

AURICUP RESOURCES LTD
AND CONTROLLED ENTITIES
30 JUNE 2014

**AURICUP RESOURCES LTD
AND CONTROLLED ENTITIES**

ACN: 144 766 236

**Annual Report for the
Year ended
30 June 2014**

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CORPORATE DIRECTORY

Head Company

Auricup Resources Limited

Directors

Simon Eley – Executive Director
Christopher Newman – Non-executive Director
Hedley Widdup – Non-Executive Chairman

Company Secretary

Mr Simon Robertson

Registered and Principal Office

Level 1, 28 Ord St
West Perth WA, 6005
Telephone: (+61) 8 6555 1866

Share Register

Computershare Investor Services Pty Limited
Level 2
45 St Georges Terrace
Perth Western Australia 6000

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

GTP Legal
Level 1
28 Ord Street
West Perth WA 6005

DIRECTORS' REPORT

Your directors present their report together with the financial statements on the Company and its controlled entities for the year ended 30 June 2014.

The names of directors in office at any time during or since the end of the year are:

Hedley Widdup – Non Executive Chairman (appointed 20 December 2013)
Simon Eley- Managing Director
Christopher Newman – Non-executive Director
David Riekie – Non-executive Chairman (resigned 10 April 2014)
Anthony James – Non-executive Director (resigned 25 June 2014)

Qualifications, Experience and Special Responsibilities of Directors

HEDLEY WIDDUP – NON - EXECUTIVE CHAIRMAN (APPOINTED 20 DECEMBER 2013)

Qualifications – BSc (Hons), GradDipAppFin, MAusIMM

Mr Widdup represents specialist mining investor, Lion Selection Group Limited. He has over six years mining investment experience, mainly managing Lion's direct investments in Australia as well as assessing new opportunities both in Australia and overseas. He was part of the part of the team that delivered a \$100m+ transaction for Lion Selection Group shareholders, which resulted in a new Australian gold producer (Catalpa Resources, now Evolution Mining). Mr Widdup's main focus is the management of the investments of Lion Selection Group and investor relations.

Mr Widdup has over eight years mine geology experience working for WMC at Olympic Dam and Mt Kieth. He also worked for Xstrata Mt Isa as Senior Geologist of the Black Start open cut mine. This role included supervising a team of geologists covering grade control, Resource/Reserve modelling and open cut void management. Mr Widdup has also worked for Goldfields at the St Ives Gold Mine as a Senior Geologist-Open Pits. He was responsible for managing the geology function of up to six open pits and acted as Mine Geology Manager as required.

Mr Widdup is a member of the Australian Institute of Mining and Metallurgy.

SIMON ELEY – MANAGING DIRECTOR

Qualifications – BA, LLB

Mr Eley is a solicitor with wide experience in the resource sector. He is currently a director of NASDAQ listed Tierra Grande Resources Inc. Mr Eley was an Executive Director of Aragon Resources Ltd (Aragon) and he lead the team that secured the Central Murchison Gold Project which became Aragon's core asset with approximately 2 million ounces in JORC compliant resources. Aragon was taken over by Westgold Resources Ltd in 2011 valuing Aragon at \$76 million. He worked for Woodside Petroleum Limited in Mauritania, West Africa in an advisory and commercial role dealing with government, joint venture partners and local and international contractors. He has also worked for Aquila Resources Limited (Aquila), Manhattan Corporation Limited (Manhattan), Clough Limited and Clayton Utz. Mr Eley's experience includes capital raisings, corporate matters, various commercial arrangements (including joint venture and farm-in agreements), and matters relating to mining law, toll treatment arrangements, litigation and alternative dispute resolution. At Aquila and Manhattan he was engaged in corporate management and strategy. He also has practical experience in operating base metal and gold mines in Western Australia and the Northern Territory.

CHRISTOPHER NEWMAN – NON-EXECUTIVE DIRECTOR

Qualifications – BSc (Hons) (Geology), AusIMM, AIG

Mr Newman has 25 years' global experience in open pit and underground operations, resource development and exploration across multiple commodities. Mr Newman was a key member in the growth of Avoca Resources from a small junior exploration company to a mid-tier Australian Gold Producer with >250koz annualised production in less than five years. Mr Newman was also key in merging Avoca Resources with TSX listed Anatolia Minerals to form a +\$2B company named Alacer Gold Corporation, where he most recently held the senior executive role of 'Chief Exploration and Geology Officer'. Mr Newman has a highly successful track record in the direct discovery and delineation of multiple ore deposits globally. These include the discovery of Trident (+1Moz) at Higginsville in

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West Australia and Tiriguniaq (+3Moz) at Meliadine in Northern Canada, and significant resource extensions at Çöpler (additional +4Moz) in Eastern Turkey and at both St Ives Gold Mines and Boddington (Hedges) in Western Australia.

Mr Newman is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and an Accredited Black Belt in the Six Sigma Business Improvement Methodology.

DAVID RIEKIE — NON-EXECUTIVE CHAIRMAN (RESIGNED 10 APRIL 2014)

Qualifications — B Comm (UWA) CA, FAICD

Mr Riekie is a Chartered Accountant with over 20 years corporate and commercial experience. Mr Riekie was previously an Executive Director of a boutique corporate advisory company for over 13 years. During this time has held a variety of non-executive board positions with both resource and industrial companies. He has a significant level of experience in capital raising initiatives (public and private), and corporate strategies, both in Australia and overseas.

Mr Riekie is a Member of the Institute of Company Directors and holds Bachelor of Economics and a Diploma of Accounting and is currently Non-Executive Director of AVZ Minerals Limited.

ANTHONY (TONY) JAMES — NON-EXECUTIVE DIRECTOR (RESIGNED 25 JUNE 2014)

Qualifications — BEng (Mining), AWASMM, AusIMM

Mr James is the current owner of James Mining Services providing high level consulting services to the mining industry. Mr James is a Mining Engineer with 30 years of extensive operational and project experience in the mining industry. This experience includes the building of several new mines and several mine upgrades. These include Trident (Avoca), Chalice (Avoca), Black Swan (MPI Mines), Kanowna Belle (Delta & Aurion Gold), Pillara (Western Metals), Kapok (Western Metals), and Telfer underground (Newcrest). Mr James was recently President, Australian Operations for Alacer Gold Corp. This role included the responsibility of the company's Australian mines including the Higginsville and South Kalgoorlie Operations. Prior to this Mr James worked in different roles at Vice President Level including new projects. He was made responsible for new projects following the merger of Avoca Resources Limited (Avoca) and Anatolia Minerals Limited in 2011. Previously, as operations manager for Avoca, Mr James was responsible for bringing the green-fields Higginsville Gold project into production including the 1Mtpa Trident underground mine and processing plant. Mr James was previously General Manager, Mining for LionOre Australian Operations and the Resident Manager of the Black Swan Nickel Mine near Kalgoorlie for MPI Mines Limited. Other positions held include Manager-Mining at the Kanowna Belle Gold Operations for Aurion Gold Limited and Delta Gold Limited, Mining Manager at the Pillara and Cadjebut Zinc mines for Western Metals Limited and Underground Superintendent at the Telfer gold mine for Newcrest Mining Limited. Mr James is a Fellow of the Australian Institute of Mining and Metallurgy

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Auricup Resources Ltd. were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Simon Eley – Managing Director	6,325,657	825,000
Christopher Newman - Non-Executive Director	-	-
Hedley Widdup – Non-Executive Director	-	-

*Mr Widdup is an employee and shareholder of Lion Manger who hold 142,858 and shareholder of Lion Selection who hold 21,586,721 shares in the Company

Company Secretary

MR SIMON ROBERTSON, B.BUS, CA, M APPL. FIN.

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson has experience as a Company Secretary

and in transaction management. He has also been involved in management of the ASX listing process and several specific asset transfers, general accounting for public companies and preparation of financial statements.

Principal Activities

The principal activity of the consolidated group since incorporation has been the evaluation of opportunities to acquire mineral tenements in Western Australia and Mexico. There were no significant changes in the nature of the consolidated group's principal activities during the year.

Operating Results

The consolidated loss of the consolidated group after providing for income tax amounted to \$1,424,713 (2013: \$2,539,532).

Review and results of Operations

The Company, Auricup Resources Limited was incorporated on 22 June 2010 and converted to a public company on 10 June 2011.

The Company has four subsidiaries incorporated for the purpose of holding tenement packages;

- Auricup International Pty Ltd was incorporated on 17 March 2011. Auricup International Pty Ltd has a wholly owned subsidiary, Minera Auricup de R.L. de C. V., a company incorporated in Mexico on 14 April 2011.
- The wholly owned subsidiary, Auricup (Rothsay) Pty Ltd was incorporated on 25 May 2011.
- The wholly owned subsidiary, Auricup Baviacora Pty Ltd was incorporated on 16 of January 2013. Auricup Baviacora has a wholly owned subsidiary, Recursos Auricup de R.L. de V.C., a company incorporated in Mexico on 30 of January 2013.
- The wholly owned subsidiary, Auricup Victoria Bore Pty Ltd was incorporated on the 15 December 2012.

The Company, in its own right and through its subsidiaries, holds tenements comprising the Victoria Bore and Rothsay Gold and Iron Ore Projects in Western Australia and the Mazocahui Project in Mexico.

The Company's board also changed during the period. David Riekie resigned from the board as Non-Executive Chairman to pursue other opportunities in the resources sector. Tony James also resigned from his Non-Executive Director role following his appointment to the board of Mutiny Gold Ltd. The Company is grateful for the contributions of both David and Tony and wishes them both the very best for the future.

The Company is very pleased to have appointed Hedley Widdup to the board as Non-Executive Director during the year. Mr Widdup represents our largest shareholder in the Lion Selection Group and brings a wealth of technical and corporate experience that will be invaluable to the Company. Following the resignation of Mr Riekie, Mr Widdup was appointed as the Non-Executive Chairman of the Company.

In November 2103, the Company sampled, and submitted for analysis, the hanging-wall H-Shear veins and structures identified in the re-logging of the historic diamond drill core. Several veins returned significant intersections, including 2.3m @ 7.9g/t Au, 0.95m @ 6.5g/t Au and 0.9m @ 9.9g/t Au. However continuity of mineralisation was difficult to ascertain and the H-Shear mineralisation remains patchy.

Following the re-logging of historic drilling, the historic drill data base was re-validated. Re-logged geology and transcribed historic geology logs were incorporated. The drill database represents the first comprehensive digital drill data set for the Rothsay Project. From this data, reinterpreted cross-sections, Connelly diagrams and structural interpretation identified two distinct mineralised trends; a large-scale, shallowly southerly-plunging trend controlling gold and copper grades and a smaller-scale, steep northerly-plunging trend controlling gold mineralisation. This analysis has provided new drill targets for extensional drill testing at Rothsay.

During the period the Company received statutory approval to commence dewatering and underground rehabilitation of the Rothsay Gold Project. The Company, in conjunction with Top Iron, attempted to drill a dewatering hole into the lower mine workings, unfortunately the contractor engaged by Top Iron did not appear to be experienced in drilling water bore holes and failed to intersect the targeted workings and water flow rates were not sufficient to commence dewatering.

RC drill testing of the prospective Iron Ore targets was completed during the period. A total of 19 holes for 716m were drilled, testing 5 of the 10 targets. Several banded iron formations were drilled, however the encountered Fe grades were moderate (40-52% Fe) with high silica (10-35% SiO₂) and acceptable deleterious elements (P<0.1%, Al₂O₃<5% and Loss on Ignition <10%). No Direct Shipping Ore grade material was intersected.

Work on the ground at the Mazocahui Project was limited during the period. Sampling and mapping at the La Abundancia prospect identified minor mineralisation in regional structures and confirmed continuity of mineralisation within the main La Abundancia structure. A thesis completed over the Las Coloradas area indicates that the mineralisation is low-sulphidation epithermal style (similar to Santa Elena 40km to north), with further field work by the Company confirming this and characterising the mineralisation as quartz-sulphide style mineralisation.

Financial Position and Significant Changes in the State of Affairs

The net assets of the consolidated group totalled \$2,264,974 (2013: \$2,112,389). The loss for the year was \$1,424,713 (2013:\$2,539,532). Cash on hand at 30 June 2014 totalled \$322,463 (2013: \$98,849). There have been no significant changes in the state of affairs during the period.

Dividends Paid or Recommended

No dividend has been declared or paid by the Company. The directors do not recommend the payment of a dividend.

After Balance Date Events

Subsequent to the reporting period, the Company made 3 staff redundant and termination notices were given on and after 1 July. The Company also terminated its current office lease as part of measures to reduce expenditure.

There have been no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect:

- the consolidated group's operations in future years;
- the results of those operations in future years; or
- the consolidated entity's state of affairs in future years.

Future Developments, Prospects and Business Strategies

The consolidated group's primary strategy is the discovery and commercialisation of gold deposits.

The Company intends to continue its current operations of mineral exploration and tenement acquisition with a view to the commercial development of discovered or acquired mineral resources.

The ability of the Company to achieve successful commercial developments will depend upon the success of its exploration and project development programs.

Native Title

The consolidated group's activities in Australia are subject to the Native Title Act of the Commonwealth or State. There have been no significant known breaches of the consolidated entity's obligations under these Acts. The consolidated group is not aware of any matters that cannot be resolved through the normal legal process, should they arise.

Share Options

Unissued shares under option

At the date of this report, the unissued ordinary shares of Auricup Resources Ltd under option are as follows

Grant Date	Expiry Date	Exercise Price	Number under option
11/8/2011	2 years from date of official quotation	\$0.25	2,800,000
11/8/2011	31 December 2015	The higher of \$0.25 or 1.25 times the IPO price per share	4,750,000
13/12/2013	2 year from issue 13/12/2015	\$0.10	1,571,429
			9,121,429

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the year, no shares have been issued as a result of the exercise of options.

Indemnification and Insurance of Directors and Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$12,655 (2012:\$12,815) exclusive of GST.

Meetings of Directors

The number of formal meetings of directors (including committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
David Riekie	1	1
Anthony James	3	3
Simon Eley	3	4
Hedley Widdup	3	3
Christopher Newman	4	4

Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year ended 30 June 2014.

Non Audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

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- All non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year, BDO prepared tax returns and provided tax advice and were paid \$8,198 (2013: \$32,861) for the services provided. Other than the tax returns and tax advice, no other fees were paid to BDO for non-audit services provided during the year ended 30 June 2014.

Environmental Regulation and Performance

The Company's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities. There have been no significant known breaches by the Company during the financial period.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 10.

Signed in accordance with a resolution of the directors.



Simon Eley
Managing Director
7 November 2014

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF AURICUP RESOURCES LIMITED

As lead auditor of Auricup Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Auricup Resources Limited and the entities it controlled during the period.



Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, 7 November 2014

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

		30 June 2014	30 June 2013
	Note	\$	\$
Revenue	4	5,968	28,137
Employee benefits expense	5(a)	(546,873)	(604,391)
Administration expenses		(456,240)	(544,016)
Exploration expenditure		(742,687)	(1,658,008)
Depreciation expense		(25,596)	(69,666)
Impairment of Financial Assets		-	(80,000)
Loss before income tax		(1,765,428)	(2,927,944)
Income tax benefit	6	340,715	388,412
Loss from continuing operations		(1,424,713)	(2,539,532)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		(21,082)	119,028
Other comprehensive income/(loss) for the year, net of tax		(21,082)	119,028
Total comprehensive income/(loss) for the year, net of tax		(1,445,795)	(2,420,504)
Loss is attributable to:			
Owners of Auricup Resources Ltd		(1,308,488)	(2,185,155)
Non-Controlling interests		(116,225)	(354,377)
Net loss for the year		(1,424,713)	(2,539,532)
Total comprehensive income/(loss) for the year attributable to :			
Owners of Auricup Resources Limited		(1,322,806)	(2,113,411)
Non-controlling interests		(122,989)	(307,093)
Net loss for the period		(1,445,795)	(2,420,504)
Basic and diluted loss per share (cents per share)	7	(1.30)	(2.95)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9(a)	322,463	98,849
Trade and other receivables	10	53,931	40,815
Available for sale assets	11	-	-
TOTAL CURRENT ASSETS		376,394	139,664
NON-CURRENT ASSETS			
Trade and other receivables	10	35,254	55,254
Property, plant and equipment	12	148,471	163,692
Exploration and evaluation expenditure	13	2,194,855	2,151,309
TOTAL NON-CURRENT ASSETS		2,378,580	2,370,255
TOTAL ASSETS		2,754,974	2,509,919
CURRENT LIABILITIES			
Trade and other payables	14	432,680	323,833
Provisions	15	57,320	73,697
TOTAL CURRENT LIABILITIES		490,000	397,530
TOTAL LIABILITIES		490,000	397,530
NET ASSETS		2,264,974	2,112,389
SHAREHOLDERS' EQUITY			
Issued capital	16	8,991,926	7,393,546
Reserves	17	207,500	207,500
Foreign exchange reserve	17	64,631	78,949
Accumulated losses		(6,546,530)	(5,238,042)
Total Capital and Reserves attributable to the owners of Auricup Resources Ltd		2,717,527	2,441,953
Non-Controlling Interests		(452,553)	(329,564)
TOTAL SHAREHOLDERS' EQUITY		2,264,974	2,112,389

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Issued Capital \$	Other Reserve \$	Foreign Currency Translation Reserve \$	Accumulat ed Losses \$	Total \$	Non controlling interest \$	Total Equity \$
Consolidated Group							
Balance at 30 June 2012	4,476,000	207,500	7,205	(3,052,887)	1,637,818	(22,471)	1,615,347
<i>Total Comprehensive Income</i>							
Loss for the year	-	-	-	(2,185,155)	(2,185,155)	(354,377)	(2,539,532)
Other Comprehensive income	-	-	71,744	-	71,744	47,284	119,028
Total comprehensive loss for the period	-	-	71,744	(2,185,155)	(2,113,411)	(307,093)	(2,420,504)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the period (net of costs)	2,917,546	-	-	-	2,917,546	-	2,917,546
Balance at 30 June 2013	7,393,546	207,500	78,949	(5,238,042)	2,441,953	(329,564)	2,112,389
<i>Total Comprehensive Income</i>							
Loss for the year	-	-	-	(1,308,488)	(1,308,488)	(116,225)	(1,424,713)
Other Comprehensive income	-	-	(14,318)	-	(14,318)	(6,764)	(21,082)
Total comprehensive loss for the period	-	-	(14,318)	(1,308,488)	(1,322,806)	(122,989)	(1,445,795)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the period (net of costs)	1,598,380	-	-	-	1,598,380	-	1,598,380
Balance at 30 June 2014	8,991,926	207,500	64,631	(6,546,530)	2,717,527	(452,553)	2,264,974

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	30 June 2014	30 June 2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	5,968	16,025
R&D Tax Rebate	340,715	388,412
Payments to suppliers and employees	(862,261)	(1,212,032)
Payments for exploration expenditure	(704,146)	(1,764,993)
Net cash used in operating activities	9(c) (1,219,724)	(2,572,588)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tenements	(43,546)	(142,060)
Purchase of bank guarantees	20,000	(20,000)
Purchase of plant and equipment	(10,373)	(83,716)
Net cash used in investing activities	(33,919)	(245,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,339,755	3,056,252
Share Issue Costs	-	(138,706)
Proceeds from related party loans	197,500	-
Repayment of related party loans	(60,000)	-
Transactions with non controlling interests	-	-
Net cash provided by financing activities	1,477,255	2,917,546
Net increase (decrease) in cash held	223,614	99,182
Cash at beginning of financial period	98,849	1,443
Effect of exchange rate changes on cash balance	-	(1,776)
Cash at end of financial period	9(b) 322,463	98,849

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. CORPORATE INFORMATION

The financial report of Auricup Resources Ltd (the Company) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 7 November 2014.

Auricup Resources Ltd (the Company) is for profit unlisted public company limited by shares incorporated in Australia.

The nature of operations and principal activities of the Company and its subsidiaries (the Group) are described in the Directors' Report.

Separate Financial Statements for Auricup Resources Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Auricup Resources Limited as an individual entity is included in Note 8.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for profit entity for the purposes of preparing the financial statements.

The financial report covers the consolidated financial statements of Auricup Resources Ltd and its subsidiaries.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars unless otherwise stated.

Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss after tax for the period ended 30 June 2014 of \$1,424,713 (2013: \$2,539,532) and experienced net cash outflows from operating activities of \$1,219,724 (2013: \$2,572,588).

The Directors are in the process of negotiating a bridging loan with Lion Selection, these funds will be utilised to meet the Consolidated Entity's working capital requirements. The Directors recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability to secure further working capital by the issue of additional equities, debt, and/or entering into negotiations with third parties regarding farm out of assets.

Should the group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the group be unable to continue as a going concern and meet its debts as and when they fall due.

Exploration and evaluation expenditure

Exploration and evaluation expenditure is generally written off in the year incurred, except for acquisition of exploration properties which is capitalised and carried forward.

When production commences, any accumulated costs for the relevant area of interest which have been capitalised and carried forward will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each year to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at year end and the Directors have made the decision to impair amounts

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates of (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Cash and cash equivalents

Cash in the statement of financial position comprise cash at bank.

For the purposes of the cash flow statements, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

**AURICUP RESOURCES LTD
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial period end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases and sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on either the straight-line basis or diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rate used for plant and equipment is 30%.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

Derecognition

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

Impairment

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for each individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade accounts are normally settled within 60 days.

Payables to related parties are initially recognised at fair value and subsequently measured at amortised cost.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

Provisions and Employee Benefits

Provisions are recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

**AURICUP RESOURCES LTD
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Share Based Payment Transactions

Equity settled transactions

The Group provides benefits to its employees, including key management personnel (KMP), in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Auricup Resources Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of:

- (i) the grant date fair value of the award;
- (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- (iii) The expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged to previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Auricup Resources Ltd to employees of its subsidiary are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Auricup Resources Ltd in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it was granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);

**AURICUP RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Operating Segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regards, such information is provided using similar measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Auricup Resources Ltd as at 30 June 2014 and the results of all subsidiaries for the year ended. Auricup Resources and its subsidiaries together are referred to as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Intercompany transactions, balances and unrealised gains on transaction between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it de-recognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial report is presented in Australian dollars, which is Auricup Resources Limited's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

New and amended standards adopted by the Group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New accounting standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Determination of mineral resources

The determination of mineral resources impacts the accounting for asset carrying values. Auricup Resources Ltd estimates its mineral resources in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004* (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Significant accounting estimates and assumptions

Impairment of exploration and evaluation expenditure

The future recoverability of capitalised mineral acquisition expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mineral acquisition expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, mineral acquisition expenditure is capitalised if activities in an area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are a number of transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

No tax liabilities are recognised for the year ended 30 June 2014.

Share based payment transactions

The Group measures the cost of equity-settled share based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined using a recognised option valuation model. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	30 June 2014 \$	30 June 2013 \$
4. REVENUE		
Interest income	7,514	24,423
Other Income	(1,546)	3,714
	<u>5,968</u>	<u>28,137</u>
5. LOSS FOR THE PERIOD		
<i>(a) Employee benefits expense</i>		
Wages and salaries	468,511	435,979
Superannuation expense	75,703	95,680
Annual leave	(16,377)	44,313
Other expenses	19,036	28,419
	<u>546,873</u>	<u>604,391</u>
<i>(b) Lease payments included in the Statement of Comprehensive Income</i>		
Rental expense on operating leases		
— minimum lease payments	<u>104,175</u>	<u>108,216</u>

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**AURICUP RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	30 June 2014 \$	30 June 2013 \$
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6. INCOME TAX

(a) The major components of income tax expense are:

Current income tax

Research & Development Rebate received	(340,715)	(388,412)
--	-----------	-----------

Deferred income tax

Relating to the origination and reversal of temporary differences

-	23,678
---	--------

Deferred tax assets not brought to account because their realisation is not regarded as probable

-	(23,678)
---	----------

Income tax (benefit)/expense reported in the Statement of Comprehensive Income

(340,715)	(388,412)
-----------	-----------

The income tax benefit of \$388,412 (2012: nil) relates to Research and Development received at year end.

(b) A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Group's applicable income tax rate is as follows:

Accounting loss before income tax	1,764,602	2,927,944
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At the Group's statutory income tax rate of 30%

(529,381)	(878,383)
-----------	-----------

Share Based Payments

-	-
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Capital raising costs

(20,772)

Other Items

98,584	(2,906)
--------	---------

Deferred tax assets not brought to account as their realisation is not regarded as probable

430,797	902,061
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Research & Development Rebate received

(340,715)	(388,412)
-----------	-----------

Income tax benefit reported in the Statement of Comprehensive Income

(340,715)	(388,412)
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**Statement of Financial
Position**

(c) *Deferred income tax*

	30 June 2014 \$	30 June 2013 \$
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Deferred income tax at 30 June relates to the following:

Consolidated

Deferred tax liabilities

Capitalised exploration and evaluation expenditure	(499,306)	(645,393)
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Prepayments	(2,785)	-
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Recognition of losses to offset future taxable income	502,091	645,393
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-	-
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**AURICUP RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Deferred tax assets

Accruals	2,498	4,800
Provisions	17,196	22,109
Losses available to offset against future taxable income	1,647,119	809,612
Share Issue costs	50,257	21,192
Recognition of losses to offset future taxable income	(502,091)	(645,393)
Deferred tax assets not brought to account as their realisation is not regarded as probable	(1,217,174)	(212,320)
	-	-

Note	Consolidated Group	
	30 June 2014	30 June 2013
	\$	\$

(d) Tax losses

Tax losses carried forward - Australian	(i)	5,490,395	3,962,147
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(i) Tax losses are available to carry forward indefinitely. The Group has recognised a deferred income tax asset in relation to these losses only to the extent that they offset deferred tax liabilities. Realisation of the balance of these losses is not regarded as probable.

(e) Tax consolidation

Auricup Resources Ltd and its 100% owned Australian subsidiary have formed a tax consolidated group.

7. LOSS PER SHARE

The following reflects income and share data used in the calculation of basic and diluted loss per share.

	Consolidated Group	
	30 June 2014	30 June 2013
	\$	\$
Net loss	1,308,488	2,185,156

	No.	No.
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	101,017,239	86,018,572

8. PARENT ENTITY – AURICUP RESOURCES LIMITED

Financial Position

	30 June 2014	30 June 2013
	\$	\$
Current assets	329,055	102,437
Non-current assets	406,462	2,395,202
Total Assets	735,517	1,322,634

Current Liabilities	487,520	385,250
Total Liabilities	487,520	385,250

Shareholders' Equity

Share Capital	8,991,927	7,393,547
Reserves	207,500	207,500
Accumulated losses	(8,951,430)	(5,488,658)
Total Shareholders' Equity	247,997	2,112,389

**AURICUP RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Financial Performance

Loss for the period	2,287,767	2,610,044
Other Comprehensive Income	-	-
Total Comprehensive Loss	<u>2,287,767</u>	<u>3,785,049</u>

The Parent Company Auricup Resources Ltd has no contingent liabilities as at 30 June 2014 (2013: Nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2014 and 30 June 2013.

9. CASH AND CASH EQUIVALENTS

	30 June 2014	30 June 2013
	\$	\$
(a) Cash and cash equivalents in the Statement of Financial Position		
Cash at bank and in hand	322,463	98,849
	<u>322,463</u>	<u>98,849</u>

(b) Reconciliation to the cash flow statement

Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	<u>322,463</u>	<u>98,849</u>
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(c) Reconciliation of net loss after income tax to cash flows used in operations

Net loss after income tax	(1,424,713)	(2,539,532)
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Non-cash items

Non cash employee benefits	102,225	-
Foreign exchange gain/(loss)	-	42,661
Depreciation	25,594	69,666
Impairment of Financial Asset	-	80,000

Changes in assets and liabilities

Decrease/(Increase) in receivables	(15,300)	126,114
Increase/(decrease) in provisions	(16,377)	44,313
Increase/(decrease) in payables	108,847	(395,397)
Net cash used in operations	<u>(1,219,724)</u>	<u>(2,572,588)</u>

(d) Non-cash investing and financing activities

Shares issued in the lieu payment for loan repayment	156,400	156,400
Total	<u>156,400</u>	<u>156,400</u>

10. TRADE AND OTHER RECEIVABLES

	30 June 2014	30 June 2013
CURRENT		
Prepayments	9,284	7,672
GST receivable	43,141	31,998
Other receivables	1,506	1,145
	<u>53,931</u>	<u>40,815</u>
NON CURRENT		
Deposits and Guarantees	35,254	55,254
	<u>35,254</u>	<u>55,254</u>

None of the receivables are past due. Receivables are therefore not impaired and are within initial trade terms.

**AURICUP RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

11. AVAILABLE FOR SALE ASSETS

	\$	\$
Available for sale assets	<u>-</u>	<u>-</u>
<i>Reconciliation of AFS</i>		
Opening Balance	-	80,000
Impairment in value	-	<u>(80,000)</u>
Closing Balance	<u>-</u>	<u>-</u>

12. PLANT AND EQUIPMENT

Office equipment, at cost	134,553	116,827
Accumulated depreciation	<u>(57,745)</u>	<u>(40,428)</u>
	76,808	76,399
Vehicles, at cost	91,729	91,729
Accumulated depreciation	<u>(45,560)</u>	<u>(29,930)</u>
	46,169	61,799
Leasehold Improvements	25,494	25,494
Accumulated depreciation	<u>-</u>	<u>-</u>
	25,494	25,494
Total plant and equipment	251,776	234,050
Accumulated depreciation	<u>(103,305)</u>	<u>(70,358)</u>
Net carrying amount	<u>148,471</u>	<u>163,692</u>
At 1 July	163,692	149,642
Additions	10,373	83,716
Disposals	-	-
Depreciation expense	<u>(25,594)</u>	<u>(69,666)</u>
At 30 June	<u>148,471</u>	<u>163,692</u>

13. EXPLORATION AND EVALUATION EXPENDITURE

Deferred exploration and evaluation expenditure	<u>2,194,855</u>	<u>2,151,309</u>
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The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

14. TRADE AND OTHER PAYABLES

CURRENT		
Trade payables and accruals	327,180	229,433
Unsecured Director Loans	105,500	94,400
	<u>432,680</u>	<u>323,833</u>

15. PROVISIONS

CURRENT		
Provision for employee benefits	(i) <u>57,320</u>	<u>73,697</u>

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**AURICUP RESOURCES LTD
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(i) The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

16. ISSUED CAPITAL

	30 June 2014	30 June 2013
<i>(a) Ordinary Shares</i>		
Issued and fully paid	112,532,783	89,718,772

Fully paid ordinary shares carry one vote per share and carry the right to dividends

	No.	\$
<i>Movement in ordinary shares on issue</i>		
As at 30 June 2011	28,100,000	861,000
Shares issued	36,150,000	3,615,000
At 30 June 2012	64,250,000	4,476,000
Shares issued	25,468,772	3,056,253
Share raising costs	-	(138,706)
At 30 June 2013	89,718,772	7,393,547
Shares issued	22,834,011	1,598,381
Share raising costs	-	-
At 30 June 2014	112,532,783	8,991,926

(b) Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

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

	30 June 2014 \$	30 June 2013 \$
17. RESERVES		
Other Reserve	207,500	207,500
Foreign Currency Translation Reserve	64,631	78,949
	<u>272,131</u>	<u>286,449</u>

* The Other Reserve is used to record the value of share based payments made to employees.

** The Foreign Currency Translation Reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operation.

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**AURICUP RESOURCES LTD
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18. RELATED PARTY DISCLOSURE

(a) Controlled Entities

The consolidated financial statements include the financial statements of Auricup Resources Ltd and the following subsidiaries:

	% Equity Interest 2014	% Equity Interest 2013	Investment 2014	2013
Auricup International Pty Ltd (incorporated in Australia)	60	60	500,000	500,000
Minera Auricup de R.L. de C. V (incorporated in Mexico)	60	60	235	235
Auricup (Rothsay) Pty Ltd (incorporated in Australia)	100	100	1	1
Auricup Victoria Bore Pty Ltd (incorporated in Australia)	100	-	1	-
Auricup Baviacora Pty Ltd	100	-	1	-
Recursos Auricup de R.L. de C.V	100	-	235	-

The Company paid costs of \$1,722,464 (2013: \$2,653,699) on behalf of subsidiaries during the year ended 30 June 2014. Included in the Company's non-current assets referred to in Note 8, is a loan to subsidiaries of \$5,934,681 (2013:4,962,217). The loan is non-interest bearing, unsecured and repayable on demand. In the current period the company made an allowance for impairment of the loan to the subsidiary of \$1,722,464 (2013: \$2,653,699). An allowance for impairment is recognised when the net assets of the controlled entity (excluding the loan payable to the Company) falls below the carrying value of the loan. An allowance for impairment is reversed when the net assets of the controlled entity (excluding the loan payable to the Company) exceed the carrying value of the loan.

(b) Incorporation of Controlled Entities

On 17 March 2011 the parent entity acquired 100% of Auricup International Pty Ltd, with Auricup Resources Ltd entitled to all profits earned from 17 March 2011 for a purchase consideration of \$1.
 On 19 May 2011, Auricup International Pty Ltd acquired 100% of Minera Auricup de R.L. de C. V, with Auricup International Pty Ltd entitled to all profits earned from 19 May 2011 for a purchase consideration of \$2,999 (AUD \$235).
 On 26 May 2011 the parent entity acquired 100% of Auricup (Rothsay) Pty Ltd, with Auricup Resources Ltd entitled to all profits earned from 26 May 2011 for a purchase consideration of \$1.
 On 15 December 2012 the parent entity acquired 100% of Auricup Victoria Bore Pty Ltd, with Auricup Resources Ltd entitled to all profits earned from 15 December 2012 for a purchase consideration of \$1.
 On 16 January 2013 the parent entity acquired 100% of Auricup Baviacora Pty Ltd, with Auricup Resource Ltd entitled to all profits earned from 17 March 2013 for a purchase consideration of \$1
 On 30 January 2013, Auricup Baviacora Pty Ltd acquired 100% of Recursos Auricup de R.L. de C.V, with Auricup Baviacora Pty Ltd entitled to all profits earned from 30 January 2013 for a purchase consideration of \$3,000MXN (AUD \$235)

(c) Transactions with Other Related Parties

Mr Simon Eley, a director of the company, loaned the company the following amount; \$6,000 on the 16th of August, \$75,000 on the 10 of October 2013, \$25,000 on the 29th of Octobers 2013, \$40,000 on the 11th of Novembers 2013, and \$51,500 on the 10th of December 2013, for a total of \$197,500 during the year. The total loaned amount carried forward of \$68,000 from last year meant total outstanding loans to Mr Eley was equal to \$265,500. On the 18th of December 2013, \$100,000 of this loaned amount was converted to equity at a price \$0.07 per share which is the price equal to the Rights Issue. A further \$60,000 was returned to Mr Eley on the 20th of December 2013. This leaves a total amount of loan payable at 30 June 2014 of \$105,500 (2013:\$68,000). This loan is non-interest bearing with no repayment term specified.

Mr David Riekie, a previous director of the Company, loaned the Company \$26,400 on 2 May 2013. This loan was repaid in full by converting to equity at a price of \$0.07 equal to the Rights Issues.

Mr Anthony James, a previous director of the Company, loaned the Company \$30,000 on 16 December 2013. This loan was repaid in full by converting to equity at a price of \$0.07 equal to the Rights Issues.

Mr Christopher Newman, a director of the Company, loaned the Company \$40,000 on 23 September 2013. This loan was repaid in full by converting to equity at a price of \$0.07 equal to the Rights Issues.

All the directors, in lieu of their cash based fees, elected to receive the net amount owed to them as directors the equivalent amount in equity converted at the \$0.07.

All the related party transactions listed above are considered to be at arm's length.

Other than the above, there were no transactions with other related parties during the current or previous financial period.

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**AURICUP RESOURCES LTD
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19. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's principal financial instruments comprise cash and short term deposits.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being at an exploration stage, the Group has limited exposure to risks arising from its financial instruments.

Currently the Group does not have any exposure to commodity price risk. As the Group moves into development and production phases, exposure to commodity price risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 2.

	Note	2014	2013
		\$	\$
<i>(b) Interest rate risk</i>			
At balance date, the Group had the following financial assets exposed to interest rate risk:			
Cash and cash equivalents (i)		322,463	98,849
Receivables (ii)		9,283	87,252
		331,746	186,101

(i) The weighted average interest rate of cash and cash equivalents is 4.75% (2013: 4.75%)

(ii) Receivables are non interest bearing.

None of the Group's financial liabilities are interest bearing.

(c) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Group has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

(d) Liquidity Risk

Liquidity risk is the risk that the Company does not have sufficient funds to pay its debts as and when they become due and payable. The Company currently does not have major funding in place. However the Company continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if and when required.

Cash at bank and on hand, as set out in Note 9, is available for use by the Company without restrictions.

	2014	2013
	\$	\$
At balance date, the Group had the following financial liabilities:		
Trade creditors	327,180	87,147
Accruals	-	236,686
	327,180	323,833

Financial liabilities of the Company at 30 June 2014 and 30 June 2013 are expected to be settled within 6 months of year end.

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**AURICUP RESOURCES LTD
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(e) Foreign Exchange Risk

The group operates internationally and is exposed to foreign exchange risk, primarily with respect to the Mexican Peso. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was \$Nil.

(f) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2

20. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business/ Country of incorporation	Ownership Interest	
		2014 %	2013 %
Auricup (Rothsay) Pty Ltd	Australia	100%	100%
Auricup Victoria Bore Pty Ltd	Australia	100%	100%
Auricup Baviacora Pty Ltd	Australia	100%	100%
Recursos Auricup de R.L de C.V.	Mexico	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy in note 1:

Name	Principal place of business/ Country of incorporation	Parent Ownership Interest		Non-Controlling Interest Ownership Interest	
		2014	2013	2014	2013
Auricup International Pty Ltd	Australia	60%	60%	40%	40%
Minera Auricup de R.I. de.C.V.	Mexico	60%	60%	40%	40%

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below

	2014 \$	2013 \$
<i>Summarised statement of financial position</i>		
Current Assets	19,954	18,549
Non-Current Assets	450,312	468,983
Total Assets	470,266	487,532
Current Liabilities	2,094,657	1,804,451
Non-current liabilities	-	-
Total Liabilities	2,094,657	1,804,451
Net Assets	(1,624,391)	(1,316,919)
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	-	17
Expenses	(290,653)	(885,958)
Profit before income tax expense	(290,653)	(885,941)
Income tax expense	-	-
Profit after income tax expense	(290,653)	(885,941)
Other comprehensive income	-	-
Total comprehensive income	(290,653)	(885,941)
<i>Statement of cash flows</i>		
Net cash from operating activities	(306,232)	(745,079)
Net cash used in investing activities	14,119	(187,329)
Net cash used in financing activities	290,204	934,739

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**AURICUP RESOURCES LTD
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Net increase/(decrease) in cash and cash equivalents	(1,909)	2,331
<i>Other financial information</i>		
Profit attributable to NCI	(116,225)	(354,375)
Accumulated NCI at the end of reporting period	(497,875)	(381,650)

	2014 \$	2013 \$
21. COMMITMENTS		
<i>(a) Operating Lease Commitments</i>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
- not later than 1 year	56,478	119,093
- later than 1 year but not later than 5 years	-	56,478
	<u>56,478</u>	<u>175,571</u>

The property lease is cancellable and on a month by month basis, with rent payable monthly in advance.

(b) Mineral Acquisition Exploration Tenements

In order to maintain current rights of tenure to exploration tenements the consolidated entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent periods will be similar to that for the forthcoming twelve months. These obligation are not provided for in the financial report.

Minimum expenditure on exploration tenements
Payable:

— not later than 1 year	403,904	390,837
— later than 1 year but not later than 5 years	1,954,754	1,821,119
	<u>2,357,848</u>	<u>2,211,956</u>

22. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2014.

23. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the reporting period, the Company made 3 staff redundant and termination notices were given on and after 1 July. The Company also terminated its current office lease as part of measures to reduce expenditure.

There have been no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect:

- the consolidated entity's operations in future periods; or
- the results of those operations in future periods; or
- the consolidated entity's state of affairs in future periods.

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**AURICUP RESOURCES LTD
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

24. AUDITORS' REMUNERATION

The auditor of Auricup Resources Ltd for the year ended 30 June 2014 is BDO (WA) Pty Ltd

Amounts received or due and receivable by BDO (WA) Pty Ltd for:

An audit or review the financial report of the entity and any other entity in the consolidated group

Other services – Tax

Other services – Investigating Accountants Report

Total Remuneration

	2014 \$	2013 \$
	21,023	24,659
	8,198	17,832
	-	15,038
	<u>29,221</u>	<u>57,520</u>

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation for Key Management Personnel

Short term employee benefits

Post-employment benefits

Share based payment expense

Total

	589,063	244,166
	53,564	21,975
	-	-
	<u>642,627</u>	<u>266,141</u>

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes set out on page 11 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the period ended on that date.
2. The financial report also complies with International Financial Reporting Standards.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended to 30 June 2014.

This declaration is made in accordance with a resolution of the Board of Directors.



Simon Eley
Managing Director
7 November 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Auricup Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Auricup Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Auricup Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Auricup Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding. This condition as set out in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be required to realise its assets and discharge its liabilities other than in normal course of business and at amounts different to those in the financial statement.

BDO Audit (WA) Pty Ltd



Brad McVeigh

Director

Perth, 7 November 2014