

NEW AGE EXPLORATION LIMITED

**A.C.N. 004 749 508
ANNUAL REPORT**

FOR THE YEAR ENDED

30 JUNE 2010

TABLE OF CONTENTS

Directors' Report	3
Auditor's Independence Declaration	13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statements of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18
Directors Declaration	42
Independent Audit Report	43
Additional Information for Listed Public Companies	45
Corporate Governance Statement	49

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

DIRECTORS REPORT

The Directors present their report together with the financial report of New Age Exploration Limited ("the Company") for the year ended 30 June 2010 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 Gary Fietz (Managing Director) appointed 6 May 2010
- 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	68
Position	Non-Executive Director and Chairman
Experience	Mr Stoyle has over 28 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 Gary Fietz	
Age	44
Position	Managing Director
Experience	Mr Fietz holds a degree in geology and is a senior resources industry executive with over 22 years experience in all aspects of exploration, business development and project evaluation. His extensive international experience includes 21 years with BHP Billiton, primarily working in the iron ore business group. Mr Fietz has also worked on coal, base metals and gold projects. Most recently, Mr Fietz held the position of Project Director, West Africa for BHP Billiton Iron Ore where he was responsible for direction of exploration programs and project development of an advanced tier one project within the region. Previously, Mr Fietz held the position of Vice President Iron Ore Business Development with responsibility for assessing global iron ore business development opportunities for BHP Billiton. Mr Fietz has a broad range of commercial and technical experience including: exploration management, global iron ore and coal deposit targeting studies, acquiring early stage exploration projects, M & A transactions, divestments, joint venture agreements, project evaluation and project development.
Directorships in listed entities	Non- Executive Director of Baffinland Iron Mines Corporation (Toronto Stock Exchange)

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

DIRECTORS REPORT (CONT'D)

Mr Adrien Wing

Age 36
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 63
Position Non Executive Director
Experience Mr Gavan Rice is a practising barrister of law for the Supreme Court of Victoria for the past 27 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' 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	Expired during the year	Granted during the year	Notes	Held at end of year
Mr E Stoyale	1,960,000	2,685,000	4,645,000	500,000	(500,000)	2,183,333	(1)	2,183,333
Mr G Fietz	Nil	Nil	Nil	Nil	Nil	13,000,000	(2)	13,000,000
Mr A Wing	Nil	Nil	Nil	1,000,000	(1,000,000)	1,000,000	(3)	1,000,000
Mr G Rice	200,000	100,000	300,000	500,000	(500,000)	758,333	(4)	758,333
	2,160,000	2,785,000	4,945,000	2,000,000	(2,000,000)	16,941,666		16,941,666

- (1) 1,433,333 listed options acquired as part of rights issue, exercisable at 10 cents on or before 31 March 2012
750,000 unlisted options granted and vested on 13 April 2010, exercisable at 10 cents on or before 31 March 2013
- (2) 13,000,00 unlisted options granted on 13 April 2010, exercisable at 10 cents on or before 31 March 2013
- a) 10,000,000 options vested on that date
- b) 1,500,000 options will vest subject to the volume weighted average price of the Company's fully paid shares for any thirty day period exceeding 14 cents
- c) 1,500,000 options will vest subject to the volume weighted average price of the Company's fully paid shares for any thirty day period exceeding 16 cents
- (3) 1,000,000 unlisted options granted and vested on 13 April 2010, exercisable at 10 cents on or before 31 March 2013
- (4) 8,333 listed options acquired as part of rights issue, exercisable at 10 cents on or before 31 March 2012
750,000 unlisted options granted and vested on 13 April 2010, exercisable at 10 cents on or before 31 March 2013

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

DIRECTORS REPORT (CONT'D)

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 loss for the year after income tax amounted to \$1,718,043 (2009: Profit of \$51,606).

DIVIDENDS

No dividends were declared or paid during the year ended 30 June 2010.

REVIEW OF OPERATIONS

CORPORATE

Rights Issue

During the year, New Age Exploration Ltd ("New Age" or "the Company") successfully completed a pro-rata renounceable rights issue to shareholders of, one (1) new share for every one (1) share held at an issue price of eight and a half cents (\$0.085) together with one option (1) for every twelve (12) new shares successfully subscribed for ("the Rights Issue"). Each new option will have an exercise price of ten cents (\$0.10) and an expiry date of 31 March 2012. The Rights Issue raised \$4,097,000 before associated costs.

Upon completing the rights issue, the Company appointed Mr Gary Fietz as Managing Director. Mr Fietz holds a degree in geology and is a senior resources industry executive with over 22 years experience in all aspects of exploration, business development and project evaluation. His extensive international experience includes 21 years with BHP Billiton, primarily working in the iron ore business group. Mr Fietz has also worked on coal, base metals and gold projects.

Since his appointment in May, Mr Fietz has commenced building a small, highly skilled team focused on acquiring exploration and mining projects that will add value to our shareholders. Mr Fietz and his team are evaluating a range of exploration and mining project opportunities in iron ore, base metals and other commodities both in Australia and internationally. Progress to date has been encouraging, with several attractive opportunities having already been identified. Project selection is being made on the basis of identifying attractive opportunities which may deliver value as quickly as possible whilst aiming to minimise project and/or country risks.

BUNNAWARRA JOINT VENTURE PROJECT

(New Age to earn up to 40%)

EL59/1391

In 2009, the joint venture undertook a drilling program consisting of 1205 metres of aircore drilling which was designed to test rare earths, molybdenum, and gold anomaly. Three lines of vertical drilling with holes spaced 50 metres apart, drilled to blade refusal were completed. The samples were composited down the hole to one sample for each 4 metre drill section.

Assays for Base Metals, Molybdenum, Gold, Silver, Arsenic, Rare Earths, Scandium, Cobalt, Manganese and Titanium were completed.

The molybdenum results reflected the surface anomaly and therefore no economic molybdenum grades were encountered. The gold and silver assays were lower than the surface anomaly. Drill hole BADAC33 returned anomalous results for rare earths from two composite samples. Above average abundances for the light rare earths cerium(Ce), lanthanum(La) and the element yttrium(Y) may warrant testing for the total rare earths in these samples and may result in additional drilling being considered.

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

DIRECTORS REPORT (CONT'D)

The tenement is 18026 ha in area and has a number of gold, rare earths and base metal anomalies which remain untested.

EXCLUSIVITY ARRANGEMENT – PURSUE URANIUM IN AFRICA

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

The exclusivity agreement with Raintree Group Ltd and Palace Resources Limited which provides for NAE to have exclusive rights to participate in mineral rights held or acquired by Raintree in Africa 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.

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 48,200,000 shares raising \$4,097,000.
- The Company issued 23,296,667 listed options exercisable at 10 cents on or before 31 March 2012.
- The Company issued 16,500,000 unlisted options exercisable at 10 cents on or before 31 March 2013.

LIKELY DEVELOPMENTS

The Company will continue to review and evaluate 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 \$2,773,205 to \$5,205,547 as at 30 June 2010. The major movement was due to the rights issue.

The Company's working capital, being current assets less current liabilities was \$5,074,889 compared with \$2,305,537 in 2009.

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

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

DIRECTORS REPORT (CONT'D)

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 held and eligible to attend (No)	Directors' Meetings attended (No)
Edwin Stoyale	9	9
Gary Fietz	2	2
Adrien Wing	9	9
Gavan Rice	9	9

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 39,796,667 options outstanding.

Options:

Details	No. of options	Exercise price	Expiry date
Listed options	23,296,667	10 cents	31 March 2012
Unlisted options	16,500,000	10 cents	31 March 2013
	39,796,667		

- There were 2,000,000 options expired unexercised during the year or in the period to the date of this report.
- There were 39,796,667 listed and unlisted options issued during the year or in the period to the date of this report.
- During the year ended 30 June 2010 no ordinary shares of the Company were issued on exercise of options granted.

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 2010.

DIRECTORS REPORT (CONT'D)

INDEMNITIES AND INSURANCE

In addition to the amounts disclosed for remuneration of Directors and Key Management, New Age pays a premium each year in respect of Directors and Officers insurance. In accordance with normal commercial practice, disclosure of the premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

NON-AUDIT SERVICES

No non-audit services were provided by the auditor during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is included on page 13 of the financial report.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court under Section 237 of the *Corporations Act 2001* 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. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the *Corporations Act 2001* during the year.

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. For the purposes of this report Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

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

EXECUTIVES

Mr E Stoyle
Mr G Fietz
Mr A Wing
Mr G Rice

POSITION

Non-executive Director and Chairman
Managing Director
Executive Director and Company Secretary
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.

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT – AUDITED (CONT'D)

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.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives through successfully achieving its primary objectives. During exploration these objectives are not linked to earnings. Instead the successful discovery or acquisition of mineral resources is intended to drive shareholder wealth. 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:

	30/06/2010	30/06/2009	30/06/2008	30/06/2007
Revenue	304,514	645,517	81,789	74,300
Net profit/(loss) before tax	(1,718,043)	51,606	(406,733)	(204,272)
Net profit/(loss) after tax	(1,718,043)	51,606	(406,733)	(204,272)
Share price at start of year	\$0.05	\$0.16	\$0.26	\$0.20
Share price at end of year	\$0.08	\$0.05	\$0.16	\$0.26
Basic earnings per share (cents)	(3.08)	0.12	(0.96)	(0.52)
Diluted earning per share (cents)	(3.08)	0.12	(0.96)	(0.52)

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

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT - AUDITED (CONT'D)

Details of Remuneration for Year Ended 30 June 2010

Name of Directors & Executives	Short term employee benefits			Post employment benefits	Share-based payment		Total	Equity as % of annual remuneration
	Salary	Consulting	Non-monetary benefits	Super-annuation	Options	Shares		
	\$	\$	\$	\$	\$	\$		
Mr Edw in Stoyale	-	26,160	-	-	43,710	-	69,870	62.6%
Mr Gary Fietz	44,030	-	-	4,603	746,045	-	794,678	93.9%
Mr Adrien Wing	-	83,431	-	-	58,280	-	141,711	41.1%
Mr Gavan Rice	-	19,620	-	-	43,710	-	63,330	69.0%
Mr Donald Garner	9,534	-	-	859	23,559	-	33,952	69.4%
Total Remuneration: Directors & Executives	53,564	129,211	-	5,462	915,304	-	1,103,541	82.9%

Details of Remuneration for Year Ended 30 June 2009

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

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

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT - AUDITED (CONT'D)

Options Granted as Remuneration for Year Ended 30 June 2010

	Grant date	Vesting Date	Number of Options granted	Total value of options granted at grant date (1)	Fair value at grant date \$	Exercise Price of Options \$	Expiry Date of Options	Options Vested during the year No.	Vested but not exercisable No.	Share Price Hurdle to Exercise \$	Vested and exercisable No.	% of options granted vested in the current year
Mr Edw in Stoyale	13/04/2010	13/04/2010	750,000	43,710	0.05828	0.100	31/03/2013	750,000	-	-	750,000	100
Mr Gary Fietz	13/04/2010	13/04/2010	10,000,000	582,800	0.05828	0.100	31/03/2013	10,000,000	-	-	10,000,000	100
Mr Gary Fietz (1)	13/04/2010	-	1,500,000	82,485	0.05269	0.100	31/03/2013	-	-	0.14	-	100
Mr Gary Fietz (2)	13/04/2010	-	1,500,000	80,760	0.05039	0.100	31/03/2013	-	-	0.16	-	100
Mr Adrien Wing	24/12/2009	24/12/2010	1,000,000	58,280	0.05828	0.100	31/03/2013	1,000,000	-	-	1,000,000	100
Mr Gavan Rice	24/12/2009	24/12/2010	750,000	43,710	0.05828	0.100	31/03/2013	750,000	-	-	750,000	100
Mr Donald Garner	7/05/2010	7/08/2010	500,000	27,145	0.05429	0.100	31/03/2013	-	-	-	-	-
Mr Donald Garner	7/05/2010	7/11/2010	500,000	25,895	0.05197	0.100	31/03/2013	-	-	-	-	-
Total			16,500,000	944,785				12,500,000	-		12,500,000	

- 1,500,000 options are vesting subject to the volume weighted average price of the Company's fully paid shares for any thirty day period exceeding 14 cents
- 1,500,000 options are vesting subject to the volume weighted average price of the Company's fully paid shares for any thirty day period exceeding 16 cents

Options Granted as Remuneration for Year Ended 20 June 2009

	Number of options granted	Value of options granted at grant date (\$)	Total remuneration represented by options (%)	Exercise price of options	Expiry date of options
Directors & Executives					
Mr Edw in Stoyale	-	-	-	-	-
Mr Adrien Wing	-	-	-	-	-
Mr Gavan Rice	-	-	-	-	-
	-	-	-	-	-

Options Exercised or Lapsed as Part of Remuneration for the Year Ended 30 June 2010

	Number of options exercised	Value of options exercised (\$)	Exercise price of options	Number of options lapsed	Value of options lapsed (\$)
Directors & Executives					
Mr Edw in Stoyale	-	-	-	500,000	50,897
Mr Gary Fietz	-	-	-	-	-
Mr Adrien Wing	-	-	-	1,000,000	78,897
Mr Gavan Rice	-	-	-	500,000	50,897
Mr Donald Garner	-	-	-	-	-
	-	-	-	2,000,000	180,691

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

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT - AUDITED (CONT'D)

Options Exercised or Lapsed as Part of Remuneration for the Year Ended 30 June 2009

	Number of options granted	Value of options granted at grant date (\$)	Total remuneration represented by options (%)	Exercise price of options	Expiry date of options
Directors & Executives					
Mr Edw in Stoye	-	-	-	-	-
Mr Adrien Wing	-	-	-	-	-
Mr Gavan Rice	-	-	-	-	-
	-	-	-	-	-

Employment Contracts

On 11 March 2010, the Company entered into an executive service agreement (ESA) with Mr Gary Fietz.

The ESA stipulates annual remuneration of \$290,000 plus superannuation of \$30,000 per annum. The ESA allows for Mr Fietz to receive a one-off cash bonus equivalent to one years annual remuneration upon the Company successfully completing the acquisition of a Material Project. The Company may terminate the ESA without cause at any time by the payment of 6 months annual remuneration.

There are no other employment contracts in place during the current year or subsequent to year end.

END OF REMUNERATION REPORT

Signed in accordance with a resolution of Directors.



Adrien Michele Wing
Director

Dated at Melbourne on 30 September 2010

IAN D RILEY
Chartered Accountant

ABN 86 673 257 016
55 Ashes Bridge Road TALLAROOK VIC 3659

30 September 2010

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

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of New Age Exploration Limited for the year ended 30 June 2010, 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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Continuing Operations			
Revenue	5	304,514	645,517
Employment expenses		(120,704)	(126,198)
Corporate expenses		(450,272)	(122,640)
Occupancy expenses		(25,220)	(11,152)
Share based payments		(710,784)	-
Administrative expenses		(58,773)	(61,765)
Exploration expenditure expensed		-	(272,156)
Loss on fair value adjustments		(600,000)	-
Impairment of investment		(56,805)	-
Profit/(Loss) Before Income Tax	6	(1,718,043)	51,606
Income tax expense	7	-	-
Net Profit/(Loss) for the year		<u>(1,718,043)</u>	<u>51,606</u>
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(1,718,043)</u>	<u>51,606</u>
		Cents per Share	Cents per Share
Basic Earnings per share	9	(3.08)	0.12
Diluted Earnings per share	9	(3.08)	0.12

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
Current Assets			
Cash and cash equivalents	19(i)	5,067,952	978,762
Trade and other receivables	11	51,955	-
Other financial assets	12	-	1,400,000
Total Current Assets		<u>5,119,907</u>	<u>2,378,762</u>
Non-Current Assets			
Plant and Equipment	13	2,769	-
Other non - current assets	14	127,889	126,805
Total Non-Current Assets		<u>130,658</u>	<u>126,805</u>
Total Assets		<u>5,250,565</u>	<u>2,505,567</u>
Current Liabilities			
Trade and other payables	15	39,129	73,225
Provisions	16	5,889	-
Total Current Liabilities		<u>45,018</u>	<u>73,225</u>
Total Liabilities		<u>45,018</u>	<u>73,225</u>
Net Assets		<u>5,205,547</u>	<u>2,432,342</u>
Equity			
Issued Capital	17	8,622,403	5,779,911
Reserves	18	3,297,563	1,648,807
Accumulated losses		<u>(6,714,419)</u>	<u>(4,996,376)</u>
Total Equity		<u>5,205,547</u>	<u>2,432,342</u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

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

Equity as at 1 July 2009	5,779,911	(4,996,376)	1,468,116	180,691	2,432,342
Loss for the year	-	(1,718,043)	-	-	(1,718,043)
Total comprehensive income	-	(1,718,043)	-	-	(1,718,043)
Rights issue	4,097,000	-	-	-	4,097,000
Costs of capital raising	(1,254,508)	-	-	-	(1,254,508)
Lapse of Options	-	-	-	(180,691)	(180,691)
Issue of Options	-	-	-	1,829,447	1,829,447
Equity as at 30 June 2010	8,622,403	(6,714,419)	1,468,116	1,829,447	5,205,547

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		\$	\$
Cash flows from operating activities			
Payments to suppliers		(714,378)	(279,935)
Revenue		19,034	-
Interest Received		<u>63,028</u>	<u>51,411</u>
Net cash used in operating activities	19(ii)	<u>(632,316)</u>	<u>(228,524)</u>
Cash flows from investing activities			
Proceeds for joint venture reimbursements		-	370,000
Payments for joint venture commitment		(57,889)	(218,284)
Proceeds/(payments) for investments in listed companies		1,001,839	(800,000)
Payments for plant and equipment		<u>(2,907)</u>	<u>-</u>
Net cash used in investing activities		<u>941,043</u>	<u>(648,284)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		4,097,000	780,000
Costs associated with issue of share capital		<u>(316,537)</u>	<u>-</u>
Net cash flows from financing activities		<u>3,780,463</u>	<u>780,000</u>
Net Increase/(Decrease) in cash and cash equivalents		4,089,190	(96,808)
Cash and cash equivalents at the beginning of the financial year		<u>978,762</u>	<u>1,075,570</u>
Cash and cash equivalents at the end of the financial year	19(i)	<u><u>5,067,952</u></u>	<u><u>978,762</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

New Age Exploration Limited (the Company) is a limited company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company are described in the Review of Operations.

The financial statements cover New Age Exploration Limited for the financial year ended 30 June 2010.

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*

AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

AASB 8 *Operating Segments*

AASB 8 is a disclosure Standard that has resulted in a redesignation of the Company's reportable segments (see note 6).

AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards and Interpretations affecting the reported results or financial position

There have been no standards introduced during the year that have affected the reported result or the financial position.

2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations*

The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting

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

treatment for cancellations.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

In addition to the changes affecting amounts reported in the financial statements described at 2.1 above, the amendments have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

In addition to the amendments to AASB 5 and AASB 107 described earlier in this section, and the amendments to AASB 117 discussed in section 2.3 below, the amendments have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. Except as noted in 2.3 below, the changes in AASB 2009-5 have been adopted in advance of their effective dates of 1 January 2010.

2.3 Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Company's 30 June 2014 Financial Statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Company has not yet determined the potential effect of the standard.
- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which become mandatory for the Company's 30 June 2011 Financial Statements, are not expected to have any impact on the Financial Statements.
- AASB 2009-5 further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 Financial Statements, are not expected to have any impact on the Financial Statements.
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issue (AASB 132) (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which become mandatory for the Company's 30 June 2011 Financial Statements, are not expected to have any impact on the Financial Statements.
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 Financial Statements, are not expected to have any impact on the Financial Statements.

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

- AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 Financial Statements, are not expected to have any impact on the Financial Statements.

The directors anticipate that the adoption of these Standards and Interpretations will have no material financial impact on the financial statements of the Company.

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 September 2010.

3.2 Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

3.3 Investments in joint ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a Company entity undertakes its activities under joint venture arrangements directly, the Company's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Company and their amount can be measured reliably.

The Company's interests in assets where the Company does not have joint control are accounted for in accordance with the substance of the Company's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Company recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Company reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*. The Company's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Company's interest in a jointly controlled entity is accounted for in accordance with the Company's accounting policy for goodwill arising in a business combination

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

When a Company entity transacts with a jointly controlled entity of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the joint venture.

3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

3.4.1 Dividend and Interest Revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3.7 Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25.

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

The group provides benefits to its employees (including directors) and to contractors in the form of share-based payments, whereby employees render services in exchange for shares or options over shares (equity-settled transactions).

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined by an independent valuator using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of New Age Exploration Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

3.8 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.

3.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated [statement of comprehensive income/income statement] because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are

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

only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.9.3 Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Additional information on accounting policies shall be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payments.

3.10 Plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate as illustrated in note 4.2.3. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.11 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Financial Assets

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

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) 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.

3.12.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.12.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

3.12.3 Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

3.12.4 AFS financial assets

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as AFS and are stated at fair value.

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

3.12.5 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.12.6 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's 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 considered 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.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS 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 that 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.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.12.7 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3.13 Financial liabilities and equity instruments issued by the Company

3.13.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.13.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3.13.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.13.4 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

3.13.5 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.13.6 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.14 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 within operating cash flows.

3.15 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

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

- 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.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

There are no critical judgements, apart from those involving estimations (see 4.2 below), that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investment

The investment in a joint venture with Raintree Group Ltd and Palace Resources Limited has been fully impaired.

Useful lives of plant and equipment

The Company reviews the estimated useful lives of plant and equipment at each annual reporting date.

The useful life of plant and equipment is 2 years.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2010	2009
	\$	\$
5. REVENUE		
Continuing operations		
Interest	76,933	45,517
Royalty	25,642	-
Gain on sale of investments	201,939	-
Fair value adjustments of investments	-	600,000
	<u>304,514</u>	<u>645,517</u>
Total Revenue	304,514	645,517
	2010	2009
	\$	\$
6. LOSS FOR THE YEAR		
Fees paid to director related entities	-	126,198
Amounts received or due and receivable by the principal auditor for:		
Audit or review of the financial report of the entity	30,500	19,500
	<u>30,500</u>	<u>19,500</u>
Rent	25,220	11,000
Share Based Payments	710,784	-
Exploration expenditure expensed	-	272,156
Other business expenses	351,539	165,057
Fair value adjustments on investments	600,000	-
	<u>1,718,043</u>	<u>593,911</u>
Total commercial overheads	1,718,043	593,911

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

NOTES THE FINANCIAL STATEMENTS (CONT'D)

	2010	2009
	\$	\$
7. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current Tax	-	-
Deferred Tax	-	-
	-	-
	-	-
(b) The prima facie tax from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) from Ordinary Activities	(1,718,043)	51,606
Income tax expense/(benefit) calculated at 30%	(515,413)	15,482
Add:		
Tax Effect of:		
- Accrued expenses	(3,681)	7,848
- Permanent differences	606	1,430
- Exploration Expenditure Written Off	17,042	81,647
- Proceeds from Joint Venture Contributions	213,235	111,000
	(288,211)	217,407
Less:		
Tax effect of:		
- Deductible Black Hole Expenditure	(92,665)	(65,485)
- Movements in fair value of investments	180,000	(180,000)
- Capitalised deductible exploration expenditure	(17,367)	(17,395)
	(218,243)	(45,473)
Add:		
Income Tax losses carried forward not taken up as benefit	218,243	45,473
	-	-
Deferred Tax Assets not brought to account as assets:		
- Tax Losses	633,027	414,784
- Temporary Differences	37,787	(78,777)
Tax losses	670,814	336,007

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. KEY MANAGEMENT PERSONNEL

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

Mr E F Stoyle	(Non-Executive Director)
Mr Gary Fietz	(Managing Director) appointed 6 May 2010
Mr A M Wing	(Executive Director and Company Secretary)
Mr G L Rice	(Non-Executive Director)
Mr D Garner	(Business Development) appointed 7 June 2010

(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:

	2010	2009
	\$	\$
Short-term employment benefits	182,775	126,198
Post employment benefits	5,462	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	915,304	-
	1,103,541	126,198

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	Granted as	Expired during	Net Change	Balance
	1.7.2009	Compensation	the period	Other ⁽¹⁾	30.6.2010
Edwin Stoyle	500,000	750,000	(500,000)	1,433,333	2,183,333
Adrien Wing	1,000,000	1,000,000	(1,000,000)	-	1,000,000
Gavan Rice	500,000	750,000	(500,000)	8,333	758,333
Gary Fietz	-	13,000,000	-	-	13,000,000
Donald Garner	-	1,000,000	-	-	1,000,000
	2,000,000	16,500,000	(2,000,000)	1,441,666	17,941,666

	Balance	Granted as	Expired during	Net Change	Balance
	1.7.2008	Compensation	the period	Other	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

(1) Options granted as part of rights issue

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(e) Shareholdings by Key Management Personnel or their nominees

	Balance 1.7.2009	Received as Compensation	Net Change Other ⁽¹⁾	Balance 30.6.2010
Edwin Stoyale	1,960,000	-	2,685,000	4,645,000
Gary Fietz	-	-	-	-
Adrien Wing	-	-	-	-
Gavan Rice	200,000	-	100,000	300,000
Donald Garner	-	-	-	-
	2,160,000	-	2,785,000	4,945,000

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

⁽¹⁾ Net Change Other refers to shares purchased during the year as part of a rights issue.

	2010 \$	2009 \$
9. EARNINGS PER SHARE		
Earnings used in the calculation of basic and diluted earnings per share	<u>(1,718,043)</u>	<u>51,606</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>55,727,123</u>	<u>43,893,151</u>
Weighted number of shares options on issue	<u>4,125,836</u>	<u>2,000,000</u>
Number of share options on issue	<u>39,796,667</u>	<u>2,000,000</u>

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 2010.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2010	2009
	\$	\$
10. DIVIDENDS PAID AND PROPOSED		
No dividends have been paid or proposed by the Company since the end of the previous financial year (2009: \$Nil)		
Franking account		
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% (2009: 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
	2010	2009
	\$	\$

11. TRADE & OTHER RECEIVABLES

Trade receivables	6,609	-
Interest receivable	13,905	-
GST receivable	31,441	-
	51,955	-

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.

12. OTHER FINANCIAL ASSETS

Fair value through profit and loss

Investment in listed entity	-	1,400,000
	-	1,400,000

Reconciliation of other financial assets:

Balance at the beginning of the year	1,400,000	-
Payments for investment in listed entity	-	800,000
Fair value adjustments for investments in listed entity	(600,000)	600,000
Sale of investment	(800,000)	-
Balance at the end of the year	-	1,400,000

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2010	2009
	\$	\$
13. PLANT AND EQUIPMENT		
Computer - at cost	2,907	-
Less accumulated depreciation	(138)	-
	<u>2,769</u>	<u>-</u>
Reconciliation of carrying value:		
Balance at the beginning of the year	-	-
Acquisitions	2,907	-
Depreciation	(138)	-
Balance at the end of the year	<u>2,769</u>	<u>-</u>

	2010	2009
	\$	\$
14. OTHER ASSETS		
Joint venture contribution	<u>127,888</u>	<u>126,805</u>
Reconciliation of Joint Venture Contribution:		
Balance at beginning of the year	126,805	550,677
Payments for joint venture commitment	57,889	218,284
Write off of exploration expenditure	-	(272,156)
Proceeds for joint venture reimbursements	-	(70,000)
Proceeds for joint venture termination	-	(300,000)
Impairment of joint venture assets	(56,805)	-
Balance at end of the year	<u>127,889</u>	<u>126,805</u>

	2010	2009
	\$	\$
15. TRADE AND OTHER PAYABLES		
CURRENT		
Trade and other payables	<u>39,129</u>	<u>73,225</u>

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2010	2009
	\$	\$
16. PROVISIONS		
Current		
Provision for employee benefits ⁽¹⁾	<u>5,889</u>	<u>-</u>
	<u>5,889</u>	<u>-</u>
Movement in provision for employee benefits		
Opening balance	-	-
Provision for the period	<u>5,889</u>	<u>-</u>
Closing balance	<u>5,889</u>	<u>-</u>

(1) A provision has been recognised for employee entitlements relating to annual leave.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2010	2009
	\$	\$
17. ISSUED CAPITAL		
Issued Capital		
96,400,000 (2009: 48,200,000) fully paid ordinary shares	<u>8,622,403</u>	<u>5,779,911</u>
Movement in issued capital:		
	No.	\$
Opening balance - 1 July 2008	42,200,000	4,999,911
Issue of Shares	6,000,000	780,000
	<hr/>	<hr/>
Closing balance - 30 June 2009	48,200,000	5,779,911
Rights Issue	48,200,000	4,097,000
Less; costs of capital raising	-	(1,254,507)
	<hr/>	<hr/>
Closing balance - 30 June 2010	<u>96,400,000</u>	<u>8,622,404</u>

Options
Unlisted

	2010	2009
	No.	No.
Balance at beginning of the financial year	2,000,000	2,000,000
Granted during the financial year	16,500,000	-
Exercised during the financial year	-	-
Lapsed during the financial year	(2,000,000)	-
Cancelled during the financial year	-	-
Balance at end of the financial year	<u>16,500,000</u>	<u>2,000,000</u>

Listed (NAEO)

	2010	2009
	No.	No.
Issued as part of rights issue		
Balance at beginning of the financial year	-	-
Granted during the financial year	23,296,667	-
Exercised during the financial year	-	-
Lapsed during the financial year	-	-
Cancelled during the financial year	-	-
Balance at end of the financial year	<u>23,296,667</u>	<u>-</u>

Details	No. of options	Exercise price	Expiry date
Listed options	23,296,667	10 cents	31-Mar-12
Unlisted options	16,500,000	10 cents	31-Mar-13
Total	39,796,667		

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2010	2009
	\$	\$
18. RESERVES		
Share based payment - Option reserve	1,829,447	180,691
General reserve	1,468,116	1,468,116
	<u>3,297,563</u>	<u>1,648,807</u>
Reconciliation of share based payment - Option Reserve:		
Opening balance 1 July 2008		28,000
Issue of options to Directors		152,691
Closing balance 30 June 2009	180,691	<u>180,691</u>
Expiry of options	(180,691)	
Issue of options to Directors	891,475	
Issue of options to underwriter	937,972	
Closing balance - 30 June 2010	<u>1,829,447</u>	

	2010	2009
	\$	\$

19. 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	<u>5,067,952</u>	<u>978,762</u>
-------------------	-------------------------	-----------------------

(ii) Reconciliation of Cashflow from operations with loss from ordinary activities after income tax

Operating profit/(loss) after income tax	<u>(1,718,043)</u>	<u>51,606</u>
Depreciation	138	-
Exploration expenditure write off	-	272,156
Fair Value adjustment of investments	600,000	(600,000)
Impairment of investment	56,805	-
Gain on sale of investments	(201,839)	-
Share based payments	710,784	-
Employee provisions	5,889	-
Change in assets and liabilities during the financial year		
(Increase)/decrease in receivables	(51,953)	48,049
Increase/(decrease) in payables	<u>(34,097)</u>	<u>(335)</u>
Net cash provided by operating activities	<u>(632,316)</u>	<u>(228,524)</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

(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.

20. RELATED PARTY TRANSACTIONS

Transactions with Director Related Entities

An amount of \$73,394 (2009: \$Nil) was paid to Wide Range Mining Projects Pty Ltd (excluding GST), of which Mr Gary Fietz is and continues to be a Director, which provided professional services at commercial rates to the Company in relation to the Company's objectives. These services were provided to the Company prior to the appointment of Mr Fietz as Managing Director.

There were no other related party transactions during the year.

21. COMMITMENTS

Bunnawarra Joint Venture

Up to 1 year	100,000	200,000
2 - 5 years	500,000	1,300,000
	<u>600,000</u>	<u>1,500,000</u>

Commitments under the joint venture agreement with Redfeather Holdings Pty Ltd Limited commenced 12 May 2008. The Company may reduce its commitments by providing notice not to proceed.

22. SEGMENT REPORTING

The Company has adopted AASB 8 Operating Segments with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Company that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risk and returns approach, with the entity's 'system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Upon the adoption of AASB 8, there has been no change to the reportable segments. The Company has therefore not changed any reporting for the previous corresponding period. New Age Exploration Limited operates mining industry within Australia. The Company's activities are therefore classed as one business segment.

23. 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 THE FINANCIAL STATEMENTS (CONT'D)

24. 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Note	Float Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
	2010	2009	2010	2009	2010	2009	-40%	-40%	40%	-40%
	\$	\$	\$	\$	\$	\$	2010	2009	2010	2009
Financial Assets										
Cash at bank	5,067,952	978,762	-	-	5,067,952	978,762	(74,195)	(16,600)	74,195	(16,600)
Trade and other receivables	-	-	51,955	-	51,955	-	-	-	-	-
Other financial assets	-	-	-	1,400,000	-	1,400,000	-	-	-	-
Total	5,067,952	978,762	51,955	1,400,000	5,119,907	2,378,762	(74,195)	(16,600)	74,195	(16,600)
Weighted average interest rate	3.66%	4.24%								
Financial Liabilities										
Trade and other payables	-	-	39,129	73,225	39,129	73,225				
Total	-	-	39,129	73,225	39,129	73,225	-	-	-	-
Weighted average interest rate	-	-								
Net Financial assets (liabilities)	5,067,952	978,762	12,826	1,326,775	5,080,778	2,305,537	(74,195)	(16,600)	74,195	(16,600)

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 2010 from 3.66% to 5.12% representing a 146 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.

(a) Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Financial Assets

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

	2010	2009
	\$	\$
Contracted maturities of receivables and cash and cash equivalents:		
- less than 6 months	959,908	171,108
- 6 to 12 months	4,160,000	807,654
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	<u>5,119,908</u>	<u>978,762</u>

Financial Liabilities

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

	2010	2009
	\$	\$
Contracted maturities of payables:		
- less than 6 months	39,129	73,225
- 6 to 12 months	-	-
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	<u>39,129</u>	<u>73,225</u>

(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 11.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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 not currently exposed equity securities price risk. 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 in the previous financial year.

	2010	2009
	\$	\$
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.

25. SHARE BASED PAYMENTS

During the year the following share based payments were made to Directors and Senior Management and valuations and the inputs to a Black-Scholes Model of valuation are shown :

	Note	Number of Options granted	Grant Date	Exercise Price of Options \$	Expiry Date of Options	Vesting Date	Value per option	Total Valuation	Underlying Share Price	Share price volatility	Term (days)	Risk free interest rate
Mr E Stoyle		750,000	13/04/2010	0.10	31/03/2013	13/04/2010	0.05828	43,710	0.09000	105.81%	1082	5.25%
Mr G Fietz		10,000,000	13/04/2010	0.10	31/03/2013	13/04/2010	0.05828	582,800	0.09000	105.81%	1082	5.25%
Mr G Fietz	(1)	1,500,000	13/04/2010	0.10	31/03/2013		0.05269	79,035	0.09000	105.81%	1082	5.25%
Mr G Fietz	(2)	1,500,000	13/04/2010	0.10	31/03/2013		0.05390	80,850	0.09000	105.81%	1082	5.25%
Mr A Wing		1,000,000	13/04/2010	0.10	31/03/2013	13/04/2010	0.05828	58,280	0.09000	105.81%	1082	5.25%
Mr G Rice		750,000	13/04/2010	0.10	31/03/2013	13/04/2010	0.05828	43,710	0.09000	105.81%	1082	5.25%
Mr D Garner		500,000	7/05/2010	0.10	31/03/2013	7/08/2010	0.05429	27,145	0.09000	103.01%	966	4.975%
Mr D Garner		500,000	7/05/2010	0.10	31/03/2013	7/11/2010	0.05197	25,985	0.09000	103.01%	874	4.975%

- (1) 1,500,000 options are vesting subject to the volume weighted average price of the Company's fully paid shares for any thirty day period exceeding 14 cents
- (2) 1,500,000 options are vesting subject to the volume weighted average price of the Company's fully paid shares for any thirty day period exceeding 16 cents

Total expense for share based payments recognised during the financial year is \$710,784 (2009: \$Nil)

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

DIRECTORS' DECLARATION

The Directors declare that:

- a) 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;
- b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;
- c) in the Directors' opinion, that attached financial statements and the notes thereto, are in accordance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity; and
- d) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Adrien Wing', with a horizontal line underneath.

Adrien Wing
Director

30 September 2010

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 2010**

Report on the Financial Report

I have audited the accompanying financial statements of New Age Exploration Limited (New Age) which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 statements 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 statements 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 3.1, 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 statements, 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements 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 statements 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 statements.

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 statements of New Age Exploration Limited 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 2010 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 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.1.

Report on the Remuneration Report

I have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2010. The directors of New Age 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 2010, complies with section 300A of the *Corporations Act 2001*.



IAN D RILEY
Chartered Accountant

30 September 2010
Melbourne

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

ANALYSIS OF MEMBERS' SHARE HOLDINGS

At 10 September 2010 there were 96,400,000 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	382	50,421	0.05%
1,001 - 5,000	52	158,837	0.16%
5,001 - 10,000	83	792,270	0.82%
10,001 - 100,000	194	7,521,153	7.80%
100,001 and over	94	87,877,319	91.16%
Total	805	96,400,000	100.00%
Ummarketable parcels	439	237,968	0.25%

2. Twenty Largest Shareholders

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

SHAREHOLDER	HOLDING
PENLEIGH BANNER PTY LTD <THE PURSE SUPER FUND A/C>	14,424,672
JERVOIS MINING LIMITED	5,600,219
EMPIRE BEER GROUP LIMITED	4,195,000
PAND JR PTY LTD <JOHN DEMARIA FAMILY A/C>	4,025,503
STOYLE HOLDINGS PTY LTD <MAYNE MOTORS SUPER FUND>	3,893,000
NEFCO NOMINEES PTY LTD	3,418,918
ADVANCE PUBLICITY PTY LTD <THE IZMAR FAMILY A/C>	2,952,300
I E PROPERTIES PTY LTD	2,647,576
STIRLING MINERALS LIMITED	2,136,824
COLBERN FIDUCIARY NOMINEES PTY LTD	2,085,010
MR GEOFFEREY FREDERICK LORD & MRS NANETTE KATHERINE LORD <GNR SUPER FUND A/C>	1,950,000
TRIBUNE RESOURCES NL	1,500,000
RAND MINING NL	1,500,000
STEMYN INVESTMENTS PTY LTD	1,400,000
LASCORP DEVELOPMENT GROUP (AUST) PTY LTD	1,313,200
TOLTEC HOLDINGS PTY LTD	1,282,717
JAMEKER PTY LTD <AKJ FAMILY A/C>	1,282,094
MARIPAZ PTY LTD	1,185,811
NEW AGE ENERGY PTY LTD <NEW AGE ENERGY S/F A/C>	1,108,186
GRANDLODGE PTY LTD	1,063,200
TOTAL TOP 20	58,964,230
Balance	37,435,770
TOTAL	96,400,000

3. Restricted Securities

As at 10 September 2010, the Company had no securities subject to escrow arrangement.

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

4. Substantial Shareholders

As at 10 September 2010, the substantial shareholders were as follows.

Name of Shareholder	No of Shares	% of Issued Capital
PENLEIGH BANNER PTY LTD <THE PURSE SUPER FUND A/C>	14,424,672	14.96%
JERVOIS MINING LIMITED	5,600,219	5.81%

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.

6. Listed Options (NAEO)

At 10 September 2010 there were 23,296,667 listed options.

(a) Analysis of number of listed optionholders by size of holding.

Category of holding	Holders	Number of Options	% of Options
1 - 1,000	11	3724	0.02%
1,001 - 5,000	45	83364	0.36%
5,001 - 10,000	4	31666	0.14%
10,001 - 100,000	9	575064	2.47%
100,001 and over	42	22602849	97.02%
Total	111	23,296,667	100.00%
Ummarketable parcels	61	141,068	0.61%

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

7. Twenty Largest Listed Optionholders

The names of the twenty largest listed optionholders by account holding are listed below:

OPTIONHOLDER	HOLDING	%
EMPIRE BEER GROUP LIMITED	2,210,000	9.49%
NEFCO NOMINEES PTY LTD	1,828,440	7.85%
STOYLE HOLDINGS PTY LTD <MAYNE MOTORS SUPER FUND>	1,421,500	6.10%
I E PROPERTIES PTY LTD	1,415,925	6.08%
STIRLING MINERALS LIMITED	1,142,775	4.91%
COLBERN FIDUCIARY NOMINEES PTY LTD	1,114,928	4.79%
MR GEOFFEREY FREDERICK LORD & MRS NANETTE KATHERINE LORD <GNR SUPER FUND A/C>	852,900	3.66%
TOLTEC HOLDINGS PTY LTS	685,998	2.94%
JAMEKER PTY LTD <AKJ FAMILY A/C>	685,665	2.94%
LASCORP DEVELOPMENT GROUP (AUST) PTY LTD	568,600	2.44%
ADVANCE PUBLICITY PTY LTD <THE IZMAR FAMILY A/C>	568,600	2.44%
GRANDLODGE PTY LTD	568,600	2.44%
RETZOS INVESTMENTS PTY LTD <RETZOS ALTONS PROPERTY A/C>	557,451	2.39%
CORNELA PTY LTD <FT ACCOUNT>	524,004	2.25%
CHEETAH HOLDINGS PTY LTD	524,004	2.25%
I E PROPERTIES PTY LTD	492,724	2.11%
PACIFIC NOMINEES PTY LTD	473,833	2.03%
MR MARK WILLIAM TOMLINSON & MS NAOMI MAJELLA KELLY <TOMLINSON SUPER FUND A/C>	445,960	1.91%
JASPER HILL RESOURCES PTY LTD <T ACCOUNT>	442,353	1.90%
TT NICHOLLS PTY LTD <SUPERANNUATION ACCOUNT>	418,088	1.79%
MR MICHAEL FRANK MANFORD <NO 2 A/C>	418,088	1.79%
MR IAN THOMPSON & MR PETER RANDAL THOMPSON <THOMPSON FAMILY S/F>	411,507	1.77%
SESNA PTY LTD	400,010	1.72%
ATLANTIS MG PTY LTD <MG FAMILY A/C>	400,000	1.72%
TOTAL TOP 20	18,571,953	79.72%
Balance	4,724,714	20.28%
TOTAL	23,296,667	100.00%

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

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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

Register of securities is held at the following address:

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

Stock Exchange

ASX Prefix: **NAE** (Shares)
 NAEO (Options)

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

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

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.	No	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

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

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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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

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

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:

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

- 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 does not have a majority of non-executive independent Directors. The Independent Director being Mr Edwin Stoyale 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 Stoyale, 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 Stoyale) and the Managing Director (Mr Gary Fietz) 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

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

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

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

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.

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

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.