

Interim Report to Shareholders for the 6 months to September 30, 2016

Financial results

Your directors submit the unaudited financial statements of Aorere Resources Limited for the six months to 30 September 2016. The trading result for the period was a loss of \$521,000 (2015 - \$149,000 loss). The increased loss arises after writing off the costs relating to the scoping, financing and acquisition of the Nevada gold project. Depending upon the outcome of that initiative some of these costs may be reversed and capitalised.

Operations Report

As at 28 November 2016, the market value of our portfolio comprised the following investments.

Portfolio Analysis		
Asian Minerals	261,322	0.02
Chatham Rock	370,766	0.03
Minor investments	30,025	0.00
Akura	9,855	0.00
Cash	132,070	0.01
Accruals	(10,000)	(0.00)
	794,038	0.07

Not included in the schedule above is a significant investment (in terms of both time and money) that has been committed by Aorere in putting together a deal whereby, Aorere could end up acquiring an investment in the various Nevada based gold assets presently held by American Innovative Minerals (“AIM”).

The outcome of this project is expected to be known within a matter of weeks. There are two possible outcomes – one being that we were not able to secure the finance to exercise the option to buy AIM for USD2 million. The other outcome, which is still achievable, is that we have secured enough financial backing, not only to acquire the AIM assets but to also fund the work programme required to increase the size of the gold resources to a substantially larger number than historically measured. This outcome will likely be very positive for Aorere and its shareholders. Negotiations with funding providers are ongoing.

Earlier this week we announced that Aorere Resources’ proposed Nevada gold investment is showing three times the gold resources previously estimated, following updated resource modelling.

Aorere announced today a significant increase in the Mineral Resource estimate to 1,069,000 ounces at a gold grade of 6.3 grams per tonne on a combined indicated and inferred basis.

The company has also secured an extension for the exclusive purchase agreement until the end of January 2017.

The discussion below deals with our existing portfolio.

Chatham Rock Phosphate

Chatham Rock Phosphate (“**CRP**”) remains the investment that we are most involved with operationally and it presently represents 46.7% of our assets. We are also the third largest shareholder in CRP with 5% and in conjunction with AOR and CRP directors the second largest holder with 8.5%.

CRP was granted a mining permit in 2013 to develop New Zealand’s only significant source of environmentally friendly pastoral phosphate fertiliser and is now preparing for a revised environmental consent application.

CRP’s role is focused on delivering a secure and sustainable local supply of low-cadmium phosphate that will reduce fertiliser run-off into waterways, produce healthier soils and shrink fertiliser needs over time.

The resource has an estimated gross value of \$5 to \$7 billion, representing one of New Zealand’s most valuable mineral assets and is of huge strategic significance because phosphate is essential to maintain New Zealand’s high agricultural productivity. Local and international investors have contributed more than \$40 million to develop the project’s financial viability, environmental benefits and impacts, technical and logistical requirements, local and international product uses.

CRP proposes to extract up to 1.5 million tonnes of phosphate nodules from the top half metre of sand on identified parts of an 820km² area on the Chatham Rise, 450km off the west coast of New Zealand, in waters of 400m. The earlier environmental consenting process has established extraction would have no material impact on fishing yields or profitability, marine mammals or seabirds.

In progressing plans to submit a new application, CRP is working with government officials to seek improvement in the permitting process and iwi, academic, industry and central government input to ensure New Zealand can benefit from an environmentally superior phosphate source.

Progress is continuing to achieve a Toronto Stock Exchange listing, to provide a more useful share-trading platform for overseas shareholders and facilitate the capital raising needed for the consenting process and beyond.

CRP is also seeking to own other sustainable rock phosphate sources, to move from being a single project company.

Asian Mineral Resources

Our investment in Asian Mineral Resources (AMR) dates back to 2000.

AMR is TSX.V listed, was profitable in cash flow terms, employed until recently over 500 people and was said to be the largest tax payer in Hanoi. It came a long way from being effectively a privately owned exploration company with little cash and few prospects of finding any. Aorere was the catalyst that made the difference, funding the company for several years, introducing substantial investors, and arranging the TSX.V listing.

AMR mined the Ban Phuc nickel deposit for the last three years at an accelerated production rate and has now exhausted the high grade massive sulphide deposit. The surrounding disseminated sulphide deposit is not economic to mine so, a decision was made to transition the operation into care and maintenance. Management are now continuing to secure the operational assets and establish on-site detailed care and maintenance compliance and reporting protocols and processes.

AMR has commenced review and interpretation of its low level exploration activities which includes field mapping, trenching and soil sampling. Following the assimilation and interpretation of this new information AMR will be in a position to revise the project ranking and priorities of its 26 initial exploration prospects.

Further design planning and analysis of the Ban Phuc disseminated resource will continue with AMR looking to conclude a preliminary economic assessment level report by end of QTR 2 2017.

Akura

Akura holds certain oil and gas leases in Fiji that are presently in the process of being renegotiated. Aorere holds 7.5% of Akura and has board representation.

The Future

We hold stakes in two companies that still have significant forward momentum. Depending on the outcome of the present Nevada gold negotiations we may have a new project, or we may not, in which case we will focus on supporting both Chatham and the new Asian Minerals.

Chris Castle
Managing director

Peter Liddle
Chairman

22 December 2016