NEW AGE EXPLORATION LIMITED
A.C.N. 004 749 508

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2009

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DIRECTORS REPORT

The Directors present their report together with the financial report of New Age Exploration ("the Company") for the year ended 30 June 2009 and the auditors' report thereon.

DIRECTORS

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

- Mr E F Stoyle (Non Executive Director)
- Mr A M Wing (Executive Director and Company Secretary)
- Mr G L Rice (Non Executive Director)

INFORMATION ON DIRECTORS

Name	**Particulars**
Mr Edwin Stoyle	
Age	67
Position	Non-Executive Director and Chairman
Experience	Mr Stoyle has over 27 years experience in directing and managing public companies listed on the Australian Stock Exchange. Mr Stoyle has also provided an active role in several listings on the Australian Stock Exchange along with other corporate undertakings such as company takeovers and capital raisings. Mr Stoyle has undertaken an active role in negotiating and managing mineral and oil & gas exploration initiatives in Australia, Papua New Guinea, Turkey, Burma and other international outposts.
Directorships in listed entities	Nil
Mr Adrien Michele Wing	
Age	35
Position	Executive Director and Company Secretary
Experience	Mr Adrien Wing is CPA qualified. He practised in the audit and corporate divisions of a chartered accounting firm before working with a number of public companies listed on the Australian Stock Exchange as a corporate/accounting consultant and company secretary.
Directorships in listed entities	Nil
Mr Gavan Leonard Rice	
Age	62
Position	Non Executive Director
Experience	Mr Gavan Rice is a practising barrister of law for the Supreme Court of Victoria for the past 26 years. Mr Rice has had considerable previous experience as a director of public companies listed on the Australian Stock Exchange.
Directorships in listed entities	Nil

DIRECTORS REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

The relevant interest of each Director in the share capital of the company shown in the Register of Directors share holdings as at the date of this report is:

	No of shares			No of options		
	Held at beginning of year	**Acquired during the year**	**Held at end of year**	**Held at beginning of year**	**Acquired during the year**	**Held at end of year**
Mr A Wing	Nil	Nil	Nil	1,000,000	Nil	1,000,000
Mr G Rice	200,000	Nil	200,000	500,000	Nil	500,000
Mr E Stoyle	1,960,000	Nil	1,960,000	500,000	Nil	500,000
	2,160,000	Nil	**2,160,000**	**2,000,000**	Nil	**2,000,000**

PRINCIPAL ACTIVITIES

The principal activities of the Company are focused on exploration activities with the view of identifying economically attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders. There was no significant change to these activities during the year.

OPERATING RESULT

The profit for the year after income tax amounted to $51,606 (2008: Loss of $406,733).

DIVIDENDS

No dividends were declared or paid during the year ended 30 June 2009.

REVIEW OF OPERATIONS

BUNNAWARRA JOINT VENTURE PROJECT
ELA59/1391

Recent work activities

Work to date has consisted of a 100m x 1,000 m Auger Soil Chemical Survey.

The analysis of the samples covered the following Gold Au, Chromium (Cr), Silver (Ag), Copper (Cu), Lead (Pb), Antimony (Sb), Zinc (Zn), Manganese (Mn), Nickel (Ni), Bismuth (Bi), Tungsten (W), Molybdenum (Mo), Selenium (Se),Iron (Fe) and Samarium (Sm).

Anomalous mineralization is indicated for Au, Cu, Pb, Zn, Mn, Fe, Mo, Sm, and Bi with Ni and Cr indicators of underlying geology. The project area was considered potentially prospective for a range of mineral deposit styles including:

- Hematite and/or magnetite in association with sheared banded iron formation.
- Shear hosted gold in greenstones.
- Copper-nickel platinum group elements (PGE) associated.
- Deposits related to alkaline intrusive rocks including carbonatite deposits and diamond pipes.
- Deposits related to felsic intrusive rocks including porphyry copper, copper-gold, copper-molybdenum, molybdenum.

The underlying geology consists of granitoid rock, pegmatite gneiss, sediments with banded iron and greenstones.

A drilling program has been planned on the molybdenum anomaly beginning on the 14th September 2009 with follow up testing of the gold, base metal and rare earth anomalies.

Unseasonable heavy rains have held up access to work on the project for over two months.

Recent corporate activities

In March 2009, the Company negotiated terms with Jervois Mining Limited (Jervois) regarding the Bunnawarra Project. With the arrangement approved by the holder of the lease, Redfeather Holdings Pty Ltd (Redfeather), the Company negotiated terms with Jervois whereby both the Company and Jervois would share equally the commitments and management pursuant to the terms of the existing joint venture arrangement held with Redfeather. Forming part of the new arrangement with Jervois, the Company was reimbursed $70,000 for costs incurred to date regarding the development of the joint venture.

REVIEW OF OPERATIONS (CONT'D)

JERVOIS MINING LTD – JOINT VENTURE

During the quarter, the Company and Jervois agreed to terminate the joint venture arrangement regarding the leases pursuant thereto.

Forming part of the termination arrangement with Jervois, the Company was reimbursed $300,000 for costs incurred to date regarding the development of the joint venture.

As part of the termination arrangement with Jervois, the Company is entitled to receive:

- Gold royalty being 2% gold royalty from the terminated joint venture tenements and Jervois's existing Bullabulling gold project (described at Jervois Tenements);
- Uranium royalty being $2 per pound of Uranium produced from the terminated joint venture tenements.

EXCLUSIVITY ARRANGEMENT – RAINTREE GROUP LTD and PALACE RESOURCES LIMITED

(Held with Raintree Group Ltd and Palace Resources Limited (ASX code: PXR))

The exclusivity agreement with Palace Resources remains current.

The Company has not recently been made aware of any further activities pursuant to the exclusivity arrangement with the Raintree Group and Palace Resources. All further activity will be reported as it comes to hand.

Competent persons statement:
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by D.Foster, who is a Member of the Australasian Institute of Mining and Metallurgy. D. Foster has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. D.Foster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the State of Affairs during the year, except as follows:

- The Company issued 6,000,000 shares to raise $780,000.

LIKELY DEVELOPMENTS

The Company will continue the evaluation of its mineral joint venture projects and undertake generative work to identify and acquire new resource projects. Other than as referred to in this report, due to the nature of the business, further information as to likely developments in the operations of the Company and likely results of those operations in future financial years would, in the opinion of the directors, be speculative.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

REVIEW OF FINANCIAL CONDITION

The net assets of the Company have increased by $831,606 to $2,432,342 as at 30 June 2009. The major movement was due the increase in other financial assets in the 2009 year.

The Company's working capital, being current assets less current liabilities was $2,305,537 compared with $1,050,059 in 2008.

The Directors believe the Company is in a strong and stable position to undertake its stated objectives.

MEETINGS OF DIRECTORS

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

Name of Director	Directors' Meetings	Audit & Risk
Number of Meetings held:	8	2
Number of Meetings attended:		
Edwin Stoyle	8	2
Adrien Wing	8	2
Gavan Rice	7	2

COMMITTEE MEMBERSHIP

The Company has recently reviewed its committee membership. As at the date of this report there is no separation between the full Board and the audit and risk committee therefore, the full Board assumes responsibility for all audit and risk committee duties.

SHARE OPTIONS

As at the date of this report, there are 2,000,000 unlisted options outstanding.

DIRECTORS REPORT (CONT'D)

Unlisted Options:

No. of unlisted option	Exercise price	Expiry date
500,000	20 cents	17 September 2009
1,500,000	20 cents	30 November 2009
2,000,000		

There were no options exercised during the year or in the period to the date of this report.

ENVIRONMENTAL REGULATIONS

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory as at this date.

The Company has a joint venture arrangement, whereby the Company may hold participating interests in a number of mining and exploration tenements once certain terms of the joint venture arrangement are met. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement.

There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2009.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the company paid a premium in respect of a contract insuring the Directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such as Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services, during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under section 307C in relation to the audit for the financial year is provided with this report. Details of amounts paid or payable to the auditor of the Company for audit services provided are detailed in Note 4 of the annual report.

PROCEEDINGS ON BEHALF OF 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.

REMUNERATION REPORT - AUDITED

The report details the nature and amount of remuneration for each director of New Age Exploration and for the executives receiving the highest remuneration in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration report in accordance with Corporations regulation2M.6.04. For the purposes of this report, the term "executive" encompasses all directors of the Company.

The names and positions of each person who held the position of director at any time during the financial year is provided below:

EXECUTIVES	POSITION
Mr E Stoyle	Non executive Director and Chairman
Mr A Wing	Executive Director and Company Secretary
Mr G Rice	Non executive Director

Remuneration Policy

The board policy for determining the nature and amount of remuneration of directors and executives is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated directors and employees who can enhance company performance through their contributions and leadership.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate. The Board believes that options are an effective remuneration tool which preserves the cash reserves of the company whilst providing valuable remuneration.

Executive Director Remuneration

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is periodically compared to relevant external market conditions. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Non-Executive Director Remuneration

Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act at the time of the Directors retirement or termination. Non-Executive Directors remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the amount of director fees being paid by comparable companies with similar responsibilities and the experience of the non-executive directors when undertaking the annual review process.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for directors by resolution. Currently, the maximum amount of remuneration allocated to all non executive directors that approved by shareholders is $200,000. Further details regarding components of director and executive remuneration are provided in the following tables.

REMUNERATION REPORT - AUDITED (CONT'D)

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The achievement of this aim has been through the issue of options to directors to encourage the alignment of personal and shareholder interests. The recipients of the options are responsible for growing the Company and increasing shareholder value. If they achieve this goal, the value of the options granted to them will also increase. Therefore, the options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the Company's earnings and movements in shareholder wealth since the time of reinstatement on the Australian Securities Exchange on 27 October 2006:

	30/06/2009	30/06/2008	30/06/2007
Revenue	645,517	81,789	74,300
Net profit/(loss) before tax	51,606	(406,733)	(278,272)
Net profit/(loss) after tax	51,606	(406,733)	(278,272)
Share price at start of year	$0.16	$0.26	$0.20**
Share price at end of year	$0.05	$0.16	$0.26
Basic earnings per share (cents)	0.12	(0.96)	(0.52)
Diluted earning per share (cents)	0.12	(0.96)	(0.52)

** The company relisted on the ASX on 27 October 2006.

The remuneration of the Directors and executives are not linked to the performance, share price or earnings of the Company.

Details of Remuneration for Year Ended 30 June 2009

Name of Directors & Executives	Short term employee benefits			Post employment benefits	Share-based payment			
	Salary $	Consulting $	Non-monetary benefits $	Super-annuation $	Options $	Shares $	Total $	Equity as % of annual remuneration
Edwin Stoyle	-	26,160	-	-	-	-	26,160	-
Adrien Wing	-	80,418	-	-	-	-	80,418	-
Gavan Rice	-	19,620	-	-	-	-	19,620	-
Total Remuneration: Directors	-	126,198	-	-	-	-	126,198	-

Shares Issued as Part of Remuneration for the Year Ended 30 June 2009

There were no shares issued as part of remuneration for the year ended 30 June 2009

Options Issued as Part of Remuneration for the Year Ended 30 June 2009

There were no options issued as part of remuneration for the year ended 30 June 2009

REMUNERATION REPORT - AUDITED (CONT'D)

Details of Remuneration for Year Ended 30 June 2008

Name of Directors & Executives	Short term employee benefits			Post employment benefits	Share-based payment			
	Salary $	Consulting $	Non-monetary benefits $	Super-annuation $	Options $	Shares $	Total $	Equity as % of annual remuneration
Edwin Stoyle	-	26,160	-	-	50,897	-	77,057	66.05%
Adrien Wing	-	72,000	-	-	50,897	-	122,897	41.41%
Gavan Rice	-	19,620	-	-	50,897	-	70,517	72.18%
Total Remuneration: Directors	-	117,780	-	-	152,691	-	270,471	56.45%

Shares Issued as Part of Remuneration for the Year Ended 30 June 2008

There were no shares issued as remuneration during the year ended 30 June 2008.

Options Issued as Part of Remuneration for the Year Ended 30 June 2008

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but rather issued to the majority of directors and executives of New Age Exploration to increase goal congruence between executives, directors and shareholders.

	Number of options granted	Value of options granted at grant date ($)	Total remuneration represented by options (%)	Exercise price of options	Expirty date of options
Directors					
Mr Edwin Stoyle	500,000	50,897	66	20 Cents	30/11/2009
Mr Adrien Wing	500,000	50,897	41	20 Cents	30/11/2009
Mr Gavan Rice	500,000	50,897	72	20 Cents	30/11/2009
	1,500,000	**152,691**			

Options granted as part of remuneration have been valued using a Black Scholes option pricing model, which takes into account various factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. The value of the options at grant date was calculated at 18.48 cents per option based on the following assumptions:

Share Price	25 cents as at 27th September 2007 as at the date of the valuation.
Exercise Price	20 cents
Volatility	64.6%
Time to maturity	30 November 2009
Risk free interest rate	6.43%

REMUNERATION REPORT - AUDITED (CONT'D)

Employment Contracts

There were no employment contracts in place during the year ended 30 June 2009 or subsequent to year end.

Signed in accordance with a resolution of Directors.

Adrien Michele Wing
Director

Dated at Melbourne on 4th September 2009

IAN D RILEY
Chartered Accountant
ABN 86 673 257 016
55 Ashes Bridge Road TALLAROOK VIC 3659

4 September 2009

The Directors
New Age Exploration Limited
Level 17
500 Collins Street
MELBOURNE VIC 3000

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

As engagement partner for the audit of the financial report of New Age Exploration Limited for the year ended 30 June 2009, 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.

This declaration is in respect of New Age Exploration Limited.

Ian D Riley
Principal
Chartered Accountant

NEW AGE EXPLORATION LIMITED
A.C.N. 004 749 508

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 $	2008 $
Revenue	3	45,517	81,789
Gain from fair value adjustments		600,000	-
Employment expenses		(126,198)	(117,780)
Corporate expenses		(122,640)	(103,131)
Occupancy expenses		(11,152)	(20,600)
Share based payments		-	(152,691)
Depreciation		-	(1,930)
Administrative expenses		(61,765)	(92,390)
Exploration expenditure expensed		(272,156)	-
Profit/(Loss) Before Income Tax	4	51,606	(406,733)
Income tax expense	5	-	-
Net Profit/(Loss) for the Year		51,606	(406,733)

	Note	Cents per Share	Cents per Share
Basic Earnings per share	7	0.12	(0.96)
Diluted Earnings per share	7	0.12	(0.96)

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 $	2008 $
Current Assets			
Cash and cash equivalents	16(i)	978,762	1,075,570
Trade and other receivables	9	-	15,866
Other financial assets	11	1,400,000	
Total Current Assets		2,378,762	1,091,436
Non-Current Assets			
Other non - current assets	12	126,805	550,677
Total Non-Current Assets		126,805	550,677
Total Assets		2,505,567	1,642,113
Current Liabilities			
Trade and other payables	13	73,225	41,377
Total Current Liabilities		73,225	41,377
Total Liabilities		73,225	41,377
Net Assets		2,432,342	1,600,736
Equity			
Contributed Equity	14	5,779,911	4,999,911
Reserves	15	1,648,807	1,648,807
Accumulated losses		(4,996,376)	(5,047,982)
Total Equity		2,432,342	1,600,736

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital	Retained Earnings	General Reserve	Share Based payments - Option Reserve	Total
Equity as at 1 July 2007	4,999,911	(4,641,248)	1,468,116	28,000	1,854,779
Loss for the year	-	(406,733)	-	-	(406,733)
Issue of Shares	-	-	-	-	-
Issue of Director Options	-	-	-	152,691	152,691
Costs of share issue	-	-	-	-	-
Equity as at 30 June 2008	**4,999,911**	**(5,047,982)**	**1,468,116**	**180,691**	**1,600,736**
Equity as at 1 July 2008	4,999,911	(5,047,982)	1,468,116	180,691	1,600,736
Profit for the year	-	51,606	-	-	51,606
Issue of Shares	780,000	-	-	-	780,000
Costs of share issue	-	-	-	-	-
Equity as at 30 June 2009	**5,779,911**	**(4,996,376)**	**1,468,116**	**180,691**	**2,432,342**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Cash payments in the course of operations		(279,935)	(334,618)
Interest Received		51,411	92,536
Net cash used in operating activities	16(ii)	(228,524)	(242,082)
Cash flows from investing activities			
Proceeds for joint venture reimbursements		370,000	-
Payments for joint venture commitment		(218,284)	(321,598)
Payments for investments in listed companies		(800,000)	-
Net cash used in investing activities		(648,284)	(321,598)
Cash flows from financing activities			
Proceeds from issue of share capital		780,000	-
Costs associated with issue of share capital		-	(6,201)
Net cash flows from financing activites		780,000	(6,201)
Net Increase/(Decrease) in cash and cash equivalents		(96,808)	(569,881)
Cash and cash equivalents at the beginning of the financial year		1,075,570	1,645,451
Cash and cash equivalents at the end of the financial year	16(i)	978,762	1,075,570

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report covers New Age Exploration Limited as an individual, The Company. New Age Exploration Limited is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publically traded on the Australian Stock Exchange.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 4 September 2009.

Basis of Preparation and statement of compliance

New Age Exploration Limited has prepared financial statements in accordance with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (IFRS).

The financial report is presented in Australian Dollars and is prepared on the historical cost basis.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs except for any available-for-sale financial investments which have been measured at fair value.

Basis of Consolidation

At 30 June 2009 there were no subsidiary entities.

Summary of significant accounting policies

(a) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(b) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(c) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(d) Trade and other payables

Trade and other payables are carried at the transaction price less principal payments. They represent liabilities for goods and services provided to the Company prior to the end of the year that remain unpaid and arise when the Company becomes obliged to make future payments in regard of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Employee Benefits

Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in the Remuneration Report within the Directors Report.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 7).

(f) Financial Assets

Investments

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', ' held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate method for debt instruments other than those financial assets at 'fair value through profit and loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(g) Impairment of assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest
Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

(j) Income Tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences:
• except where the deferred income tax liability arises from the initial recognition of an asset or liability in transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
• in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:
• except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

(k) Other taxes

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Joint venture contributions

Jointly Controlled entities
Interests in jointly controlled entities are accounted for and reported using the equity method whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition change in the share of net assets of the jointly controlled entity. The income statement reflects the share of the results of operations of the jointly controlled entity.

Contributions pursuant to the joint venture arrangement with Jervois Mining Limited, Palace Resources Limited and Redfeather Holdings Pty Ltd are recognised and carried at original invoice on an accrual basis.

Whilst the Company continues to work within the terms of the relevant joint venture arrangements, expenditure incurred in relation to these arrangements is recognised as an asset and is classified in the balance sheet under the category "Other non current assets".

(m) Contributed equity

Ordinary shares are classified as equity. Where equity investments are issued in a business combination, transaction costs are recognised directly as equity.

(n) Earnings per share

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

Diluted earnings per share is calculated as net profit (or loss) attributable to members, adjusted for:

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

(o) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Company and the company's financial report:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 101 'Presentation of Financial Statements' (revised September 2007), AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'	Effective for annual reporting periods beginning on or after 1 January 2009	30 June 2010
• AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	Effective for annual reporting periods beginning on or after 1 January 2009	30 June 2010
• AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	AASB 3 (business combinations occurring after the beginning of annual reporting periods beginning 1 July 2009) AASB 127 and AASB 2008-3 (1 July 2009)	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Company:

• AASB 123 'Borrowing Costs' (revised), AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	Effective for annual reporting periods beginning on or after 1 January 2009	30 June 2010
• AASB 2008-1 'Amendments to Australian Accounting Standard – Share-based payments: Vesting Conditions and Cancellations'	Effective for annual reporting periods beginning on or after 1 January 2009	30 June 2010
• AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	Effective for annual reporting periods beginning on or after 1 January 2009	30 June 2010
• AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process'	Effective for annual reporting periods beginning on or after 1 July 2009	30 June 2010

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions are commonly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the company continually employs judgement in the application of its accounting policies.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions. Those which may materially affect the carrying amounts of these assets and liabilities reported in future period are discussed below:

(a) Impairment of non financial assets

The company assesses impairment on all assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

(b) Share based payments

The Company measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity settled transactions comprise only options. Their fair value is determined using Black Scholes model. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts on assets and liabilities within the annual reporting period but may impact expenses and equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

3. REVENUE

	2009 $	2008 $
Non-operating activities		
Interest	45,517	81,789
Fair value adjustment of investments	600,000	-
Total Revenue	645,517	81,789

4. PROFIT FROM ORDINARY ACTIVITIES

	2009 $	2008 $
Profit from ordinary activities before income tax has been determined after:		
Fees paid to director related entities	126,198	117,780
Amounts received or due and receivable by the principle auditor for:		
Audit or review of the financial report of the entity	19,500	18,500
Rent	11,000	12,000
Share Based Payments	-	152,691
Exploration expenditure expensed	272,156	-
Other business expenses	165,057	187,551
Total commercial overheads	**593,911**	**488,522**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	2009 $	2008 $
5. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current Tax	-	-
Deferred Tax	-	-
	-	-
(b) The prima facie tax from ordinary acivities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) from Ordinary Activities	**51,606**	**(406,733)**
Income tax expense/(benefit) calculated at 30%	15,482	(122,020)
Add:		
Tax Effect of:		
- Accrued expenses	7,848	3,600
- Permanent differences	1,430	(2)
- Exploration Expenditure Written Off	81,647	-
- Proceeds from Joint Venture Contributions	111,000	-
	217,407	(118,422)
Less:		
Tax effect of:		
- Deductable Black Hole Expenditure	(65,485)	(93,011)
- Movements in fair value of investments	(180,000)	-
- Capitalised deductible exploration expenditure	(17,395)	(17,395)
	(45,473)	(228,828)
Add:		
Income Tax losses carried forward not taken up as benefit	45,473	228,828
	-	**-**
Deferred Tax Assets not brought to account as assets:		
- Tax Losses	414,784	369,310
- Temporary Differences	(78,777)	(196,392)
Tax losses	**336,007**	**172,918**

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the Company continues to comply with the conditions for deductibility imposed by law; and

(iii) no change in tax legislation adversely affects the Company in realising the benefits from deducting the losses.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

6. KEY MANAGEMENT PERSONNEL

(a) The key management personnel of New Age Exploration Limited during the year were:

Mr E F Stoyle	Non-executive Director and Chairman
Mr A M Wing	Executive Director and Company Secretary
Mr G L Rice	Non-executive Director

(b) Compensation practices

Refer to Remuneration Report contained within the Directors' Report.

(c) Key Management Personnel Compensation

The aggregate compensation of the Directors and senior management of the Company is set out below:

	2009 $	2008 $
Short-term employment benefits	126,198	117,780
Post employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	152,691
	126,198	**270,471**

Refer to Remuneration Report contained within the Directors' Report for details on remuneration per individual Director.

(d) Option holdings by Key Management Personnel or their nominees

	Balance 1.7.2007	Granted as Compensation	Net Change Other [(1)]	Balance 30.6.2008
Edwin Stoyle	-	500,000	-	500,000
Adrien Wing	500,000	500,000	-	1,000,000
Gavan Rice	-	500,000	-	500,000
	500,000	**1,500,000**	**-**	**2,000,000**

	Balance 1.7.2008	Granted as Compensation	Net Change Other	Balance 30.6.2009
Edwin Stoyle	500,000	-	-	500,000
Adrien Wing	1,000,000	-	-	1,000,000
Gavan Rice	500,000	-	-	500,000
	2,000,000	**-**	**-**	**2,000,000**

(e) Shareholdings by Key Management Personnel or their nominees

	Balance 1.7.2007	Received as Compensation	Options Exercised	Net Change Other [(1)]	Balance 30.6.2008
Edwin Stoyle	1,960,000	-	-	-	1,960,000
Adrien Wing	-	-	-	-	-
Gavan Rice	160,000	-	-	40,000	200,000
	2,120,000	**-**	**-**	**40,000**	**2,160,000**

[(1)] Net Change Other refers to shares purchased during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

6. KEY MANAGEMENT PERSONNEL (CONT'D)

	Balance 1.7.2008	Received as Compensation	Options Exercised	Net Change Other (1)	Balance 30.6.2009
Edwin Stoyle	1,960,000	-	-	-	1,960,000
Adrien Wing	-	-	-	-	-
Gavan Rice	200,000	-	-	-	200,000
	2,160,000	**-**	**-**	**-**	**2,160,000**

7. EARNINGS PER SHARE

	2009 $	2008 $
Earnings used in the calculation of basic and diluted earnings per share	51,606	(406,733)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	43,893,151	42,200,000
Number of share options on issue	2,000,000	2,000,000

Diluted Earnings Per Share

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the exercise price was significantly higher than the Company's share price as at 30 June 2009.

8. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed by the Company since the end of the previous financial year (2008: $Nil)

Franking account

	2009 $	2008 $
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2008: 30%)	775,114	775,114
Franking credits/(debits) that will arise from the payment of income tax payable at the end of the financial year or refund of overpayment of income tax	-	-
	775,114	**775,114**

9. TRADE & OTHER RECEIVABLES

	2009 $	2008 $
Interest receivable	-	5,894
GST receivable	-	9,972
	-	**15,866**

Due to the short term nature of the receivables, their carrying value is assumed to approximate their face value. Given the nature of the receivables as detailed, exposure to credit risk is not considered to be material

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

10. PLANT AND EQUIPMENT

	2009 $	2008 $
Computer - at cost	-	2,725
Less accumulated depreciation	-	(2,725)
	-	-

Reconciliation of carrying value:

	2009 $	2008 $
Balance 1 July 2008	-	
Acquisitions	-	1,931
Depreciation	-	(1,931)
Balance 30 June 2009	-	-

11. OTHER FINANCIAL ASSETS

Available for sale investments carried at fair value:

	2009 $	2008 $
Investment in listed entity through profit and loss	**1,400,000**	**-**

Reconciliation of other financial assets:

	2009 $	2008 $
Balance at beginning of the year	-	-
Payments for investment in listed entity	800,000	-
Fair value adjustments for investment in listed entity	600,000	-
Balance at end of the year	**1,400,000**	**-**

12. OTHER ASSETS

	2009 $	2008 $
Joint venture contribution	**126,805**	**550,677**

Reconciliation of Joint Venture Contribution:

	2009 $	2008 $
Balance at beginning of the year	550,677	240,640
Payments for joint venture commitment	218,284	310,037
Write off of exploration expenditure	(272,156)	-
Proceeds for joint venture reimbursements	(70,000)	-
Proceeds for joint venture termination	(300,000)	-
Balance at end of the year	**126,805**	**550,677**

13. TRADE & OTHER PAYABLES

CURRENT

	2009 $	2008 $
Trade and other payables	**73,225**	**41,377**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Trade payables are non interest bearing and are normally settled on 30 day terms.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

14. CONTRIBUTED EQUITY

	2009 $	2008 $
48,200,000 (2008: 42,200,000) fully paid ordinary shares	**5,779,911**	**4,999,911**

Movement in share capital:	**No.**	**$**
Opening balance - 1 July 2007	42,200,000	4,999,911
Closing balance - 30 June 2008	42,200,000	4,999,911
Issue of Shares	6,000,000	780,000
Closing balance - 30 June 2009	**48,200,000**	**5,779,911**

SHARE OPTIONS

Unlisted Options:

No. of unlisted option	Exercise price	Expirty date
500,000	20 cents	17-Sep-09
1,500,000	20 cents	30-Nov-09
2,000,000		

During the previous year, shareholders approved the issue of 1,500,000 unlisted option to Directors. These options are exercisable on or before 30 November 2009 at 20 cents per option

Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

15. RESERVES

	2009 $	2008 $
Share based payment - Option reserve	180,691	180,691
General reserve	1,468,116	1,468,116
	1,648,807	**1,648,807**
Reconciliation of share based payment - Option Reserve:		
Opening balance - 1 July 2007	-	28,000
Issue of options to Directors	-	152,691
Closing balance - 30 June 2008	180,691	180,691
Issue of options to Directors	-	
Closing balance - 30 June 2009	180,691	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

16. NOTES TO THE STATEMENT OF CASHFLOWS

(i) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash held at bank	978,762	1,075,570

(ii) Reconciliation of Cashflow from operations with loss from irdinary activities after income tax		
Operating profit/(loss) after income tax	51,606	(406,733)
Depreciation	-	1,930
Exploration expenditure write off	272,156	-
Fair Value adjustment of investments	(600,000)	
Change in assets and liabilities during the financial year		
(Increase)/decrease in receivables	48,049	10,748
Increase/(decrease) in payables	(335)	(718)
Issue of unlisted options to Directors	-	152,691
Net cash provided by operating activities	**(228,524)**	**(242,082)**

(iii) Financing Facilities

The Company does not have any finance facilities in place.

(iv) Non Cash Items

There were no no-cash transactions during the financial year.

17. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

18. COMMITTMENTS

Jervois Mining Limited joint venture

On 19 March 2009, the Company terminated the joint venture arrangement with Jervois Mining Limited. As such, the Company no longer has any commitments thereto.

Bunnawarra Joint Venture

During the year, the Company negotiated a variation of terms with Redfeather Holding Pty Ltd Bunnawarra Joint Venture, whereby it now equally shares all joint venture obligations with another entity, Jervois Mining Limited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

18. COMMITMENTS (CONT'D)

The Company has, jointly with Jervois Mining Limited, the following commitments:

- to spend $150,000 on exploration expenditure (Stage 1) and issue $50,000 new shares in the Company at an issue price of 80% of the one month Volume Weighted Average Price ("VWAP") upon the completion of the stage 1 expenditure to earn the first 30% interest in Bunnawarra Tenement;

- to spend a further $200,000 on exploration expenditure (Stage 2) and issue further $100,000 new shares in the Company at an issue price of 80% of the one month VWAP upon the completion of the stage 2 expenditure to earn a further 25% interest in Bunnawarra Tenement. New Age will hold 55% interest in the Bunnawarra Tenement at this point;

- New Age to spend a further $1,000,000 on exploration expenditure (Stage 3) to earn a further 25% interest in Bunnawarra Tenement. New Age will hold 80% interest in the Bunnawarra Tenement at this point;

  Stage 1 means the period commencing on the Commencement Date and ending on the one year anniversary of the Commencement Date;

  Stage 2 means the period commencing the day after the end of Stage 1 and ending on the six month anniversary of the end of Stage 1; and

  Stage 3 means the period commencing the day after the end of Stage 2 and ending on the one year anniversary of the end of Stage 2.

Year 1	100,000	200,000
Year 2	300,000	300,000
Year 3	1,000,000	1,000,000
	1,400,000	**1,500,000**

Commitments under the joint venture agreement with Redfeather Holdings Pty Ltd Limited commenced 12 May 2008.

19. SEGMENT REPORTING

Geographical Segment
The company operated predominantly in one geographical segment being Australia.

Industry Segment
The Company operated predominantly in the mining industry.

20. EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and cash equivalents.

The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are cash flow interest rate risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market Risk

Market risk is the risk that changes in market prices, such as equity prices will effect the entity's income or the value of its holdings of financial instruments.
The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(a) Cash flow interest rate risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 40% higher or lower with all other variables held constant as a sensitivity analysis. The Company has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Company continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	Note	Float Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
								-40%	-10%	40%	10%
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		$	$	$	$	$	$	$	$	$	$
Financial Assets											
Cash at bank	16(i)	978,762	1,075,570	-	-	978,762	1,075,570	(16,600)	(7,140)	16,600	7,140
Receivables	9	-	-	-	15,866	-	15,866	-	-	-	-
Other financial assets	11	-	-	1,400,000	-	1,400,000	-	-	-	-	-
Total		**978,762**	**1,075,570**	**1,400,000**	**15,866**	**2,378,762**	**1,091,436**	**(16,600)**	**(7,140)**	**16,600**	**7,140**
Weighted average interest rate		4.24%	6.12%								
Financial Liabilities											
Trade and other payables	13	-	-	73,225	41,377	73,225	41,377				
Total		**-**	**-**	**73,225**	**41,377**	**73,225**	**41,377**	**-**	**-**	**-**	**-**
Weighted average interest rate		-	-								
Net Financial assets (liabilities)		**978,762**	**1,075,570**	**1,326,775**	**(25,511)**	**2,305,537**	**1,050,059**	**(16,600)**	**(7,140)**	**16,600**	**7,140**

A sensitivity of 40% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 40% sensitivity would move short term interest rates at 30 June 2009 from 4.24% to 5.94% representing a 170 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move up than down in the coming period. Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows.

Financial Assets

The following tables detail the Company's expected maturity for its non-derivative financial assets.

	2009	2008
	$	$
Contracted maturities of receivables and cash and cash equivalents:		
- less than 6 months	171,108	78,769
- 6 to 12 months	807,654	1,012,667
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	**978,762**	**1,091,436**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Financial Liabilities

The following tables the Company's remaining contractual maturity for its non-derivative financial liabilities.

	2009 $	2008 $
Contracted maturities of payables and cash and cash equivalents:		
- less than 6 months	73,225	41,377
- 6 to 12 months	-	-
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	**73,225**	**41,377**

(c) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities, other than the investment in listed entities, are readily traded on organised markets in standardised form. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

The Company's receivables at balance date are detailed in Note 9. For the year ended 30 June 2009 the balances of receivables was nil, the balance of receivables for the previous year is primarily GST input tax credits refundable by the ATO.
The credit risk on financial assets of the economic entity which have been recognised on the Balance Sheet is generally the carrying amount.

(d) Capital Risk Management

When managing capital, management's objectives is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2009 and no dividends are expected to be paid in 2010.

There is no current intention to incur debt funding on behalf of the company as exploration expenditure will be funded via equity or joint ventures with other companies.

The Company is not subject to any externally imposed capital requirements.
Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

(e) Price risk

The Company is exposed to equity securities price risk. This arises from investments held and classified on the balance sheet at fair value through profit and loss. The following table sets out the carrying amount of the Company's exposure to equity securities price risk on fair value through profit and loss investments. Also included is the effect on profit and equity before tax if these prices at that date had been 50% higher or lower with all other variables held constant as a sensitivity analysis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

A sensitivity of 50% has been selected as this is considered reasonable given the current and recent trending and volatilities of both Australian and International stock markets and the trading history of the investment held by the Company.

	2009	2008
	$	$
Listed Securities - Equities	1,400,000	-
Market Price +50%		
- Profit/(Loss)	700,000	-
- Equity	700,000	-
Market Price -50%		
- Profit/(Loss)	(700,000)	-
- Equity	(700,000)	-

(f) The entity is not believed to be subject to any other material risks.

DIRECTORS' DECLARATION

The directors of New Age Exploration Limited declare that:

(a) in the directors' opinion the financial statements and notes on pages 14 to 36, and the remuneration disclosures that are contained in the Remuneration report in the Directors' report, set out on pages 9 to 12, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

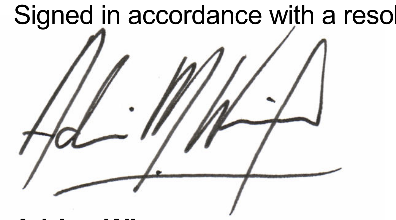
(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and

(c) the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001; and

(d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2009, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors



Adrien Wing
Director

4th September 2009

IAN D RILEY
Chartered Accountant
ABN 86 673 257 016
55 Ashes Bridge Road TALLAROOK VIC 3659

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NEW AGE EXPLORATION LIMITED
FOR THE YEAR ENDED 30 JUNE 2009**

Report on the Financial Report

I have audited the accompanying financial report of New Age Exploration Limited ("New Age") which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a statement of significant accounting policies, other explanatory notes and the directors' declaration of New Age Exploration Limited.

Directors' Responsibility for the Financial Report

The directors of New Age 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 controls 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 Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standard. These Auditing Standards require that I 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 judgement, including the assessment of 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 directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In my opinion:

(a) the financial report of New Age Exploration Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 200*1; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

I have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2009. 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*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Auditors Opinion

In my opinion the Remuneration report of New Age Exploration Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

IAN D RILEY
Chartered Accountant

4 September 2009
Melbourne

Liability limited by a scheme approved under Professional Standards Legislation

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

ANALYSIS OF MEMBERS' SHARE HOLDINGS

At 19 August 2009 there were 48,200,000 ordinary fully paid shares.

1. Distribution of Shareholders

(a) Analysis of number of shareholders by size of holding.

Category of holding	Holders	Number of Shares	% of Capital
1 - 1,000	401	52,416	0.11%
1,001 - 5,000	52	151,119	0.31%
5,001 - 10,000	100	970,618	2.01%
10,001 - 100,000	176	6,703,016	13.91%
100,001 and over	48	40,322,831	83.66%
Total	**777**	**48,200,000**	**100.00%**

2. Twenty Largest Shareholders

The names of the twenty largest holders by account holding of ordinary shares are listed below:

SHAREHOLDER	HOLDING	%
LOCH SECURITIES PTY LTD	7,125,000	14.78%
JERVOIS MINING LIMITED	6,650,219	13.80%
HUGH PURSE	4,750,000	9.85%
ADVANCE PUBLICITY PTY LTD <THE IZMAR FAMILY A/C>	1,889,100	3.92%
RAND MINING NL	1,500,000	3.11%
TRIBUNE RESOURCES NL	1,500,000	3.11%
PENLEIGH BANNER PTY LTD <H PURSE SUPER FUND>	1,344,745	2.79%
STOYLE HOLDINGS PTY LTD <MAYNE MOTORS SUPER FUND>	1,235,000	2.56%
NEW AGE ENERGY PTY LTD <NEW AGE ENERGY S/F A/C>	1,108,186	2.30%
PENLEIGH BANNER PTY LTD <THE PURSE SUPER FUND A/C>	954,927	1.98%
MR GLENN THOMAS CONNOR & MRS ANNETTE MARGARET CONNOR <CONNOR SUPER FUND A/C>	925,500	1.92%
JERVOIS MINING LIMITED	900,000	1.87%
PENLEIGH DELL PTY LTD	750,000	1.56%
EDWIN FRANK STOYLE	735,000	1.52%
MR ARNOLD OLSCHYNA	570,000	1.18%
MR ARNOLD OLSCHYNA	550,000	1.14%
NEW AGE ENERGY PTY LTD	545,000	1.13%
PENLEIGH DELL PTY LTD	400,000	0.83%
COMMON SENSE COMPUTING PTY LTD <THE COMMON SENSE A/C>	375,000	0.78%
MRS CARMEL ROSE ARNOT & MS KATE LOUISE BYRNE <J L & C R ARNOT SUPER A/C>	357,500	0.74%
TOTAL	**34,165,177**	**70.88%**

3. Restricted Securities

As at 19 August 2009, the Company had no securities subject to escrow arrangement.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

4. Substantial Shareholders

As at 19 August 2009, the substantial shareholders were as follows.

Name of Shareholder	No of Shares	% of Issued Capital
LOCH SECURITIES PTY LTD	7,125,000	14.78%
JERVOIS MINING LIMITED	6,650,219	13.80%
HUGH PURSE	4,750,000	9.85%

5. Voting Rights

At a general meeting of shareholders:
(a) On a show of hands, each person who is a member or sole proxy has one vote.
(b) On a poll, each shareholder is entitled to one vote for each fully paid share.

Other information:

The name of the Company Secretary is:

Mr Adrien Michele Wing

The address of the principal registered office in Australia is:

Level 17
500 Collins Street
MELBOURNE VIC 3000

The address of the principal place of business in Australia is:

Level 17
500 Collins Street
MELBOURNE VIC 3000

Register of securities is held at the following address:

Link Market Services Pty Ltd
Level 7, 333 Collins Street
Melbourne
Victoria 3000

Stock Exchange

The company was re-admitted to the official list of ASX on 27 October 2006. The Home Exchange is Adelaide.

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance, in a manner which is practical and efficient given the Company's size and operations.

The Company is pleased to advise that its practices are mostly consistent with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (2nd Edition)*. Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company has provided an explanation as to why it does not consider that the practices are appropriate for the Company.
To illustrate where the Company has addressed each of the Council's recommendations, the following table identifies each recommendation, clearly states whether the Company has adopted the recommendation and provides cross-references to the sections of this report addressing that recommendation. Where the Company has not adopted a recommendation, refer to the identified section of this report for the Company's reasons for not adopting that recommendation. The table does not provide the full text of each recommendation, but rather a summary of the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website.

Recommendation	**Recommendation adopted?**	**Section**
Principle 1 – Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	1.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	1.2
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	1.1, 1.2
Principle 2 – Structure the board to add value		
2.1 A majority of the board should be independent directors.	Yes	2.1
2.2 The chair should be an independent director.	Yes	2.2
2.3 The Roles of Chair and Chief Executive Officer should not be exercised by the same individual.	Yes	2.3
2.4 The board should establish a nomination committee.	No	2.4
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	1.2
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	2.1, 2.2, 2.3, 2.4, 1.2

Recommendation	Recommendation adopted?	Section
Principle 3 – Promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	3.1
3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	3.2
3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	3.1, 3.2
Principle 4 – Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	No	4.1
4.2 The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	No	4.1, 4.2
4.3 The audit committee should have a formal charter.	No	4.1, 4.3
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	4.1, 4.2, 4.3
Principle 5 – Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	No	5.1
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	5.1
Principle 6 – Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	6.1

Recommendation	Recommendation adopted?	Section
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	6.1
Principle 7 – Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1, 7.2
7.3 The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	Yes	7.3
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	7.1, 7.2, 7.3
Principle 8 – Remunerate fairly and responsibly		
8.1 The board should establish a remuneration committee.	No	8.1
8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	8.2
8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	8.1, 8.2

A description of the Company's main corporate governance practices is set out below. It is also accessible at the Company's website – www.nae.net.au under the "Corporate" tag which has a sub heading for corporate governance.

The recommendations are not prescriptions and are intended as guidelines only. The Board has sought to apply the revised recommendations to the extent relevant to the Company's size and scale of operations.

Recommendation 1.1: Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Company's activities are currently not of a sufficient size nor are its affairs of such complexity to justify the employment of full-time management personnel. Accordingly, most of the functions of management are undertaken by consultants under the supervision of the Managing Director who is responsible for management activities under delegated authority of the Board. The functions specifically reserved for the full Board are as follows:

a) Setting and monitoring of objectives, goals and strategic direction with a view to maximising shareholder value, consistent with ethical behaviour and acceptable risk parameters;
b) Approving budgets and monitoring financial performance;
c) Identifying significant business risks and ensuring that these are appropriately managed;
d) Approval of any significant asset acquisitions or disposals;
e) Selection and appointment of new Directors; and
f) Appointment and removal of the Managing Director.

Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.

The performance of all Directors, and senior executives is reviewed at least annually. The Board evaluates the performance of the Executive Chairman and any other senior executives having regard to such things as:

a) The responsibilities of the executive;
b) Performance against budget;
c) Any communicated key performance indicators; and
d) Qualitative as well as quantitative measures.

No Director or senior executive is involved with his or her own evaluation, and the remainder of the Board evaluates such parties without such parties being present.

A review of the performance of the Board, its Directors and senior executives was carried out in June 2009, and was undertaken in accordance with the above policy.

Recommendation 2.1: A majority of the Board should be independent Directors.

The Company currently has a majority of non-executive independent Directors, being Mr Edwin Stoyle and Mr Gavan Rice.

The effectiveness of the Board is achieved through the Directors' knowledge and experience specific to the business and the industry in which the Company operates. Any Director may seek their own independent advice at the Company's expense to assist them in the performance of their duties to the Company and the shareholders.

The names and details of the experience of the Directors of the Company in office at the date of this Statement are set out in the Director's Report.

Recommendation 2.2: The Chairperson should be an independent director.

Mr Edwin Stoyle, the Non-Executive Chairman, is an independent Director.

Recommendation 2.3: The roles of Chair and Chief Executive Officer should not be exercised by the same individual.

The roles of the Chairman (Mr Edwin Stoyle) and the Managing Director (Mr Adrien Wing) are separate.

Recommendation 2.4: The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors and the identification of attributes required in new

Directors. The Board as a whole also reviews Board succession plans, appointment and re-election of Directors and the process for evaluation of the performance of the Board, its Members and Senior Executives (as outlined under recommendation 1.2). Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.

Should the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented if appropriate.

Recommendation 2.5: Disclose the process for evaluating the performance of the board, its committees and individual directors.

See the comments under recommendation 1.2 above.

Recommendation 3.1: Establish a code of conduct and disclose the code or a summary of the code as to:

- the practises necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has adopted a Corporate Code of Conduct and a Code of Conduct for executives, which can be accessed at the Company's website at www.nae.net.au under the "Corporate" tag which has the appropriate sub headings.

Recommendation 3.2: Establish a policy concerning trading in Company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.

The Company has adopted a Trading Policy which can be accessed at www.nae.net.au under the "Corporate" tag which has the appropriate sub heading.

Recommendation 4.1: The Board should establish an audit committee.

The Board has not established an audit committee to assist to ensure the truthful and factual presentation of the Company's financial position as it believes that, given the size of the Board, no efficiencies are derived from a formal committee structure. Notwithstanding the non existence of the audit committee, ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. All items that would normally be dealt with by an audit committee are dealt with at Board meetings. Such matters include:

a) Establishment and review of internal control frameworks within the Company;
b) Review of the financial statements, annual report and any other financial information distributed to shareholders or other external stakeholders;
c) Review of audit reports and any correspondence from auditors, including comments on the Company's internal controls;
d) Nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and
e) Monitoring compliance with the Corporations Act, ASX listing Rules and any other regulatory requirements.

The full Board consists of a majority of independent non-executive Directors.

Recommendation 4.2: The audit committee should be structured so that it:
- **consists only of non-executive Directors;**
- **consists of a majority of independent Directors;**
- **is chaired by an independent Chairperson, who is not Chairperson of the Board;**
- **has at least three members**

See comments under recommendation 4.1 above.

Recommendation 4.3: The audit committee should have a formal charter.

See comments under recommendation 4.1 above

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has adopted a continuous disclosure policy that requires all Directors, Officers and executives to inform the Chairman, or in his absence the Company Secretary, of any potentially material information as soon as practicable after they become aware of that information. The Company does not currently have a formal written policy in place, but instead relies on the extensive experience of the Board and senior management to ensure ongoing compliance

Recommendation 6.1: Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.

The Company has a policy for effective communication with shareholders which is available at the corporate governance statement on the Company's website at www.nae.net.au under the "Corporate" tag which has the appropriate sub heading.

Recommendation 7.1: Establish policies for the oversight and management of material business risk and disclose a summary of those policies.

The Company has established a policy for the oversight and management of material business risks which is available at the corporate governance statement on the Company's website at www.nae.net.au under the "Corporate" tag which has the appropriate sub heading.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Management has not formally reported to the Board as to the effectiveness of the company's management of its material business risks. The management of all business risks are the responsibility of the Board, and the Board believes the risk management and internal control systems designed and implemented by the Directors and the Chief Financial Officer are adequate given the size and nature of the Company's activities. The Board requests management to report informally on the risk management and internal control system. Management also informally report to the Board regarding any additional risks that may have been identified, as well as reporting on matters that may have arisen from the Company's internal control procedures. The effectiveness of the Company's internal control systems are reviewed by the Board annually. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board receives such assurances prior to the release of the Company's full year and half year accounts.

Recommendation 8.1: The Board should establish a remuneration committee.

The Board considers that, based on the Company's stage of development, no benefits or efficiencies are to be gained by delegating this function to a separate committee. The process for evaluating both executives and directors remuneration is explained under recommendation 1.2 above. There are no schemes for retirement benefits, other than superannuation for non executive directors.

Recommendation 8.2: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors.

The structure of Executive and Non-Executive Directors' remuneration is detailed in the remuneration report, which forms part of the Directors' report in the annual report which is available at the Company's website.