERE RESOURCES LIMITED

Financial Statements

For the year ended 31 March 2019

AORERE RESOURCES LIMITED

Directory

Directors: Peter Liddle (Chairman) (1)(2)
Chris Castle
Jill Hatchwell (1)
Linda Sanders
Simon Henderson (1)(2)

Contacts: +643 525 9170 or +6421 558 185 or chris@widespread.co.nz

Website: www.aorereresources.co.nz

Headquarters: Level 1, 93 The Terrace, Wellington

Postal: P O Box 231, Takaka 7142

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

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

Auditors: BDO Wellington Audit Limited, Chartered Accountants House, 50 Customhouse Quay, Wellington

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

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

(1) Member of Audit Committee

(2) Member of Remuneration Committee

AORERE RESOURCES LIMITED Directors' Report

In the opinion of the directors of Aorere Resources Limited, the financial statements and notes, on pages 5 to 27:

- 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 2019 and the results of their operations and cash flows for the year ended on that date.
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

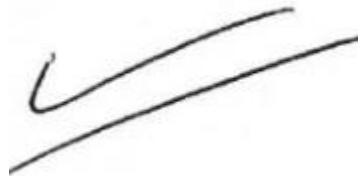
The directors consider that they have taken adequate steps to safeguard the assets of the Company and Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of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

The directors are pleased to present the financial statements of Aorere Resources Limited for the year ended 31 March 2019.

For and on behalf of the Board of Directors:



.....
Peter Liddle
Director
22 May 2019



.....
Chris D Castle
Director
22 May 2019

AORERE RESOURCES LIMITED

CONTENTS

	Page
Statement of Financial Position	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-27
Independent Auditors' Report	28-30

AORERE RESOURCES LIMITED
Statement of Financial Position
As at 31 March 2019

<i>In thousands of dollars</i>	Note	Group	
		2019	2018
Assets			
Other investments	10	111	204
Investments in Chatham Rock Phosphate Limited	9	91	202
Total non-current assets		202	406
Cash and cash equivalents	12	1	33
Trade and other receivables	13	7	10
Other investments	10	2	2
Prepayments		6	11
Total current assets		16	56
Total assets		218	462
Equity			
Share capital	16	14,342	14,342
Share warrant reserve	16	5	5
Accumulated losses	16	(14,444)	(14,173)
Total equity attributable to equity holders of the Company		(97)	174
Total equity		(97)	174
Liabilities			
Trade and other payables	14	280	253
Other financial liabilities	15	35	-
Total current liabilities		315	253
Other financial liabilities	15	-	35
Total non-current liabilities		-	35
Total equity and liabilities		218	462

The financial statements have been approved by the Board of Directors on 22 May 2019.

The notes on pages 9 to 27 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2019

<i>In thousands of dollars</i>	Note	Group	
		2019	2018
Revenue	6	294	204
Net Finance income/(expenses)		3	(1)
Administration expenses	7	(317)	(502)
(Loss)/gain on disposal of fair value through profit and loss investments (2018: available-for-sale investments)		(6)	18
Change in fair value of financial assets at fair value through profit and loss (2018: Impairment of available-for-sale financial assets)		(245)	(221)
Impairment of investments		(-)	(10)
Profit/(loss) before income tax		(271)	(512)
Income tax credit/(expense)	8	-	-
Profit/(loss) for the year attributable to shareholders		(271)	(512)
Other Comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Change in fair value of available-for-sale financial assets		-	(16)
Other comprehensive income for the year, net of tax		-	(16)
Total other comprehensive income		(271)	(528)
Basic (loss)/earnings per share	17	(0.018)	(0.037)
Diluted (loss)/earnings per share		(0.018)	(0.037)

The notes on pages 9 to 27 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Statement of Changes in Equity
For the year ended 31 March 2019

<i>In thousands of dollars</i>	Share capital	Available for sale fair value reserve	Share warrant reserve	Accumulated losses	Total
Balance at 1 April 2018	14,342	-	5	(14,173)	174
Profit/(loss) for the year	-	-	-	(271)	(271)
Total comprehensive income for the year	-	-	-	(271)	(271)
Balance at 31 March 2019	14,342	-	5	(14,444)	(97)
Balance at 1 April 2017	14,081	16	5	(13,661)	441
Profit/(loss) for the year	-	-	-	(512)	(512)
Other comprehensive income	-	(16)	-	-	(16)
Total comprehensive income for the year	-	(16)	-	(512)	(528)
<i>Transactions with owners in their capacity as owners</i>					
Issue of shares	264	-	-	-	264
Share issue costs	(3)	-	-	-	(3)
Balance at 31 March 2018	14,342	-	5	(14,173)	174

The notes on pages 9 to 27 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Statement of Cash Flows
For the year ended 31 March 2019

<i>In thousands of dollars</i>	Note	Group	
		2019	2018
Cash flows from operating activities			
Cash received from customers		144	204
Interest received		2	2
Cash paid to suppliers		(231)	(370)
Tax refund received		-	1
		<hr/>	<hr/>
Net cash (used in) operating activities	19	(85)	(163)
Cash flows from investing activities			
Proceeds from sale of other investments non-current		33	51
Proceeds from related parties		20	30
Proceeds from NZX Bond		-	3
Purchase of other investments non-current		-	(60)
		<hr/>	<hr/>
Net cash generated from investing activities		53	24
Cash flows from financing activities			
Proceeds from issue of share capital		-	116
		<hr/>	<hr/>
Net cash from financing activities		-	116
Net increase/(decrease) in cash and cash equivalents			
		(32)	(23)
Cash and cash equivalents at 1 April		33	56
		<hr/>	<hr/>
Cash and cash equivalents at 31 March	12	1	33

The notes on pages 9 to 27 are an integral part of these financial statements.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

	Page
1. Reporting entity	10
2. Basis of preparation	10-11
3. Significant accounting policies	11-15
4. Determination of fair values	15
5. Segment reporting	16
6. Revenue	17
7. Administrative expenses	17
8. Income tax expense in the Statement of profit or loss and other comprehensive income	18
9. Investment in Chatham Rock Phosphate	19
10. Investments	19
11. Deferred tax assets and liabilities	19-20
12. Cash and cash equivalents	20
13. Trade and other receivables	20
14. Trade and other payables	20
15. Other financial liabilities	21
16. Capital and reserves	21
17. Earnings/(loss) per share	22
18. Financial instruments	22-25
19. Reconciliation of the profit/(loss) for the period with the net cash from operating activities	25
20. Related parties	26
21. Contingencies	27
22. Group entities	27
23. Subsequent events	27
24. Effects of changes in accounting policies	27

AORERE RESOURCES LIMITED

Notes to Financial Statements

For the year ended 31 March 2019

1. Reporting entity

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

The consolidated financial statements of Aorere Resources Limited as at and for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees.

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

2. Basis of preparation

(a) *Statement of compliance*

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

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

The financial statements were approved by the Board of Directors on – 22 May 2019.

(b) *Basis of measurement*

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

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

(c) *Going concern*

The Group incurred a net loss of \$271,000 (2018: \$512,000) and generated negative operating cash flows of \$85,000 (2018: \$163,000) during the year ended 31 March 2019. In addition, at 31 March 2019 the Group's current liabilities exceeded its current assets by \$299,000 (2018: \$197,000) and total liabilities exceeded total assets by \$97,000 (2018: total assets exceeded total liabilities by \$174,000). However included in total liabilities is \$102,000 which is due to Related parties and is payable in shares. Refer Note 20.

After considering the Group's cash position, including forecasted revenues and cash flows through until 30 June 2020, the Directors believe there will be sufficient funds to meet the Group's ongoing working capital obligations as they fall due. This will only be possible if the Group is able to sell investments and or raise further capital by one or a combination of placement of shares, pro-rata issue to shareholders, or further issue of shares to the public.

Subsequent to balance date the Company has commenced a share purchase plan (SPP) offer to existing shareholders. The SPP offers existing shareholders the opportunity to apply for either an \$800 (representing 1 million shares) or \$1,600 (representing 2 million shares) parcel of new shares at an issue price of \$0.0008 per share. Shareholders can choose to apply for more shares beyond this allocation, subject to the availability of shares.

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

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

(d) *Functional and presentation currency*

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

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

2. Basis of preparation (continued)

(e) *Use of estimates and judgements*

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

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

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

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

(f) *Changes in Accounting Policies*

New standards, interpretations and amendments effective from 1 April 2018

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 2019, and which have given rise to changes in the Group's accounting policies include:

- NZ IFRS 9 *Financial Instruments* (NZ IFRS 9); and
- NZ IFRS 15 *Revenue from Contracts with Customers* (NZ IFRS 15)

There was no impact on any of the line items of the financial statements from the implementation. Refer to Note 24 for the effects of changes in accounting policies.

(g) *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.

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, except for Financial Instruments, refer to Note 24 regarding the effect of changes in accounting policies.

(a) *Basis of consolidation*

(i) *Subsidiaries*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2019. 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.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

3. Significant accounting policies (continued)

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

(ii) Associates (equity accounted investees)

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

(iii) Transactions eliminated on consolidation

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

(b) Foreign currency

Foreign currency transactions

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

(c) Share capital

Ordinary shares

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

(d) Director benefits

Equity settled transactions

Directors expenses are recognized when the service is provided, and shares are issued to meet this obligation at a later date.

(e) Revenue

Performance obligations and timing of revenue recognition

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.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

3. Significant accounting policies (continued)

(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 (2018: available-for-sale financial assets), changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), and losses on the disposal of fair value through profit and loss financial assets (2018: available-for-sale financial assets) that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(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 balance date, and any adjustment to tax payable in respect of previous years.

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

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:

Fair value through profit or loss

This category comprises in-the-money derivatives (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading, however it has classified other investments and investments in Chatham Rock Phosphate Limited as fair value through profit and loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. 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.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

3. Significant accounting policies (continued)

Impairment provisions for current and non-current 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.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit) as part of the impairment expense.

The Group's financial assets measured at amortised cost comprise trade and other receivables, related party loans 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, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Fair value through other comprehensive income

No assets are classified as Fair value through other comprehensive income.

Financial liabilities

The Company/Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives (see "Financial assets" for in-the-money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in profit and loss. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss, other than the convertible note debt described further below..

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings and the Group's redeemable preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

Liability components of convertible loan notes are measured as described further below.

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.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

3. Significant accounting policies (continued)

Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as fair value through profit and loss until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible debt option reserve" within shareholders' equity, net of income tax effects.

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.

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 in 2018) is determined by reference to their quoted bid price at the reporting date. Where an active market does not exist around reporting date, a proxy for the quoted bid price is determined using active market prices for a period closest to the reporting date. For equity investments which are unlisted, the fair value is based on appropriate valuation methodology. The Group has one unlisted investment, being shares in Tasman Capital. Fair value of this investment is based on the listed share prices of the shares it owns, as that makes up the bulk of the assets and equity of Tasman Capital.

(b) *Receivables*

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

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

5. Segment reporting

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

Geographical segments

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

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

Group - Geographical segments

<i>In thousands of dollars</i>	New Zealand	Canada	Other	Total
2019				
Interest revenue	3	-	-	3
Other revenue	215	79	-	294
Total revenue	218	79	-	297
Segment assets	193	25	-	218
Other segment information				
Investment in Chatham Rock Phosphate	91	-	-	91
2018				
Interest revenue	3	-	-	3
Other revenue	204	-	-	204
Total revenue	207	-	-	207
Segment assets	344	118	-	462
Other segment information				
Investment in Chatham Rock Phosphate	202	-	-	202

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

6. Revenue

<i>In thousands of dollars</i>	Note	Group	
		2019	2018
Consultancy fees	20	144	204
Directors fees	20	79	-
Other income		1	-
Forgiveness of debt	20	70	-
Total revenue		294	204

7. Administrative expenses

The following items of expenditure are included in administrative expenses:

<i>In thousands of dollars</i>	Note	Group	
		2019	2018
Auditor's remuneration to BDO comprises:			
Audit of financial statements		20	20
Tax return preparation		3	6
Total auditor's remuneration		23	26
Accountancy		10	13
Consultancy fees		-	1
Directors fees	20	42	42
General expenses		4	6
Insurance		5	14
Legal fees		13	37
Listing fees		25	26
Management fees	20	184	324
Registry fees		11	11
Travel expenses		-	2
Total administration expenses		317	502

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

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

Reconciliation of effective tax rate

<i>In thousands of dollars</i>	2019	Group	2018
Profit/(loss) for the year	(271)		(512)
Total income tax (credit)/expense	-		-
Profit/(loss) excluding income tax	(271)		(512)
Income tax using the Company's domestic tax rate (28%)	(76)		(143)
<i>Tax effect of:</i>			
Non-deductible expenses	78		17
Non-assessable income	-		(5)
Non-assessable equity accounted earnings	-		62
Current year losses for which no deferred tax asset is recognised	33		52
Change in unrecognised temporary differences	1		12
Change in recognised temporary differences	(39)		-
Investment income calculated under tax legislation	3		5
Income tax (credit)/expense	-		-
<i>Comprising:</i>			
Current tax expense	-		-
Deferred tax expense (Note 11)			
Origination and reversal of temporary differences	(1)		(12)
Change in unrecognised temporary differences	1		12
	-		-
Total income tax (credit)/ expense recognised directly in profit or loss	-		-
<i>The current tax liability/(asset) consists of:</i>			
Resident withholding tax paid	-		-
Current tax liability/(asset)	-		-
Imputation credit account			
Imputation credits at 1 April	197		198
Resident withholding tax deducted	-		-
New Zealand tax payments, net of refunds	-		(1)
Imputation credits at 31 March	197		197

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 2019

9. Investment in Chatham Rock Phosphate

At year end the Group has a 2.7% (2018: 3.6%) interest in Chatham Rock Phosphate Limited (Listed on the TSX). The Company aims to be the premier supplier of direct application phosphate to the New Zealand and global agricultural sector.

The Directors have determined the fair value of the investment to be \$91,000 based on the listed price of CAD \$0.15 cents on 29 March 2019 converted to NZD.

10. Investments

Other investments

<i>In thousands of dollars</i>	Group	2019	2018
Non-current investments			
<i>Fair value through profit and loss (2018: Available-for-sale financial assets)</i>			
Listed equity shares		25	118
Unlisted equity shares		6	6
 <i>Held as Amortised cost (2018: Loans and Receivables)</i>			
NZX Bond		80	80
		111	204
 Current investments			
Financial assets designated at fair value through profit or loss		2	2

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

11. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of dollars</i>	Group	2019	2018
Trade and other payables		-	(39)
Tax losses		-	39
		-	-
Net tax (assets)/liabilities		-	-

Movement in temporary differences during the year:

<i>In thousands of dollars</i>	Balance at 1/4/18	Recognised in income	Balance at 31/3/19
Trade and other payables	(39)	39	-
Tax losses	39	(39)	-
	-	-	-

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

11. Deferred tax assets and liabilities (continued)

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

Unrecognised deferred tax assets

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

<i>In thousands of dollars</i>	Group 2019	2018
Tax losses	(243)	(210)
Net tax (assets)/liabilities	(243)	(210)

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

12. Cash and cash equivalents

<i>In thousands of dollars</i>	2019	Group 2018
Bank balances	1	9
Haywoods Broker account	-	24
Cash and cash equivalents in the statement of cash flows	1	33

13. Trade and other receivables

<i>In thousands of dollars</i>	2019	Group 2018
GST receivable	5	8
Interest receivable	2	2
	7	10

14. Trade and other payables

<i>In thousands of dollars</i>	2019	Group 2018
Trade creditors	7	5
Other payables	22	24
Related party payables	251	224
	280	253

Related party payables includes \$149,000 (2018:\$164,000) payable in cash and \$102,000 (2018:\$60,000) payable in shares.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

15. Other Financial Liabilities

<i>In thousands of dollars</i>	2019	Group 2018
Convertible Debenture	35	35
	35	35

Convertible Debenture

As part of pursuing the Nevada Project, Mr Gordon Fretwell advanced to the Group NZ\$35,000 on 31 October 2016 (Debt) to help meet project related costs. The Group has entered into a convertible instrument with Mr Gordon Fretwell, under which Mr Gordon Fretwell may elect (in whole or in part) to convert the Debt to fully paid shares in the Company at an issue price of \$0.0009 per share. If the Debt has not been converted on or before 31 March 2020, the Company must repay the Debt. The Debt is interest free. The volume weighted average market price of a share in the Company over the 12 month period to 31 March 2019 was \$0.001. The issue of shares on conversion at \$0.0009 reflects a 10% discount to this price. The entire balance has been classified as debt as, in the director's opinion, the value of the conversion features are not material.

16. Capital and reserves

Share capital

<i>In thousands of shares</i>	Ordinary shares	
	2019	2018
On issue at 1 April	1,476,456	1,210,527
Issued for cash	-	141,035
Issued in lieu of payment	-	124,894
	1,476,456	1,476,456

Ordinary Shares

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

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

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

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

Equity-settled transactions

No expenses settled by equity transactions have been included in expenses in the year ended 31 March 2019.

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised. This note only relates to the 2018 year.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

17. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic and diluted earnings per share at 31 March 2019 was based on the profit/(loss) attributable to ordinary shareholders of \$(271,000) (2018: \$(512,000)) and a weighted average number of ordinary shares outstanding of 1,476,456,000 (2018: 1,382,233,000), calculated as follows:

Profit/(loss) attributable to ordinary shareholders

<i>In thousands of shares</i>	2019	Group	2018
Basic earnings/(loss) per share (cents)	(0.018)		(0.037)
Net profit/(loss) for the year	(271)		(512)

Weighted average number of ordinary shares

<i>In thousands of shares</i>	2019	2018
Issued ordinary shares at 1 April	1,476,456	1,210,527
Effect of shares issued May 17	-	82,674
Effect of shares issued September 17	-	89,032
Weighted average number of ordinary shares at 31 March	1,476,456	1,382,233

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

18. Financial instruments

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

Foreign currency risk

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

<i>In thousands of dollars</i>	NZD
2019	
Foreign currency risk	
Other investments held in Canadian dollars	25
2018	
Foreign currency risk	
Other investments held in Canadian dollars	118

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.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

18. Financial instruments (continued)

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.

Other investments of the Group relate to:

<i>In thousands of dollars</i>	2019	2018
Non-current investments		
Equity securities at fair value through profit and loss (2018: available-for-sale)	31	124
Current investments		
Equity securities at fair value through profit and loss	2	2

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations 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. Refer to Note 2(c).

At 31 March 2019, the Group had \$280,000 (2018: \$253,000) in trade and other payables and \$35,000 (2018: \$35,000) 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 2019 the Group's total liabilities exceeded total assets by \$97,000. However, included in total liabilities is \$102,000 which is due to Related parties and is payable in shares. Refer Note 20.

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.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

18. Financial instruments (continued)

Credit risk

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

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

Classification and fair values

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

The Company measures equity investments at fair value (refer Note 9 and 10). 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.

In thousands of dollars

	Fair value through profit or loss (Fair value through profit and loss and available-for- sale 2018)	Amortised cost (Loans and receivables 2018)	Total carrying amount
2019			
Assets			
Other investments	31	80	111
Investment in CRP	91	-	91
Total non-current assets	122	80	202
Current assets			
Other investments	2	-	2
Trade and other receivables	-	2	2
Cash and cash equivalents	-	1	1
Total current assets	2	3	5
Total assets	124	83	207
Liabilities			
Trade and other payables	280	-	280
Other liabilities	35	-	35
Total current liabilities	315	-	315
Total liabilities	315	-	315

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

18. Financial instruments (continued)

In thousands of dollars

	Fair value through profit or loss	Loans and receivables 2018	Available-for- sale 2018	Total carrying amount
2018				
Assets				
Other investments	-	80	124	204
Investment in CRP	-	-	202	202
Total non-current assets	-	80	326	406
Other investments	2	-	-	2
Trade and other receivables	-	2	-	2
Cash and cash equivalents	-	33	-	33
Total current assets	2	35	-	37
Total assets	2	115	326	443
Liabilities				
Other liabilities	35	-	-	35
Total non-current liabilities	35	-	-	35
Trade and other payables	253	-	-	253
Total current liabilities	253	-	-	253
Total liabilities	288	-	-	288

As a result of the transition to IFRS 9 the amounts recognised as available-for-sale in 2018 are classified as fair value through profit and loss in 2019 and the amounts recognised as loans and receivables in 2018 are classified as amortised cost in 2019.

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

<i>In thousands of dollars</i>	Group 2019	2018
Profit/(loss) for the year after income tax	(271)	(512)
Adjustments for:		
(Gains) on sale of fair value through profit and loss financial assets (2018: available-for-sale financial assets)	6	(18)
Non-cash expenses		
Income settled in shares	(79)	-
Other income	(1)	-
Loss in fair value of fair value through profit and loss financial assets (2018: available-for-sale financial assets)	245	221
Impairment of investments	-	10
Share of loss of equity accounted investees	-	-
	(100)	(299)
Change in trade and other receivables	4	105
Change in trade and other payables	6	30
Change in prepayments	5	1
Net cash from operating activities	(85)	(163)

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

20. Related parties

Directors of the Company directly control 16.91% (2018: 16.91%) of the voting shares of the Company.

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

The annual management fee payable to Chris Castle for this year is \$40,000 (2018: \$120,000) payable in cash \$40,000 (2018: \$60,000) and shares \$nil (2018: \$60,000). This arrangement was originally negotiated by the independent directors, effective from 24 July 2015 and is reviewed from time to time. In September 2018, Chris Castle agreed to a write down of \$30,000 of 2018 fees outstanding (the share component) and accepted a \$10,000 payable in cash and \$20,000 payable in shares. Chris Castle is contracted on a full time basis to Aorere Resources Limited.

In addition, Chris Castle receives management fees passed through from Chatham Rock Phosphate Limited. This year that has amounted to \$144,000 (2018:\$204,000) (refer Note 6).

The outstanding balance at reporting date was \$64,000 (2018: \$60,000) which is included in trade payables (2018: trade payables) and includes both cash and shares. Also outstanding at reporting date was \$64,000 (2018: \$43,000) payable to Chris Castle for funds advanced to the Company. The balances are interest free and not payable on demand.

<i>In thousands of dollars</i>		Transaction value		Balance	
		Year ended 31 March		receivable/(payable) as at 31 March	
		2019	2018	2019	2018
Related Parties	Transactions				
Asian Mineral Resources Limited	Directors fees received	79	-	-	-
Chatham Rock Phosphate (NZ) Limited	Management fees received	144	204	-	-

Asian Mineral Resources Limited settled the Directors fees receivable to the Group by issuing 105,000 shares in the Company.

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:

<i>In thousands of dollars</i>	2019	2018
<i>Short-term benefits paid:</i>		
Directors fees	-	-
Equity-settled payments	-	67
Total remuneration	-	67

There were no transactions during the year with key management personnel (2018: settlement of 2017 consultancy fees and 2017 Directors fees). The outstanding balance at reporting date was \$nil (2018: \$nil) included in trade payables and \$123,000 (2018: \$121,000) included in accruals, of this \$82,000 has been agreed to be settled in shares.

Additionally in September 2018, the Directors agreed to a write down in their Directors fees for 2017 of 50%, which decreased their fees from \$79,000 to \$39,000. This is included in related party payables.

AORERE RESOURCES LIMITED
Notes to Financial Statements
For the year ended 31 March 2019

21. Contingencies

There are no contingent liabilities at 31 March 2019 (2018: nil).

22. Group entities

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

	Country of Incorporation	Ownership interest	
		2019	2018
Widespread Limited	New Zealand	100	100
Mineral Investments Limited	New Zealand	100	100

Nevada Gold Limited was removed from the NZ Companies Register on 28 February 2019.

23. Subsequent Events

On 14 May 2019 the Group announced a share purchase plan (SPP) offer to existing shareholders.

The group has been focused on widening its portfolio of investments and is seeking to investigate a suitable business to acquire by way of reverse listing. The Group considers its NZX main board listing status to be a key asset as it would offer a suitable private company an alternative path to market and create equity value for shareholders.

The capital raised by the SPP will allow the Group to meet basic compliance costs while the Group progresses its investigations to identify and pursue the acquisition of a suitable business and expand the Group's assets. While the Group has not entered into any documentation for a transaction, it has had discussions with several interested parties and believes there is a reasonable prospect of securing such a transaction in the next 12 months.

The SPP will offer existing shareholders the opportunity to apply for either an \$800 (representing 1 million shares) or \$1,600 (representing 2 million shares) parcel of new shares at an issue price of \$0.0008 per share. Shareholders can choose to apply for more shares beyond this allocation, subject to the availability of shares.

The Group hopes to place up to 442,936,250 Ordinary shares, valued at up to \$354,349.

The Record date is 22 May 2019 and the Closing date will be 13th June 2019.

24. Effects of Changes in Accounting Policies

The Group has chosen to use the fully retrospective method on adoption of IFRS 15. There has been no impact on the revenue recognition as a result of the new standard as the consultancy fees and Directors fees are recognised over time as the services are provided. As such there have been no changes to comparatives or opening comparatives equity as a result of the change.

The Group has chosen not to restate comparatives on adoption of IFRS 9, and therefore, adjustments are not reflected in restated prior year financial statements. Rather, these changes have been processed at the date of initial application (1 April 2018) and recognised in the opening equity balances. Note the amount recognised in other comprehensive income in 2018 reduced the reserve to nil, as such there were no adjustments required, other than presentational disclosures as a result of the new standard.

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

Opinion

We have audited the consolidated financial statements of Aorere Resources Limited (“the Company”) and its subsidiaries (together, “the Group”), which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”).

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) to the consolidated financial statements, which indicates that the Group incurred a net loss of \$271,000 (2018: \$512,000) and generated negative operating cash flows of \$85,000 (2018: \$163,000) during the year ended 31 March 2019 and, as of that date, the Group’s current liabilities exceeded its current assets by \$299,000 (2018: current assets exceeded current liabilities by \$197,000) and total liabilities exceeded total assets by \$97,000 (2018: total assets exceeded total liabilities by \$174,000). As stated in Note 2(c), these events or conditions, along with other matters as set forth in Note 2(c), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors’ Review, Shareholder Information, Statutory Information and Corporate Governance Information, but does not include the consolidated financial statements and our auditor’s report

thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

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

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Who we Report to

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

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

BDO Wellington Audit Limited

BDO Wellington Audit Limited
Wellington
New Zealand
22 May 2019