



Minerals Limited

ABN 46 106 304 787

AND CONTROLLED ENTITIES

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2008

For personal use only

TABLE OF CONTENTS

DIRECTORS' REPORT	PAGE 3
CORPORATE GOVERNANCE STATEMENT	PAGE 12
INCOME STATEMENT	PAGE 17
BALANCE SHEET	PAGE 18
STATEMENT OF CHANGES IN EQUITY	PAGE 19
STATEMENT OF CASH FLOWS	PAGE 20
NOTES TO THE FINANCIAL STATEMENTS	PAGE 21
DIRECTORS' DECLARATION	PAGE 42
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AURORA MINERALS LIMITED	PAGE 43
AUDITORS INDEPENDENCE LETTER	PAGE 45

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT

Aurora Minerals Limited ("the Company") is a public company incorporated and domiciled in Australia and listed on the Australian Stock Exchange. The registered office of the Company is located at Level 2, 231 Adelaide Terrace, Perth, Western Australia.

The Directors of the Company present their report on the Economic Entity which comprises Aurora Minerals Limited and its controlled entities for the financial year ended 30 June 2008 ("financial period").

DIRECTORS

The names of the Directors of Aurora Minerals Limited during the whole of the financial period and up to the date of this report are:

Phillip Sidney Raymond Jackson (BJuris, LLB, MBA, FAICD), Chairman

Mr Jackson, the non-executive Chairman of the Company, is a barrister and solicitor with significant legal and international corporate experience, especially in the areas of commercial and contract law; mining law and corporate governance. He was formerly a managing legal counsel for Western Mining Corporation, and in private practice specialised in small to medium resource companies. Mr Jackson is currently a director and senior executive of the Australian and Asian subsidiaries of a large multinational resource services company. He has been a director of a number of Australian public companies, holds an MBA, and has management experience in administration, finance, accounting and human resources. Mr Jackson was a director of Golden State Resources Limited from September 2001 to August 2003 and Ezyimage Limited (now MGM Wireless Limited) from September 2001 to October 2003, and is currently non executive Chairman of listed public company, Desert Energy Limited. Mr Jackson is responsible for monitoring the Company's corporate governance.

Robert Spencer Taylor (BSc Mining Geology, PhD Geology, ARSM, Member IMM), Managing Director

Dr Taylor, Managing Director of the company, is a geologist with 30 years world-wide experience in mineral exploration for a range of commodities including gold, and has discoveries in gold, diamond and base metals. He was General Manager Exploration for Goldfields Limited (1997-2001), through its merger with Delta Gold NL in 2001 to form AurionGold Limited, and then General Manager of Exploration for AurionGold in 2002 up to its takeover by Placer Dome Asia Pacific Limited. He was closely involved in consolidating the Kalgoorlie gold district. Prior to this, Dr Taylor held senior positions with Rio Tinto in Africa, Kennecott, BP Minerals and the Selection Trust Group in North and Central America and parts of Europe. Dr Taylor is currently an executive director of the listed public company, Desert Energy Limited.

Dr Taylor is responsible for managing the operations of the company including new projects.

Garry Patrick O'Hara (BSc Geology, MAusIMM), Director

Mr O'Hara, an Executive Director, is a geologist with extensive experience in the Australian junior company sector. He has been exploration manager of a number of Australian resource companies where his primary role was identification and acquisition of project opportunities and the application of modern exploration techniques. He specialises in project negotiations and acquisitions, and has considerable experience in negotiation and management of joint ventures with major mining companies. In recent years he has gained intensive corporate experience in ASX listed companies including in financing and administration. Mr O'Hara was a director of Golden State Resources Limited from February 1994 to February 2003 and Ezyimage Limited (now MGM Wireless Limited) from January 2000 to February 2003, and is an executive director of the listed public company, Desert Energy Limited.

Mr O'Hara is responsible for corporate and business development including new projects.

COMPANY SECRETARY

The company secretary is Mr Peter Rutledge. He holds a Bachelor of Science degree and is a Chartered Accountant and a Fellow of the Financial Services Institute of Australia. Mr Rutledge has held the positions of company secretary for a number of listed companies over the past twenty years and is currently company secretary for five other listed junior exploration companies.

PRINCIPAL ACTIVITIES

The principal activities of the Economic Entity are exploration in Western Australia and New Zealand and assessing further opportunities.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

OPERATING RESULTS

The operating loss after tax for the financial period was \$7,236,189 of which \$4,758,927 related to exploration expenditure written off.

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, the Company increased its share capital through one placement, as follows:

On 27 February 2008, the Company placed 4,285,714 fully paid ordinary shares at 35 cents to raise \$1,500,000 before expenses.

Other than the operating results there were no other significant changes in the state of affairs of the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD AND LIKELY DEVELOPMENT

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected the operations of the Company or the results of those operations or the state of affairs of the Company, nor are there any such matters or circumstances or likely developments which may significantly effect the future operations or the results of those operations or the state of affairs of the Company, in subsequent financial years.

REVIEW OF OPERATIONS

During the year, the Company continued its exploration activities in Australia and New Zealand.

Australia:

Project Development

The Company continued its major expansion into Western Australia, with tenement applications covering areas prospective for base metals, uranium, gold, nickel and iron ore.

This was achieved using the Company's extensive geo-technical databases, including uranium-channel airborne radiometrics, air magnetics and geology, and surface geochemistry over large regions of Western Australia.

Full details of the Company's Projects are contained in the Operations Review at the front of this Report. A brief summary of activities is as follows:

- **Capricorn Project**

The Capricorn Project is located in the Ashburton Region of central Western Australia. It covers the northern side of the mid-Proterozoic aged Bangemall Basin and includes 150km strike of the major Talga Fault, recently identified by the Geological Survey of Western Australia, and a further 80km strike of interpreted extensions to the southeast.

Targets sought are base metal massive sulphide deposits, and the Company is using exploration models such as Mt Isa, Queensland, replacement copper and stratabound uranium deposits to assist in the search.

The Capricorn Project tenements now cover over 12,300 square kilometres.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

In the latter half of 2007, the Company completed a VTEM survey over the 150km Talga Fault zone. Preliminary assessment of the VTEM data identified multiple electromagnetic conductive zones over significant strike lengths within the fault zone. A series of specific VTEM targets resulted from the analysis conducted by the Company's technical team and independent Geophysical Consultants. These targets include the highly prospective area known as The Knot.

- **Glenburgh - Base Metals, Gold and Uranium Project**

In August 2007 the Company completed a 3,000 line kilometre MagRad survey on its Glenburgh project.

The MagRad survey was designed to delineate specific "signature" magnetic and uranium channel radiometric highs as targets for IOCG style deposits (eg Ernest Henry copper-gold) and Mary Kathleen style uranium deposits.

Using the data from the MagRad survey the Company is preparing and prioritising a list of targets for its field teams to conduct detailed prospecting and surface geochemistry comprising soil and rock chip sampling

- **Camel Hills Project**

The Camel Hills Project covers part of the Errabiddy Shear Zone in the southern Gascoyne Province of Western Australia. Interpretation of Aurora's in-house airmagnetic data coverage of the region has identified a sequence of prominent linear magnetic highs, striking for 40km east west through the project area.

In 2007, the Company flew a 2,000 line kilometre MagRad survey at its Camel Hills project. The Company is currently analysing the results of this survey and expects to be able to provide targets for surface geochemical sampling follow up by its field teams during the latter half of the 2008 field season.

The Camel Hills Project is thought to be prospective for Tropicana, Tick Hill style gold mineralisation, magnetite and nickel.

- **Wellstead - Iron Ore**

The Company is currently preparing its exploration program for its 100% owned Wellstead Iron Ore project. A MagRad survey was completed in March and the Company is currently undertaking the approval process in preparation for a drilling campaign. The Company is targeting a Southdown style Magnetite deposit at Wellstead.

- **Desert Energy Limited (49% Owned)**

In July 2007 the Company successfully spun off Desert Energy Limited, which has a calcrete uranium portfolio consisting of 25 granted exploration licences and 64 exploration licence applications including 8 sub licences. The portfolio covering an area of 14,685 km² in the Gascoyne, Murchison and North Yilgarn regions of Western Australia is one of the largest calcrete uranium portfolios in the country.

Desert Energy had a number of exploration successes during the year. The Company conducted its maiden drilling campaign at the Downs East project in the June quarter, received drilling approvals for the Old Station

West project and started a large scale field operation at Minnie Creek to commence follow up on targets generated by its 2007 airborne detailed magnetic radiometric survey.

- **Dawn Metals Limited (100% Owned)**

In 2007, the Company formed a subsidiary, Piccadilly Resources Pty Ltd. Piccadilly Resources was later renamed Dawn Metals Pty Ltd, and then Dawn Metals Limited.

The Company acquired 50 exploration licence applications covering an area of 9,231 km², of which 35 exploration licences have been granted and 15 exploration licences are still in the application stage. All licences are considered prospective for calcrete uranium.

During the latter half of the financial year, the Company submitted a number of drilling applications for projects within its Dawn Metals calcrete uranium portfolio.

Drilling applications have been lodged for Texas Well, Galilee, Kurrajong and Belview, with approvals received for Texas Well and Belview. At the date of this Report, drill planning is underway.

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

- **Other**
 The Company has a number of other projects, prospective for base metals, uranium, gold and magnetite. Aurora is continuing research on the geology and the previous exploration data on these projects and will prepare exploration programs as appropriate.

Land Access

The Company began expanding its Western Australia tenement portfolio in May last year.

Following an extensive Native Title process a significant number of the Company's exploration licence applications, which cover large areas, have now been granted enabling ground exploration to commence.

These are:

- Capricorn Project (19 ELs)
- Camel Hills Project (1 EL)
- Wellstead Project (1 EL)
- Desert Energy Limited's Portfolio (25 ELs)
- Dawn Metals Limited's Portfolio (35 ELs)

Aboriginal heritage clearance surveys are required prior to drilling. These are generally not considered necessary for low impact exploration such as airborne surveys, soil sampling or rock chip sampling. If such heritage surveys become necessary in the future they will need to be conducted prior to such activities. The Company also has a large number of Exploration Licence applications which are yet to proceed through the Native Title process and are subject to objections by claimant groups.

The Company's website is recommended reading for interested market watchers, brokers and investors. The website contains information on the Company's projects project maps, a list of the Company's announcements to ASX, information on Native Title (including the tenement grant process and heritage surveys) including the Desert Energy Prospectus, the legislative environments under which the Company operates, Corporate Governance, a section on risks, many of which are common to exploration companies, and other useful information. A list of the Company's announcements is also obtainable from the Australian Securities Exchange website at www.asx.com.au

New Zealand:

Macraes West Gold Project (Aurora 100%)

In mid December 2006, the Company announced it had signed a Heads of Agreement with Canadian-New Zealand company Glass Earth Limited (GENZL) to enter into a joint venture agreement on Aurora Minerals Macraes West Project, located west of the 2 million ounce Macraes Gold Mine in the Otago District of New Zealand.

GENZL may earn a 70% equity in the project by spending NZ \$750,000 and be the manager of the joint venture.

Aurora's Macraes West prospecting permit area comprises 1,173 km² and covers the possible westward extension of the Hyde-Macraes shear which hosts the Macraes mine mineralisation.

The detailed joint venture agreement will be conditional on the consent of the Minister, pursuant to section 41 of the Crown Minerals Act, Crown Minerals work programme approvals and negotiation of final terms.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of Directors held during the financial period ended 30 June 2007 and the number of meetings attended by each Director:

	Full Meetings of Directors while a Director	Number of Meetings Attended	Meeting by Circular Resolution	Number of Meetings Attended
PSR Jackson	11	11	7	7
RS Taylor	11	11	7	7
GP O'Hara	11	11	7	7

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Audited)

Board policy

The objective of the Company's remuneration policy for directors and executives is to ensure reward for performance is appropriate for the results delivered. The policy is designed to ensure that the following key criteria for good governance practices are followed:

- Acceptability to shareholders
- Transparency
- Capital management

Remuneration of Directors is not related to the performance of the Company.

The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in general meeting. The Company has entered into separate Consulting Agreements with each of the Directors and accordingly the Company has resolved not to pay any remuneration to the non-executive Directors.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Remuneration and other terms of engagement for the Managing Director are formalised in a consulting agreement with Able Kids Pty Ltd (ABN 26 086 812 400) ("Able Kids"). The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007 with Able Kids, a company of which Managing Director Robert Taylor is a director and shareholder, whereby Able Kids is engaged to provide the services of Dr Taylor to the company for an annual fee of \$100,000 plus the cost of insurance.

- Aurora Minerals Limited may terminate the consulting agreement for any reason by providing 6 months' written notice;
- Should services of the director not be required during that 6 month period the cost to the company would be \$50,000; and
- Able Kids may terminate the consulting agreement for any reason by providing 2 months' written notice.

Remuneration and other terms of engagement for the Chairman are formalised in a consulting agreement with Holihox Pty Ltd (ABN 37 052 917 917) ("Holihox"). The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007 with Holihox, a company of which Chairman Phillip Jackson is a sole director and shareholder, whereby Holihox is engaged to provide the services of Mr Jackson to the company for an annual fee of \$40,000 plus the cost of insurance.

- Aurora Minerals Limited may terminate the consulting agreement for any reason by providing 6 months' written notice;
- Should services of the director not be required during that 6 month period the cost to the company would be \$20,000; and
- Holihox may terminate the consulting agreement for any reason by providing 2 months' written notice.

Remuneration and other terms of engagement for the Executive Director are formalised in a consulting agreement with Anketell Pty Ltd (ABN 68 009 382 290) ("Anketell"). The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007 with Anketell, a company of which Executive Director Garry O'Hara is a director and shareholder, whereby Anketell is engaged to provide the services of Mr O'Hara to the company for an annual fee of \$100,000 plus the cost of insurance.

- Aurora Minerals Limited may terminate the consulting agreement for any reason by providing 6 months' written notice;
- Should services of the director not be required during that 6 month period the cost to the company would be \$50,000; and
- Anketell may terminate the consulting agreement for any reason by providing 2 months' written notice.

The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007 with Churchlands Consulting Pty Ltd, a company of which John Jordan is a director and shareholder, whereby Churchlands Consulting Pty Ltd is engaged to provide the services of Mr Jordan as Chief Operating Officer of the company for an annual fee of \$75,000.

Churchlands Consulting Pty Ltd terminated the consulting agreement with Aurora Minerals Limited in March 2008.

The Company entered into a consulting agreement on normal commercial terms and conditions dated 25 March 2008 with Nero Consulting Pty Ltd, a company of which Guy Watkins is an employee, whereby Nero Consulting Pty Ltd is engaged to provide the services of Mr Watkins as Operations & Logistics Manager, and Exploration Manager of the Company for an annual fee of \$76,300.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

- Aurora Minerals Limited may terminate the consulting agreement for any reason by providing 2 months' written notice; and
- Nero Consulting Pty Ltd may terminate the consulting agreement for any reason by providing 2 months' written notice.

The Company entered into a consulting agreement on normal commercial terms and conditions dated 11 June 2007 with Golden Kilometre Mines Pty Ltd, a company of which Eric Moore is a director and shareholder, whereby Golden Kilometre Mines is engaged to provide the services of Mr Moore as General Manager of the Company for an annual fee of \$75,000.

- Aurora Minerals Limited may terminate the consulting agreement for any reason by providing 2 months' written notice; and
- Golden Kilometre Mines Pty Ltd may terminate the consulting agreement for any reason by providing 2 months' written notice.

The Company Secretary's remuneration is the subject of a consulting agreement with Sable Management Pty Ltd on normal commercial terms and conditions. The company may terminate the agreement by providing one month's written notice.

(a) Key Management Personnel Remuneration

No salaries, fees, commissions, bonuses, superannuation or other form of remuneration were paid or payable to key management personnel during the year other than fees and options paid to companies associated with the directors, in terms of consulting agreements, as follows:

2008

	Short-term Benefits Fees Paid to Associated Entity \$	Long Term Benefits Equity \$	Other Benefits \$	Total \$
Garry O'Hara	103,750	590,937	-	694,687
Robert Taylor	103,750	590,937	-	694,687
Phillip Jackson	40,663	295,468	-	336,131
Peter Rutledge	22,500	-	-	22,500
John Jordan (1)	68,414	-	-	68,414
Guy Watkins (2)	18,000	4,203	5,000	27,203
Eric Moore	78,884	55,135	-	134,019
	435,961	1,536,680	5,000	1,977,641

(1) Terminated 31 March 2008

(2) Commenced 7 April 2008

2007

	Short-term Benefits Fees Paid to Associated Entity \$	Long Term Benefits Equity \$	Other Benefits \$	Total \$
Garry O'Hara	121,500	398,967	-	520,467
Robert Taylor	121,500	398,967	-	520,467
Phillip Jackson	44,500	47,967	-	92,467
Peter Rutledge	22,500	-	-	22,500
John Jordan	140,000	-	-	140,000
Eric Moore	140,000	-	-	140,000
	590,000	845,901		1,435,901

The Company has not entered into any agreements to remunerate consultants on the basis of performance.

(b) Shares issued as remuneration

No shares were issued to the Key Management Personnel.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

(c) Compensation Options

Options granted as Compensation

	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date	Vesting Date	Value yet to vest \$
Director							
*Mr P Jackson	1,500,000	30 Nov 07	\$0.13	\$0.5763	31 Oct 14	30 Nov 07	-
*Mr R Taylor	3,000,000	30 Nov 07	\$0.13	\$0.5763	31 Oct 14	30 Nov 07	-
*Mr G O'Hara	3,000,000	30 Nov 07	\$0.13	\$0.5763	31 Oct 14	30 Nov 07	-
Executives							
*Mr E Moore	500,000	30 Nov 07	\$0.11	\$0.5763	30 Nov 11	30 Nov 07	-
Mr G Watkins	250,000	07 May 08	\$0.075	\$0.57	30 Apr 11	30 Apr 09	15,827
	250,000	07 May 08	\$0.075	\$0.57	30 Apr 11	30 Apr 10	17,246
	8,500,000						

*The exercise price equates to the market price of the Aurora Minerals Limited fully paid ordinary share price at the date of grant, plus 69.5%. Options vested immediately.

All options were granted for nil consideration

The fair value of the options was estimated at the date of grant using the Black-Scholes model and is allocated to each reporting period evenly over the period from grant date to vesting date. The values disclosed above are the portions of the fair value allocated to the reporting period.

The assumptions made in determining the fair value of the options granted during the year ended 30 June 2008 are set out in a table in Note 15 (d) of these financial statements.

PARTICULARS OF DIRECTORS' AND SPECIFIED EXECUTIVES INTERESTS IN SHARES IN THE COMPANY

The relevant interest of each Director and Specified Executive in the share capital of the Company at the date of this report is as follows:

	Ordinary Shares Fully Paid Direct	Ordinary Shares Fully Paid Indirect	Options Direct
Phillip Jackson	2,550,000	-	3,000,000
Robert Taylor	3,450,000	-	6,000,000
Garry O'Hara	3,540,000	-	6,000,000
Peter Rutledge	340,000	-	215,000
John Jordan	-	-	650,000
Eric Moore	50,000	-	1,000,000
Guy Watkins	-	-	500,000

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

SHARE OPTIONS

Options to take up ordinary fully paid shares in the Company at the date of this report are as follows:

Number of Options	Listed/Unlisted	Grant Date	Exercise Price	Expiry Date
3,000,000	Unlisted	31 Dec 05	\$0.3355	07 Dec 08
650,000	Unlisted	06 Feb 06	\$0.35	07 Dec 08
6,000,000	Unlisted	24 Jan 07	\$0.388	19 Dec 11
1,800,000	Unlisted	24 Jan 07	\$0.388	19 Jan 10
7,500,000	Unlisted	30 Nov 07	\$0.5763	31 Oct 14
3,550,000	Unlisted	30 Nov 07	\$0.5763	30 Nov 10
740,000	Unlisted	18 Dec 07	\$0.47	30 Nov 12
500,000	Unlisted	07 May 08	\$0.57	30 Apr 11
400,000	Unlisted	30 Jun 08	\$0.34	31 May 13
30,000	Unlisted	23 Jul 08	\$0.34	31 May 13
730,000	Unlisted	23 Jul 08	\$0.47	30 Nov 12

A total of 7,500,000 unlisted options expiring 31 October 2014 were issued to three directors during the financial year.

A total of 3,550,000 unlisted options expiring on 30 November 2010 were issued to six consultants during the financial year, with an additional 500,000 unlisted options expiring on 30 April 2011 issued to one other consultant during the financial year.

A total of 1,900,000 unlisted options were issued pursuant to the Company's Employee Option Plan during the financial year and up to the date of this report. Expiry dates are as follows:

740,000 Options: 30 November 2012 (exercise price 47 cents)

430,000 Options: 31 May 2013 (exercise price 34 cents)

730,000 Options: 31 May 2012 (exercise price 47 cents)

The names of all persons who currently hold options are entered in the register kept by the Company pursuant to section 170 of the Corporations Act (2001). Inspection of the register and of the documents kept pursuant to subsection 170 (3) may be made free of charge.

Options do not entitle their holders to participate in entitlement offers of new shares in the Company unless the holders first exercise their options.

No person entitled to exercise any option above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

AUDIT COMMITTEE

The function of the Audit Committee is performed by the company's Corporate Governance committee.

ENVIRONMENTAL REGULATIONS

The mining leases, exploration licences and prospecting licences granted to the Company pursuant to the Mining Act (1978) (WA) and prospecting permits and exploration permits granted pursuant to the Crown Minerals Act (NZ) are granted subject to various conditions which include standard environmental requirements. The Company's policy is to adhere to these conditions and the Directors are not aware of any contraventions of these requirements.

LEGAL PROCEEDINGS

The Company was not a party to any legal proceedings during the year.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' REPORT (Continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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.

INSURANCE OF OFFICERS

The Company paid a premium in respect of a contract insuring directors and officers of the Company. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is set out on page 44 of the Financial Report.

Signed in accordance with a resolution of Directors:



.....
DIRECTOR

Perth, 26 September 2008

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

Aurora Minerals Limited has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board has determined that the Company shall be committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Ten Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

In August 2007 the ASX Corporate Governance Council released the second edition of the Corporate Governance Principles and Recommendations ("Revised Principles"). Listed entities are required to report in accordance with these Revised Principles in the first financial year commencing on or after 1 January 2008. Consequently the Company will report in accordance with the Revised Principles for the financial year ending 30 June 2009.

A summary of the Company's corporate governance practices is set out below.

Summary of Board Charter

The Board's key objectives include:

- (a) setting, with the aid of management, the Company's corporate strategy and objectives;
- (b) ensuring the Company is properly managed to pursue its business strategies;
- (c) maintaining an appropriate corporate governance framework aimed to safeguard the rights and interests of the Company's shareholders; and
- (d) oversight and approval.

The Board is collectively responsible for ensuring the Company is properly managed. The Board provides the Company with a framework for control and accountability to enable risk to be assessed and managed.

The Board is collectively responsible for reviewing and approving major capital expenditure, acquisitions and divestitures, major budgets and financial and other reporting. It also monitors the financial performance of the Company and conducts regular reviews of the balance of responsibilities within the Company.

The Board has agreed to guidelines for assessing the materiality.

The Board appoints (with shareholder ratification) and liaises with the external auditor and Corporate Governance Committee. The Board is also responsible for monitoring and ensuring compliance with all of the Company's legal obligations.

The chairperson is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function. The roles of the independent directors and management are summarised in the Charter.

Summary of Audit Charter

The Company has an Audit Charter which sets out the role of the Corporate Governance Committee in its Audit Function. The Corporate Governance Committee:

- (a) monitors the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- (b) reviews the Company's internal financial control system and risk management systems;
- (c) monitors and reviews the effectiveness of the Company's internal audit function (if any);
- (d) monitors and reviews the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- (e) monitors and reviews compliance with the Company's Code of Conduct and the Whistleblower Policy; and

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

(f) performs such other functions as assigned by law, the Company's constitution, or the Board.

Summary of Nomination Committee Charter

The Corporate Governance Committee has the power to conduct or authorize investigations into matters within the committee's scope of responsibilities and has the authority, as necessary, to retain independent legal, accounting or other advisors.

The role of the Nomination Committee (presently carried out by the full board) is to determine the state of director nominees for election to the Board and to identify and recommend candidates to fill casual vacancies. The Board in its capacity as the Nomination Committee regularly reviews the size and composition of the Board.

The Nomination Committee establishes evaluation methods of rating the performance of Board members and implements ways of enhancing the competency levels of directors. The Nomination Committee also provides directors with access to ongoing education relevant to their position in the Company.

Summary of Remuneration Committee Charter

The function of the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations.

The Remuneration Committee makes decisions (if the full board carries out the function of Remuneration Committee) or recommendations to the Board with respect to appropriate remuneration and incentive policies for executive directors and senior executives.

The Remuneration Committee ensures that executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives.

The Remuneration Committee ensures that fees paid to non-executive directors are within the aggregate amount approved by shareholders and makes recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting.

The Remuneration Committee reviews and makes recommendations concerning long-term incentive compensation plans and continually reviews and if necessary improves any existing benefit programs established for employees.

Summary of Remuneration Policy

Emoluments of Directors and senior executives are set by reference to payments made by other companies of similar size in the industry, and by reference to the skills and experience of the Directors and executives. Details of the nature and amount of emoluments of each Director of the Company are disclosed annually in the Company's annual report.

The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting.

Executives are offered a competitive level of base pay at market rates (for comparable companies).

Summary of Code of Conduct

The Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to consider when dealing with each other, shareholders and the broad community.

The Company is to comply with all legislative and common law requirements which affect its business. The Company shall endeavour to deal with others in a way that is fair and not engage in deceptive practices.

The Code of Conduct sets out directives for Directors, management staff and consultants relating to conflicts of interests, protection of the Company's assets and confidentiality.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Summary of Policy and Procedure for Selection and Appointment of New Directors

Candidates for the Board are considered and selected by reference to a number of factors which include, but are not limited to, their relevant experience and achievements, compatibility with other Board members, credibility within the Company's scope of activities, and intellectual and physical ability to undertake Board duties and responsibilities. Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting.

Summary of Process for Performance Evaluation of the Board, Board Committees, Individual Directors and Key Executives

The chairperson is responsible for conducting an annual review of the Board performance.

Summary of Policy for Trading in Company Securities

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also provides that the written acknowledgement of the chairperson should be obtained prior to trading.

Summary of Compliance Procedures

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. It appoints an officer of the Company to be responsible for compliance. It is detailed in its application covering the following areas:

1. appointment of the responsible officer and description of his/her duties;
2. identifies area of risk for the Company;
3. provides guidelines for:
 - (a) identifying disclosure material; and
 - (b) monitoring share price movements;
4. guide for use of trading halts;
5. guide for decision making process;
6. details on record keeping;
7. education of Board and management;
8. confidentiality;
9. release of disclosure material; and
10. updating of compliance procedures.

Summary of Procedure for the Selection, Appointment and rotation of External Auditor

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Corporate Governance Committee with the decision being ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period.

The Corporate Governance Committee will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

Summary of Shareholder Communication Strategy

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. All shareholders receive the Company's annual report. The Company maintains a website on which the Company makes certain information available on a regular basis. The Company also has an Investor Relations Manager who shareholders can contact.

The Company invites its external auditor to attend the Company's annual general meeting and to be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Summary of Risk Management Policy

The Company has established a risk management policy which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the relevant members of the Company's management who are on the Corporate Governance Committee. The Corporate Governance Committee has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management. The policy also sets out the Company's risk profile.

The Chief Executive Officer and Chief Financial Officer are required to confirm in writing to the Board that the Company's half year and full year financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards. They are also required to confirm that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board, and that these systems are operating efficiently and effectively in all material respects.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Principle 2 Recommendation 2.1

Notification of Departure: The Company does not have a majority of independent directors.

Explanation for Departure: The Board considers that the current composition of the Board is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. The current Board structure presently consists of a non-executive chair and two executive directors.

Principle 2 Recommendation 2.2

Notification of Departure: The chair does not satisfy the test of independence as set out in Box 2.1 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("**Independence Test**").

Explanation for Departure: While the Board recognises the importance of independence in decision making, it does not comply with best practice recommendation 2.2 as Mr Phillip Jackson, the current chair, does not satisfy paragraph 1 of the Independence Test. The Board believes that Mr Jackson is the most appropriate person for the position as chair because of his industry experience.

Principle 2 Recommendation 2.4

Notification of Departure: A separate nomination committee has not been formed.

Explanation for Departure: Due to the small size and structure of the Board, a separate nomination committee was not considered to add any efficiency or other benefits. The Board considers that it is more appropriate to set aside time at one Board meeting each year to specifically address matters that would ordinarily fall to a nomination committee. When considering matters of nomination, the Board functions in accordance with the Nomination Committee Charter.

Principle 4 Recommendations 4.2 and 4.3

Notification of Departure: The Company has established a Corporate Governance Committee which also performs, amongst other things, the role of an audit committee. The Corporate Governance Committee (in terms of performing the role of an audit committee) does not meet the requirements for composition.

Explanation for Departure: The Corporate Governance Committee convenes at least half yearly to perform the role of an audit committee. When convening to perform the duties of an audit committee, the Corporate Governance Committee follows the Audit Charter.

The Corporate Governance Committee is comprised of four members, three of which are not board members. The non-executive chairman of the Company, Mr Jackson, is the fourth member of the committee and is also the chair of the Corporate Governance Committee.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board considers that the current structure and approach to performing the audit committee role is most appropriate for the Company at this stage. The majority of the members of the Corporate Governance Committee have the requisite financial literacy, expertise and industry experience to properly perform the audit role. The Corporate Governance Committee also has representation from the Board and the Board is kept fully informed of any issues that may arise as a result of the Committee's process of monitoring and review, in accordance with the Audit Charter.

Principle 9 Recommendation 9.2

Notification of Departure: There was no separate remuneration committee.

Explanation for Departure: Due to the small size and structure of the Board, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at one Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter.

In addition, all matters of remuneration will continue to be determined in accordance with *Corporations Act* requirements, especially in respect of related party transactions. That is, no directors participate in any deliberations regarding their own remuneration or related issues.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Revenue	4	808,810	205,129	468,634	205,129
Exploration expenditure written off		(4,758,927)	(2,274,971)	(99,601)	(419,374)
Consulting fees		(751,740)	(444,257)	(431,307)	(444,257)
Depreciation		(102,460)	(23,672)	(75,009)	(23,672)
Stock exchange fees		(45,343)	(91,071)	(24,124)	(54,276)
Equity based compensation		(3,212,870)	(970,617)	(1,916,437)	(970,617)
Fair value adjustment to financial instruments		-	-	1,377,865	-
Rent & outgoing		(55,526)	(63,104)	(55,526)	(63,104)
Insurance & legal		(95,303)	(124,326)	(55,307)	(117,826)
Provision for write-down of loan to controlled entity		-	-	(3,085,734)	(1,916,082)
Other expenses		(495,982)	(187,814)	(304,342)	(170,624)
Loss before income tax expense	5	(8,709,341)	(3,974,703)	(4,200,888)	(3,974,703)
Income tax expense	6	-	-	-	-
Loss for the Year		(8,709,341)	(3,974,703)	(4,200,888)	(3,974,703)
Loss attributable to minority equity interest		1,473,152	-	-	-
Loss attributable to members of the parent entity		(7,236,189)	(3,974,703)	(4,200,888)	(3,974,703)
Basic loss per share (cents per share)	26	(10.74)	(7.58)		
Diluted loss per share (cents per share)	26	(10.74)	(7.58)		

The above Income Statement should be read in conjunction with the accompanying notes.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

BALANCE SHEET
As at 30 June 2008

	Note	Economic Entity		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Current Assets					
Cash and cash equivalents	7	11,536,296	7,876,752	5,062,405	7,866,751
Trade and other receivables	8	519,851	236,947	762,289	331,132
Other current assets	9	33,329	111,304	10,136	8,321
Total current assets		<u>12,089,476</u>	<u>8,225,003</u>	<u>5,834,830</u>	<u>8,206,204</u>
Non-Current Assets					
Plant & equipment	10	838,151	64,370	452,053	64,370
Financial assets	11	-	-	13,492,880	10,195
Deferred exploration and evaluation expenditure	13	-	-	-	-
Total non-current assets		<u>838,151</u>	<u>64,370</u>	<u>13,944,933</u>	<u>74,565</u>
Total assets		<u>12,927,627</u>	<u>8,289,373</u>	<u>19,779,763</u>	<u>8,280,769</u>
Current Liabilities					
Trade and other payables	14	478,657	143,089	537,104	134,485
Total current liabilities		<u>478,657</u>	<u>143,089</u>	<u>537,104</u>	<u>134,485</u>
Total liabilities		<u>478,657</u>	<u>143,089</u>	<u>537,104</u>	<u>134,485</u>
Net Assets		<u>12,448,970</u>	<u>8,146,284</u>	<u>19,242,659</u>	<u>8,146,284</u>
Equity					
Issued Capital	15	19,158,057	13,604,935	15,003,970	13,604,935
Reserves	16	4,010,464	1,459,889	3,368,118	1,459,889
Accumulated (losses)/profits		<u>(14,154,729)</u>	<u>(6,918,540)</u>	<u>870,571</u>	<u>(6,918,540)</u>
Parent entity interest		9,013,792	8,146,284	19,242,659	8,146,284
Minority equity interest		3,435,178	-	-	-
Total Equity		<u>12,448,970</u>	<u>8,146,284</u>	<u>19,242,659</u>	<u>8,146,284</u>

The above Balance Sheet should be read in conjunction with the accompanying notes.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Issued Capital \$	Accumulated (Losses)/Profit s \$	Reserves \$	Minority Equity Interests \$	Total \$
ECONOMIC ENTITY					
At 1 July 2006	4,824,704	(2,943,837)	449,771	-	2,330,638
Loss for the period	-	(3,974,703)	-	-	(3,974,703)
Share based payments	-	-	962,491	-	962,491
Foreign exchange translation loss	-	-	47,627	-	47,627
Issue of share capital	9,183,204	-	-	-	9,183,204
Expense of share issue	(402,973)	-	-	-	(402,973)
At 30 June 2007	<u>13,604,935</u>	<u>(6,918,540)</u>	<u>1,459,889</u>	<u>-</u>	<u>8,146,284</u>
At 1 July 2007	13,604,935	(6,918,540)	1,459,889	-	8,146,284
Loss attributable to members	-	(7,236,189)	-	-	(7,236,189)
Loss attributable to minority	-	-	-	(1,473,152)	(1,473,152)
Share based payments	-	-	2,563,996	648,873	3,212,869
Foreign exchange translation loss	-	-	(8,209)	-	(8,209)
Issue of options	-	-	-	90,856	90,856
Expense of option issue	-	-	(5,212)	(5,508)	(10,720)
Issue of share capital	5,886,455	-	-	4,408,395	10,294,850
Expense of share issue	(333,333)	-	-	(234,286)	(567,619)
At 30 June 2008	<u>19,158,057</u>	<u>(14,154,729)</u>	<u>4,010,464</u>	<u>3,435,178</u>	<u>12,448,970</u>
PARENT ENTITY					
At 1 July 2006	4,824,704	(2,943,837)	449,771	-	2,330,638
Loss for the period	-	(3,974,703)	-	-	(3,974,703)
Share based payments	-	-	962,491	-	962,491
Foreign exchange translation loss	-	-	47,627	-	47,627
Issue of share capital	9,183,204	-	-	-	9,183,204
Expense of share issue	(402,973)	-	-	-	(402,973)
At 30 June 2007	<u>13,604,935</u>	<u>(6,918,540)</u>	<u>1,459,889</u>	<u>-</u>	<u>8,146,284</u>
At 1 July 2007	13,604,935	(6,918,540)	1,459,889	-	8,146,284
Loss attributable to members	-	(4,200,888)	-	-	(4,200,888)
Revaluation increment	-	11,989,999	-	-	11,989,999
Share based payments	-	-	1,916,438	-	1,916,438
Foreign exchange translation loss	-	-	(8,209)	-	(8,209)
Issue of share capital	1,500,000	-	-	-	1,500,000
Expense of share issue	(100,965)	-	-	-	(100,965)
At 30 June 2008	<u>15,003,970</u>	<u>870,571</u>	<u>3,368,118</u>	<u>-</u>	<u>19,242,659</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Economic Entity		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash flows from operating activities					
Other payments to suppliers and employees		(1,655,490)	(927,033)	(1,106,259)	(866,548)
Payments for exploration expenditure		(4,398,188)	(2,355,288)	(23,654)	(499,691)
Receipts from operating activities		-	(4,433)	73,840	(4,433)
Interest received		757,239	218,625	371,050	218,625
Net cash (outflow) from operating activities	25	<u>(5,296,439)</u>	<u>(3,068,129)</u>	<u>(685,023)</u>	<u>(1,152,047)</u>
Cash flows from investing activities					
Security Deposit		-	-	-	-
Payments for the purchase of equity investments		-	(10,001)	(114,822)	(10,001)
Proceeds from the sale of equity investments		-	-	-	-
Payments for purchases of plant and equipment		<u>(847,944)</u>	<u>(46,921)</u>	<u>(462,692)</u>	<u>(46,921)</u>
Net cash (outflow) from investing activities		<u>(847,944)</u>	<u>(56,922)</u>	<u>(577,514)</u>	<u>(56,922)</u>
Cash flows from financing activities					
Proceeds from issue of shares		10,294,850	9,193,205	1,500,000	9,183,204
Proceeds from issue of options		90,856	-	-	-
Advance to controlled entity		-	-	(2,932,635)	(1,916,082)
Share issue transaction costs		(562,850)	(402,973)	(100,965)	(402,973)
Option issue transaction costs		<u>(10,720)</u>			
Net cash inflow/(outflow) from financing activities		<u>9,812,136</u>	<u>8,790,232</u>	<u>(1,533,600)</u>	<u>6,864,149</u>
Net increase/(decrease) in cash held		3,667,753	5,665,181	(2,796,137)	5,655,180
Cash at the beginning of the financial year		7,876,752	2,163,944	7,866,751	2,163,944
Effects of exchange rate changes on balances held in foreign currency		(8,209)	47,627	(8,209)	47,627
Cash at the end of the financial year	7	<u>11,536,296</u>	<u>7,876,752</u>	<u>5,062,405</u>	<u>7,866,751</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 – BASIS OF PREPARATION

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report covers Aurora Minerals Limited and its controlled entities. Aurora Minerals Limited is a listed public company, incorporated and domiciled in Australia.

The financial report relates to the period for the year ended 30 June 2008 and was authorised for issue by the Board on 26 September 2008.

The financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report of Aurora Minerals Limited and controlled entities, and Aurora Minerals Limited an individual parent entity, complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements of the Economic Entity include the financial statements of the Company, being the parent entity, and its controlled entities.

The consolidated accounts include the results of each controlled entity from the date on which the entity obtains control and until such time as the chief entity ceases to control such entity.

All controlled entities have a 30 June financial year end. All controlled entities have the same accounting policies as the parent entity. A list of controlled entities is contained in Note 12 to the financial statements.

All inter-company balances and transactions between entities in the Economic Entity, including any unrealised profit or losses, have been eliminated on consolidation.

(b) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographic segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Foreign Currency Transactions

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions in foreign currencies have been converted at rates of exchange ruling on the date of those transactions. At balance date, amounts receivable and payable in foreign currencies are translated to Australian currency at rates of exchange at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the financial year.

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(d) Taxation

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 27 January 2006 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Aurora Minerals Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(e) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

(f) Exploration, evaluation and development expenditure

Exploration and evaluation are written off within the period incurred. The Company's policy is that such costs will only be carried forward when development of the area indicates that recoupment will occur or where activities in the area have reached an advanced stage which permits reasonable assessment of the existence of economically recoverable reserves.

Exploration, evaluation and development costs comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure but do not include general overhead expenditure which has no direct connection with a particular area of interest.

Revenue received from the sale or disposal of product, materials or services during the exploration and evaluation phase of operation is offset against expenditure in respect of the area of interest concerned.

When an area of interest is abandoned or the Directors decide that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Restoration costs arising from exploration activities are provided for at the time of the activities which give rise to the need for restoration.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses.

Receivables and payables in the balance sheet are shown exclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating activities.

(h) Revenue Recognition

Interest income

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Administrative recharge

Administrative recharge income is recognised on a proportional basis in line with the management fee on net expenditure for the Hazelbrook Joint Venture.

All revenue is stated net amount of goods and services tax (GST).

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
- Investments in money market instruments with less than one month to maturity; and
- Bills of exchange with short term to maturity which are readily convertible to cash.

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(j) Comparatives

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) 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 share proceeds received.

(l) Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight line basis so as to write off the net cost of each fixed asset over its effective life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	7.5%-33.33%

(m) Impairment of Assets

At each reporting date the Company reviews the carrying values of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(n) Leases

Lease payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(o) **Critical accounting estimates and judgements**

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(p) **Financial instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debts less principal payments and amortisation.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit and loss when they are held for trading for the purposes of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Options in controlled entities meet the definition of financial derivatives as defined in AASB 139: Financial Instruments – Recognition and Measurement. Consequently the options held by the Company in Desert Energy Ltd are valued at fair value, being the quoted price at reporting date.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(q) **Interest in Joint Venture**

The Company's share of the assets, liabilities, revenue and expense of joint venture operations are included in the appropriate items of the statements of financial performance and financial position. Details of the Company's interests are shown in Note 19.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(r) **Earnings per share**

(i) **Basic earnings per share**

Basic earnings per share is determined by dividing the operating profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

(ii) **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 3 – FINANCIAL RISK MANAGEMENT

The Company, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the Company's management of these risks and seek to minimise these risks through on-going monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the Company.

Liquidity risk

The Company has no significant exposure to liquidity risk as the Company's only debt is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. The Company manages its liquidity by monitoring forecast cash flows.

Credit risk

The Company's only exposure to credit risk arises from its cash deposits at the bank. The Company manages this minimal exposure by ensuring its funds are deposited only with major banks with high security ratings.

Exposure to credit risk

	Closing carrying amount of cash assets			
	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade and other receivables	519,851	236,947	762,288	331,132
Cash and cash equivalents	11,536,296	7,876,752	5,062,415	7,866,751

Market risk

The Company's market risk exposure is predominantly to the Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 90 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return

The weighted average rate of interest earned by the Company on its cash assets during the year was 6.38% (2007: 4.95%).

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 3 – FINANCIAL RISK MANAGEMENT *(continued)*

The table below summarises the sensitivity of the Company's cash assets to interest rate risk. The company has no interest rate risk associated with any of its other financial assets or liabilities.

Financial Assets	Weighted average carrying amount of cash assets	Effect of decrease or increase of interest rate on profit and equity of the Company			
		-1%		+1%	
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
Economic Entity					
30 June 2008					
Cash & cash equivalents	12,301,401				
Total increase/(decrease)		(123,014)	(123,014)	123,014	123,014
30 June 2007					
Cash & cash equivalents	4,229,620				
Total increase/(decrease)		(42,296)	(42,296)	42,296	42,296
Parent					
30 June 2008					
Cash & cash equivalents	5,947,541				
Total increase/(decrease)		(59,475)	(59,475)	59,475	59,475
30 June 2007					
Cash & cash equivalents	4,229,620				
Total increase/(decrease)		(42,296)	(42,296)	42,296	42,296

Fair value estimates

The carrying amount of the Company's financial assets and liabilities approximates fair value due to their short term maturity.

Capital management risk

The Company's objective in managing capital is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, or farm out joint venture interests in its projects.

For personal use only

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 4 – REVENUE				
Revenue from operating activities				
Interest revenue from other persons	808,810	209,563	394,795	209,563
Administrative recharge – Hazelbrook Joint Venture	-	(4,434)	-	(4,434)
Facilities charges	-	-	73,839	-
	<u>808,810</u>	<u>205,129</u>	<u>468,634</u>	<u>205,129</u>

NOTE 5 – LOSS FOR THE YEAR

Loss from ordinary activities before income tax expense includes the following specific expenses:

Depreciation	102,460	23,672	75,009	23,672
Exploration expenditure written off	4,758,927	2,274,971	99,601	419,374
Rent & outgoings	55,526	63,104	55,526	63,104
Provision for write-down of loan to controlled entity	-	-	3,085,734	1,916,082

NOTE 6 – INCOME TAX

(a) Reconciliation of income tax to operating loss

The aggregate amount of income tax attributable to the financial period differs by more than 15% from the amount calculated on the operating loss, and is reconciled as follows:

Operating loss before income tax	<u>(7,236,189)</u>	<u>(3,974,703)</u>	<u>(4,200,888)</u>	<u>(3,974,703)</u>
Income tax calculated at 30% (2007 - 30%)	(2,170,856)	(1,192,411)	(1,260,266)	(1,192,411)
Adjustments for non-deductible and temporary differences				
Interest receivable	(15,471)	2,719	(7,124)	2,719
Capital raising costs	(85,076)	(35,544)	(53,775)	(47,409)
Provisions	-	-	925,721	574,825
Entertainment	4,026	-	2,556	-
Minority interest share of loss	(441,945)	-	-	-
Unrealised gain on investments	-	-	(413,360)	-
Share based payment expense	963,861	291,185	574,931	291,185
Non-deductible expenditure	7,504	65,193	(2,700)	6,666
Tax losses assumed from subsidiaries in current year	-	-	(944,999)	(504,433)
Tax losses assumed from subsidiaries in prior years	-	-	(606,745)	-
Under-provision for tax losses in prior years	(4,156)	-	(4,156)	-
Tax loss not brought to account	1,731,016	853,884	1,778,820	853,884
NZ branch losses	<u>11,097</u>	<u>14,974</u>	<u>11,097</u>	<u>14,974</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 6 – INCOME TAX (Continued)

(b) Deferred tax assets not brought to account

The directors estimate that the potential future income tax assets carried forward but not brought to account at year end at a tax rate of 30% are made up as follows

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deferred tax assets at 30% (2007 – 30%)				
On income tax account:				
Carried forward losses	3,222,921	1,491,905	2,663,979	885,159
Temporary differences	83,482	224,565	(415,801)	137,286
Minority interest share of deferred tax assets and liabilities	(294,699)	-	-	-
	<u>3,011,704</u>	<u>1,716,470</u>	<u>2,248,178</u>	<u>1,022,445</u>

These benefits will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised,
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation, and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

NOTE 7 – CASH AND CASH EQUIVALENTS

Cash at bank	11,536,296	7,876,752	5,062,405	7,866,751
Bills receivable	-	-	-	-
	<u>11,536,296</u>	<u>7,876,752</u>	<u>5,062,405</u>	<u>7,866,751</u>

NOTE 8 – TRADE AND OTHER RECEIVABLES

CURRENT

Bond	175,321	96,413	101,461	96,413
Hazelbrook joint venture	23,827	43,748	23,827	43,748
Travel expense advance to related parties	23,277	14,439	17,119	14,439
Advance to controlled entity	-	-	5,399,152	1,906,082
Less provision for write-down of receivable from controlled entity	-	-	(5,399,152)	(1,906,082)
Trade debtors – controlled entities	-	-	382,494	174,866
Other	297,426	82,347	237,388	1,666
	<u>519,851</u>	<u>236,947</u>	<u>762,289</u>	<u>331,132</u>

NOTE 9 – OTHER CURRENT ASSETS

Prepayments	33,329	111,304	10,136	8,321
	<u>33,329</u>	<u>111,304</u>	<u>10,136</u>	<u>8,321</u>

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 10 – PLANT AND EQUIPMENT				
Furniture and fittings – at cost	26,671	21,560	25,433	21,560
Accumulated depreciation	(3,691)	(1,849)	(3,640)	(1,849)
	<u>22,980</u>	<u>19,711</u>	<u>21,793</u>	<u>19,711</u>
Field and office equipment – at cost	282,322	93,954	216,372	93,954
Accumulated depreciation	(93,123)	(49,295)	(88,180)	(49,295)
	<u>189,199</u>	<u>44,659</u>	<u>128,192</u>	<u>44,659</u>
Motor vehicles and mobile equipment – at cost	682,762	-	336,401	-
Accumulated depreciation	(56,790)	-	(34,333)	-
	<u>625,972</u>	<u>-</u>	<u>302,068</u>	<u>-</u>
Total plant and equipment	<u>838,151</u>	<u>64,370</u>	<u>452,053</u>	<u>64,370</u>

A reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial period is set out below.

	Furniture & fittings	Field & office equipment	Vehicles & mobile equipment	Total
	\$	\$	\$	\$
ECONOMIC ENTITY				
Balance as at 30 June 2006	8,730	32,391	-	41,121
Additions during the period	12,830	34,091	-	46,921
Depreciation expense	(1,849)	(21,823)	-	(23,672)
Balance as at 30 June 2007	<u>19,711</u>	<u>44,659</u>	<u>-</u>	<u>64,370</u>
Balance as at 30 June 2007	19,711	44,659	-	64,370
Additions during the period	5,111	188,368	682,762	876,241
Depreciation expense	(1,842)	(43,828)	(56,790)	(102,460)
Balance as at 30 June 2008	<u>22,980</u>	<u>189,199</u>	<u>625,972</u>	<u>838,151</u>
PARENT ENTITY				
Balance as at 30 June 2006	8,730	32,391	-	41,121
Additions during the period	12,830	34,091	-	46,921
Depreciation expense	(1,849)	(21,823)	-	(23,672)
Balance as at 30 June 2007	<u>19,711</u>	<u>44,659</u>	<u>-</u>	<u>64,370</u>
Balance as at 30 June 2007	19,711	44,659	-	64,370
Additions during the period	3,873	122,418	336,401	462,692
Depreciation expense	(1,791)	(38,885)	(34,333)	(75,009)
Balance as at 30 June 2008	<u>21,793</u>	<u>128,192</u>	<u>302,068</u>	<u>452,053</u>

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 11 – FINANCIAL ASSETS				
Unlisted investments at costs				
- shares in controlled entities	-	-	194	10,195
Listed investments at fair value				
- shares in controlled entities	-	-	12,000,000	-
Listed investments at fair value				
- options in controlled entity	-	-	1,492,686	-
	<u>-</u>	<u>-</u>	<u>13,492,880</u>	<u>10,195</u>

Options in controlled entities meet the definition of financial derivatives as defined in AASB 139: Financial Instruments – Recognition and Measurement. Consequently the options held by the Parent entity in its subsidiary Desert Energy Ltd are valued at fair value, being the quoted price at reporting date.

As permitted by AASB 127: Consolidated and Separate Financial Statements, the Parent entity's holding in its subsidiary, Desert Energy Ltd, has been valued at fair value, being the quoted price at reporting date.

NOTE 12 – CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned	
		2008	2007
Parent Entity:			
Aurora Minerals Limited	Australia	-	-
Subsidiaries of Aurora Minerals Limited:			
Hazelbrook Limited	New Zealand	100%	100%
Aurora Resources Pty Ltd	Australia	100%	100%
Desert Energy Limited	Australia	48.62%	100%
Dawn Metals Ltd (formerly Piccadilly Resources Pty Ltd)	Australia	100%	100%

Acquisition of Controlled Entities

On 12 December 2006 the Company acquired 100% of the issued share capital of Desert Energy Pty Ltd, an Australian incorporated company, for \$1 upon incorporation. Desert Energy was admitted to the official list of the Australian Securities Exchange ("ASX") on 13 August 2007, issuing 40,000,000 to the Company and an additional 40,000,000 shares to the public. On 27 February 2008, Desert Energy placed 2,271,000 ordinary fully paid shares to investors, diluting the Company's holding to 48.62%. The Company maintains control of Desert Energy as it has the power to cast the majority of votes at meetings of the board and control of Desert Energy is by that board.

On 12 February 2007 the Company acquired 100% of the issued share capital of Piccadilly Resources Pty Ltd, an Australian incorporated company, for \$1 upon incorporation

NOTE 13 – DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Exploration Expenditure				
Costs carried forward in relation to areas of interest in:				
- exploration and evaluation phases	7,033,898	2,274,971	518,975	419,374
Less accumulated impairment losses	<u>(7,033,898)</u>	<u>(2,274,971)</u>	<u>(518,975)</u>	<u>(419,374)</u>
Total exploration expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 14 – TRADE AND OTHER PAYABLES

Trade and other payables	<u>478,657</u>	<u>143,089</u>	<u>537,104</u>	<u>134,485</u>
--------------------------	----------------	----------------	----------------	----------------

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
NOTE 15 – ISSUED CAPITAL				
Paid up capital 70,195,722 (2007: 65,910,008) ordinary fully paid shares	19,158,057	13,604,935	15,003,970	13,604,935

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Rights attaching to ordinary shares

Ordinary shares entitle the holder to participate in dividends and in the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote. 70,195,722 ordinary fully paid shares are listed on the Australian Stock Exchange and carried no trading restrictions as at the balance date.

(a) Movements in ordinary share capital

Fully Paid Shares – parent and subsidiary entity

Date	Details	Number of Shares
01/07/2007	Balance	65,910,008
27/02/2008	Placement	4,285,714
		70,195,722

(b) Options

Options to take up ordinary fully paid shares in the Company at 30 June 2008 are as follows:

Number of Options	Listed/Unlisted	Exercise Price	Expiry Date
3,000,000	Unlisted	\$0.3355	07/12/2008
650,000	Unlisted	\$0.35	07/12/2008
6,000,000	Unlisted	\$0.388	19/12/2011
1,800,000	Unlisted	\$0.388	19/01/2010
3,550,000	Unlisted	\$0.5763	30/11/2010
7,500,000	Unlisted	\$0.5763	31/10/2014
740,000	Unlisted	\$0.47	30/11/2012
500,000	Unlisted	\$0.57	30/04/2011
400,000	Unlisted	\$0.34	31/05/2013

Each option entitles the holder to take up one fully paid ordinary share in the Company at anytime up to and including the expiry date. Upon exercise of an option, the resulting ordinary share has the same rights as other ordinary shares. Options do not entitle their holders to receive dividends, participate in entitlement issues or vote at general meetings of shareholders.

	Weighted average exercise price 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
Outstanding at 1 July	\$0.3721	11,450,000	\$0.2395	14,167,500
Forfeited during the period	-	-	\$0.3000	(550,000)
Exercised during the period	-	-	\$0.2000	(9,967,500)
Granted during the period	\$0.5624	12,690,000	\$0.3880	7,800,000
Outstanding at 30 June	\$0.4721	24,140,000	\$0.3721	11,450,000
Exercisable at 30 June	\$0.4738	22,500,000	\$0.3721	11,450,000

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

(c) Movements in options

Date of Issue	Details	Number of Options	Exercise Price Per Share \$	Expiry Date
01/07/2007	Balance	11,450,000		
30/11/2007	Issue of Consultants Options	3,550,000	\$0.5763	30/11/2010
30/11/2007	Issue of Directors Options	7,500,000	\$0.5763	31/10/2014
18/12/2007	Issue of Employee Options	740,000	\$0.47	30/11/2012
07/05/2008	Issue of Consultants Options	500,000	\$0.57	30/04/2011
30/06/2008	Issue of Employee Options	400,000	\$0.34	31/05/2013
		24,140,000		

There were no options exercised during the year.

(d) Terms and Conditions for Each Grant of Consultants and Directors Options

The Company has issued Options to three directors of the Company. Consultant and Directors Options have been issued on six occasions, and have varying exercise prices and expiry dates

Director	Number Granted	Grant Date	Value of Option at Grant Date	Exercise Price	Expiry Date
(1)Mr P Jackson	1,000,000	8 Dec 2005	\$0.14	\$0.3355	7 Dec 2008
(2)Mr P Jackson	500,000	19 Jan 2007	\$0.10	\$0.388	19 Jan 2010
(3)Mr P Jackson	1,500,000	30 Nov 2007	\$0.197	\$0.5763	31 Oct 2014
(2)Mr R Taylor	3,000,000	19 Jan 2007	\$0.13	\$0.388	19 Dec 2011
(3)Mr R Taylor	3,000,000	30 Nov 2007	\$0.197	\$0.5763	31 Oct 2014
(2)Mr G O'Hara	3,000,000	19 Jan 2007	\$0.13	\$0.388	19 Dec 2011
(3)Mr G O'Hara	3,000,000	30 Nov 2007	\$0.197	\$0.5763	31 Oct 2014
Specified Executives					
(1)Mr P Rutledge	200,000	8 Dec 2005	\$0.14	\$0.3355	7 Dec 2008
Mr J Jordan	650,000	25 Jan 2006	\$0.14	\$0.35	7 Dec 2008
(1)Mr E Moore	500,000	8 Dec 2005	\$0.14	\$0.3355	7 Dec 2008
(3)Mr E Moore	500,000	30 Nov 2007	\$0.11	\$0.5763	30 Nov 2010
(4)Mr G Watkins (1)	500,000	07 May 2008	\$0.075	\$0.5700	30 Apr 2011
Non Specified Contractors					
(1)Other	1,300,000	8 Dec 2005	\$0.14	\$0.3355	7 Dec 2008
(2)Other	1,300,000	19 Jan 2007	\$0.10	\$0.388	19 Jan 2010
(3)Other	3,050,000	30 Nov 2007	\$0.11	\$0.5763	30 Nov 2010
	23,000,000				

(1) The exercise price equates to the market price of the Aurora Minerals Limited fully paid ordinary share price at the date of grant, plus 10%. Options vested on 8 June 2006.

(2) The exercise price equates to the market price of the Aurora Minerals Limited fully paid ordinary share price at the date of grant, plus 25.16%. Options vested immediately.

(3) The exercise price equates to the market price of the Aurora Minerals Limited fully paid ordinary share price at the date of grant, plus 69.5%. Options vested immediately

(4) Half of the options vest on 30 April 2009, the remainder on 30 April 2010..

All options were granted for nil consideration.

The fair value of the options was estimated at the date of grant using the Black-Scholes model.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 15 – ISSUED CAPITAL *(Continued)*

(e) Terms and Conditions for Each Grant of Employee Options

The Aurora Minerals Limited Employee Option Plan (“EOP”) was approved at the Company’s Annual General Meeting in November 2007. A summary of the rules of the EOP is set out below:

The allocation of options to employees, directors and consultants of the Company is at the discretion of the Board. Each option is to subscribe for one fully paid share in the Company and will expire five years from the date of issue. Options are issued free and the exercise price of options is determined by the Board. An option is exercisable at a time determined by the Board.

Details of options outstanding as part of the EOP during the financial year are as follows:

Grant Date	Vesting Date	Number Granted	Value of Option at Grant Date	Exercise Price	Expiry Date
(1) 18 Dec 2007	30 Nov 2008	740,000	\$0.185	\$0.4700	30 Nov 2011
(2) 30 June 2008	31 May 2009	400,000	\$0.118	\$0.3400	31 May 2013
		1,140,000			

(1) Half of the options vest on 30 November 2008, and the remainder vest on 30 November 2009.

(2) Half of the options vest on 31 May 2009, and the remainder vest on 31 May 2010.

(f) Fair Value

The following table sets out the assumptions made in determining the fair value of the options granted during the year ended 30 June 2008.

	Options Granted Nov 2007 (1)	Options Granted Nov 2007 (2)	Options Granted Dec 2007	Options Granted May 08	Options Granted June 08
Expected volatility (%)	63.74	63.74	63.74	62.70	62.70
Risk free interest rate (%)	6.27	6.44	6.55	6.42	6.57
Weighted average expected life of options (years)	7.92	3	4.96	3	4.92
Expected dividends	Nil	Nil	Nil	Nil	Nil
Option exercise price (cents)	57.63	57.63	47.00	57.00	34.00
Share price at grant date (cents)	34.00	34.00	35.00	28.00	23.50
Vesting date	30 Nov 07	30 Nov 07	30 Nov 08* 30 Nov 09*	30 Apr 09* 30 Apr 10*	31 May 09* 31 May 10*

(1) Options issued to directors

(2) Options issued to consultants

* 50% of the options vest

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility is based on the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

NOTE 16 – RESERVES

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Foreign currency translation reserve (a)	(16,080)	(7,871)	(16,080)	(7,871)
Option reserve (b)	4,026,544	1,467,760	3,384,198	1,467,760
	4,010,464	1,459,889	3,368,118	1,459,889

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16 - RESERVES *(continued)*

- (a) The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled entity.
(b) The option reserve records items recognised as expenses on valuation of consultant share options.

NOTE 17 – KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions of key management personnel

The names and positions of persons who were key management personnel of Aurora Minerals Limited and its controlled entities at any time during the financial year are as follows:

Key Management Personnel

P S R Jackson	Chairman – non-executive
R S Taylor	Managing Director – executive
G P O'Hara	Director – executive
J Jordan	Chief Operating Officer
G Watkins	Operations & Logistics Manager
E G Moore	General Manager
P C Rutledge	Company Secretary

(b) Key Management Personnel Remuneration

	2008 \$	2007 \$
Short-term personnel benefits	435,961	590,000
Share based payments	1,536,680	845,901
Other benefits	5,000	-
	1,977,641	1,435,901

For details of the consulting agreements with companies associated with the key management personnel, reference is made (in accordance with section 300 of the Corporations Act) to the remuneration report set out in the Director's Report on pages 7 to 9 of this Report.

(c) Principles used to determine the nature and amount of remuneration

The nature and amount of remuneration paid to directors and executives has been determined by reference to the services provided, prevailing market rates and with the objective of retaining their services.

Directors and Specified Executives are not directly remunerated by way of salary. The Company has entered into agreements with director and specified executive related entities for the provision of their services to the Company. Details of these agreements are set out elsewhere within this note.

(d) Details of transactions of Key Management Personnel concerning shares

2008	Reference	Balance 30/06/2007	Received as Remuneration	*Net Change Other	Options Exercised	Balance 30/06/2008
Shares						
Garry O'Hara	1,5	3,540,000	-	-	-	3,540,000
Robert Taylor	2	3,450,000	-	-	-	3,450,000
Peter Rutledge	3	340,000	-	-	-	340,000
Phillip Jackson	4	2,550,000	-	-	-	2,550,000
Eric Moore		50,000	-	-	-	50,000

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17 – KEY MANAGEMENT PERSONNEL COMPENSATION *(Continued)*

2007	Reference	Balance 30/06/2006	Received as Remuneration	*Net Change Other	Options Exercised	Balance 30/06/2007
Shares						
Garry O'Hara	1,5	3,540,000	-	-	-	3,540,000
Robert Taylor	2	3,450,000	-	-	-	3,450,000
Peter Rutledge	3	340,000	-	-	-	340,000
Phillip Jackson	4	2,550,000	-	-	-	2,550,000
Eric Moore		50,000	-	-	-	50,000

* Net Change Other refers to shares purchased during the period

1 3,050,000 of these shares were released from escrow on 15/06/2006

2 3,050,000 of these shares were released from escrow on 15/06/2006

3 305,000 of these shares were released from escrow on 15/06/2006

4 1,525,000 of these shares were released from escrow on 15/06/2006

5 In addition to Mr G O'Hara's holdings above, there are 142,500 ordinary shares registered in the name of a third party in respect of which Mr O'Hara holds the voting rights and a pre-emptive right to acquire 142,500 of those shares at market price.

(e) Details of transactions of Key Management Personnel concerning share options

Details of options provided as remuneration, together with terms and conditions of the options, can be found in the remuneration report on pages 7 to 9 of the Directors' Report.

2008	Balance 30/06/2007	Received as Remuneration	*Net Change Other	Options Exercised	Balance 30/06/2008
Share Options					
Garry O'Hara**	3,000,000	3,000,000	-	-	6,000,000
Robert Taylor**	3,000,000	3,000,000	-	-	6,000,000
Phillip Jackson**	1,500,000	1,500,000	-	-	3,000,000
Peter Rutledge**	215,000	-	-	-	215,000
John Jordan**	650,000	-	-	-	650,000
Eric Moore**	500,000	500,000	-	-	1,000,000
Guy Watkins***	-	500,000	-	-	500,000

*Net Change Other refers to options purchased or expired during the financial year

**All options have vested and are exercisable.

*** 50% of Options vest after 12 months from date of grant, remaining 50% vest after 24 months from date of issue.

2007	Balance 30/06/2006	**Received as Remuneration	*Net Change Other	Options Exercised	Balance 30/06/2007
Share Options					
Garry O'Hara	220,000	3,000,000	(220,000)	-	3,000,000
Robert Taylor	125,000	3,000,000	(125,000)	-	3,000,000
Phillip Jackson	1,000,000	500,000	-	-	1,500,000
Peter Rutledge	215,000	-	-	-	215,000
John Jordan	650,000	-	-	-	650,000
Eric Moore	500,000	-	-	-	500,000

*Net Change Other refers to options purchased during the financial year

All options have vested and are exercisable.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 18 – REMUNERATION OF AUDITORS

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Auditing or reviewing the accounts of the company	42,500	23,000	28,500	19,000
Taxation and other services	-	7,500	-	-
	<u>42,500</u>	<u>39,000</u>	<u>28,500</u>	<u>27,500</u>

NOTE 19 – INTEREST IN JOINT VENTURE

The Company has the following interest in mineral exploration joint ventures as at 30 June 2008:

Name of Project	Interest %	Activities	Other Parties
Macraes West Gold Project	100%	Mineral Exploration	Glass Earth Limited (earning 70%)

The above joint venture does not constitute a separate legal entity. It is a contractual agreement between the participants for the sharing of costs and output and does not in itself generate revenue and profit. The joint ventures are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties may choose to share exploration and development costs in proportion to their ownership of joint venture assets. The joint ventures do not hold any assets and accordingly the Company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 1.

In mid December 2006, the Company announced it had signed a Heads of Agreement with Canadian-New Zealand company Glass Earth Limited (GENZL) to enter into a joint venture agreement on Aurora Minerals Macraes West Project. GENZL may earn a 70% equity in the project by spending NZ \$750,000 and be the manager of the joint venture.

NOTE 20 - COMMITMENTS FOR EXPENDITURE

Mineral Tenements

In order to maintain the mineral tenements in which the Company and other parties are involved, the Company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the requirements of the Western Australian Department of Industry and Resources and of Crown Minerals New Zealand for the next financial year are:

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Minimum estimated expenditure requirements	4,787,000	2,584,900	-	74,900
	<u>4,787,000</u>	<u>2,584,900</u>	<u>-</u>	<u>74,900</u>

These requirements are expected to be fulfilled in the normal course of operations and may be varied from time to time subject to approval by the grantor of titles. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

Operating Lease Commitments

Payable minimum lease payments

- not later than twelve months	78,144	30,875	78,144	30,875
- between twelve months and five years	60,684	2,573	60,684	2,573
	<u>138,828</u>	<u>33,448</u>	<u>138,828</u>	<u>33,448</u>

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 20 – COMMITMENTS FOR EXPENDITURE *(continued)*

Consultancy Agreements

In the event that the Company terminates all of the Directors' and Specified Executives' consultancy agreements, there is a requirement to continue payment of the fees for a period of twelve months or two months in the case of Specified Executives. Should the services of the Directors not be required during that 12 months the cost to the company would be \$105,216.

NOTE 21 - RELATED PARTIES

(a) Remuneration and retirement benefits

Information on remuneration of Directors during the financial period is disclosed in Note 18.

(b) Other transactions of Directors and Director-related entities

There are no other transactions of Directors and Director-related entities.

(c) Transactions of Directors and Director-related entities concerning shares and share options

The aggregate number of shares and share options of the Company held directly, indirectly or beneficially by Directors or their Director-related entities at balance date were as follows:

	2008	2007
Ordinary shares – fully paid	9,540,000	9,540,000
Options to acquire ordinary shares	15,000,000	7,500,000

Details of transactions of Directors and Director-related entities concerning shares and share options are set out in Note 16.

(d) Wholly owned controlled entities

Transactions between the parent entity and wholly owned and controlled entity Dawn Metals Ltd (formerly Piccadilly Resources Pty Ltd) consist of an interest free unsecured loan of \$414,537 (2007: \$331,604). Transactions between wholly owned Aurora Resources Pty Ltd and the parent entity consist of an interest free unsecured loan of \$2,723,540 (2007: \$1,518,944). Working capital requirements are met by the Parent Entity and recharged through the inter-company accounts.

(e) Non-wholly owned and controlled entities

In December 2006 the parent entity acquired a wholly owned and controlled entity, Desert Energy Limited. Transactions between the parties as at 30 June 2007 consisted of a receivable to the controlled entity of \$174,866, and an interest free unsecured loan of \$65,534. In August 2007 the Company successfully floated Desert Energy Limited, diluting its interest to 50%. A placement of shares by Desert Energy in February 2008 further diluted the parent's interest to 48.62%. Transactions between the parties as at 30 June 2008 consist of a net receivable of \$270,187 owed by Desert Energy to the parent. Facilities charges of \$73,839 were also paid to the parent in the year months ending 30 June 2008 (2007: nil)

NOTE 22 - EVENTS OCCURRING AFTER BALANCE DATE

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected the operations of the Company or the results of those operations or the state of affairs of the Company, nor are there any such matters or circumstances or likely developments which may significantly effect the future operations or the results of those operations or the state of affairs of the Company, in subsequent financial years.

NOTE 23 - NUMBER OF EMPLOYEES

The Company engaged no employees during the financial period.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 24 - SEGMENT INFORMATION

The Company operates predominantly in one industry. The principal activities are base metal, uranium, gold and iron ore exploration and prospecting.

The Company currently operates in Australia and New Zealand.

	Australia \$	New Zealand \$	2008 Inter-segment Elimination	Consolidation
Segment revenue to entity from external customers	468,634	-	-	468,634
Segment result continuing operations to a comparable measure of entity operating profit or loss	(4,163,897)	(36,991)	-	(4,200,888)
Segment depreciation	(75,009)	-	-	(75,009)
Segment assets to entity assets	6,411,706	-	-	6,411,706
Segment liabilities to entity liabilities	(536,910)	-	-	(536,910)
Acquisition of plant & equipment	462,692	-	-	462,692
	Australia \$	New Zealand \$	2007 Inter-segment Elimination	Consolidation
Segment revenue to entity from external customers	194,776	10,353	-	205,129
Segment result continuing operations to a comparable measure of entity operating profit or loss	(3,924,788)	(49,915)	-	(3,974,703)
Segment depreciation	(23,672)	-	-	(23,672)
Segment assets to entity assets	8,280,769	-	-	8,280,769
Segment liabilities to entity liabilities	(133,734)	(751)	-	(134,485)
Acquisition of plant & equipment	46,921	-	-	46,921

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, accrued expenses and provisions. Segment assets and liabilities do not include deferred income taxes.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 25 – RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES	Economic Entity		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
Loss after income tax	(7,236,189)	(3,974,703)	(4,200,888)	(3,974,703)
Minority Interest in Profit	(1,473,152)	-	-	-
Unrealised foreign currency translation gains/(losses)	-	-	-	-
Remuneration – options expense	3,212,870	970,617	1,916,437	970,617
Fair value adjustment to financial instrument	-	-	(1,377,865)	-
Write-down of loan to controlled entity	-	-	3,085,735	1,916,082
(Profit)/loss on disposal of listed investments	-	-	-	-
Depreciation expense	102,460	23,672	75,009	23,672
Change in operating assets and liabilities				
(Increase) in debtors	22,811	(34,920)	(118,650)	(129,106)
(Increase) in prepayments	(25,008)	(87,564)	(15,006)	15,419
Increase/(decrease) in creditors	(149,572)	61,805	(49,795)	53,008
(Increase) in GST receivable	249,341	(27,036)	-	(27,036)
Net cash outflow from operating activities	<u>(5,296,439)</u>	<u>(3,068,129)</u>	<u>(685,023)</u>	<u>(1,152,047)</u>

Non-cash financing and investing activities

There were no significant non-cash financing and investing activities.

NOTE 26 - EARNINGS PER SHARE

	Economic Entity	
	2008 Cents	2007 Cents
Basic loss per share (cents per share)	(10.74)	(7.58)
Diluted loss per share (cents per share)	(10.74)	(7.58)
Reconciliation of loss		
Loss used in calculating earnings per share – basic and diluted	<u>(7,236,189)</u>	<u>(3,974,703)</u>
Net loss for the reporting period	<u>(7,236,189)</u>	<u>(3,974,703)</u>
	2008	2007
	No of Shares	No of Shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic & diluted earnings per share	<u>67,365,977</u>	<u>52,433,719</u>

At 30 June 2008 the Company has on issue 24,140,000 unlisted options (2007: 11,450,000) over ordinary shares that are not considered to be dilutive.

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 27 – LEGAL FORM & DOMICILE

Aurora Minerals Limited is a public company incorporated and domiciled in Australia and listed on the Australian Stock Exchange.

NOTE 28 - CHANGE IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 5 Non-current Assets Held for Sale and Discontinued Operations AASB 6 Exploration for and Evaluation of Mineral AASB 102 Inventories AASB 107 Cash Flow Statements AASB 119 Employee Benefits AASB 127 Consolidated and Separate Financial Statements AASB 134 Interim Financial Reporting AASB 136 Impairment of Assets AASB 1023 General Insurance Contracts AASB 1038 Life Insurance Contracts	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
AASB 8 Operating Segments	AASB 114 Segment Reporting	As above	1.1.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 1 First time adoption of AIFRS AASB 101 Presentation of Financial Statements AASB 107 Cash Flow Statements AASB 111 Construction Contracts AASB 116 Property, Plant and Equipment AASB 138 Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101 Presentation of Financial Statements	As above	1.1.2009	1.7.2009

NOTE 29 – COMPANY DETAILS

The principle registered office of the company is:

Aurora Minerals Limited
Level 2, 231 Adelaide Terrace
Perth Western Australia 6000

AURORA MINERALS LIMITED
AND CONTROLLED ENTITIES
ACN 106 304 787

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on page 15 to 41 are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and Corporations Regulations 2001; and
 - b) give a true and fair view of the Company's and economic entity's financial position as at 30 June 2008 and of its performance as represented by the results of its operations and its cash flows for the financial year ended on that date.
2. the chief executive officer and the company secretary in the capacity of chief financial officer have each declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the accounting standards; and
 - c) the financial statements and notes for the financial year give a true and fair view
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.

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



.....
DIRECTOR

Perth, 26 September 2008

For personal use only

INDEPENDENT AUDIT REPORT TO MEMBERS OF AURORA MINERALS LIMITED AND ITS CONTROLLED ENTITIES

We have audited the accompanying financial report of Aurora Minerals Limited (the company) and its Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion, the financial report of Aurora Minerals Limited and Aurora Mineral Limited and its Controlled Entities is in accordance with the Corporations Act 2001 including:

- (a)
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Aurora Minerals Limited for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Principal

Perth, WA
Dated this 26th day of September 2008

For personal use only



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Aurora Minerals Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Principal

Dated this 26th day of September 2008

For personal use only