

Annual Report

For the year ended 30 June 2017

2017

NAE



New Age Exploration Ltd
ACN 004 749 508

Level 3, 480 Collins Street
Melbourne, VIC 3000
Phone: +61 3 8610 6494
Email: info@nae.net.au



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Corporate Directory

Directors

Mr A Broome AM (Non-Executive Chairman)
Mr G Fietz (Managing Director)
Mr M Amundsen (Non-Executive Director)

Company Secretary

Mr A M Wing

Registered Office

Level 3
480 Collins Street
Melbourne VIC 3000
+ 61 3 8610 6494

Principal Place of Business

Level 3
480 Collins Street
Melbourne VIC 3000
+ 61 3 8610 6494

Share Register

Link Market Services Limited
Level 4 Central Park
152 St George Terrace
Perth WA 6000
+61 8 9211 6670

Auditor

RSM Australia
Level 21
55 Collins Street
Melbourne VIC 3000

Solicitors

Quinert Rodda & Associates
Suite 1, Level 6
50 Queen Street
Melbourne VIC 3000

Stock Exchange Listing

New Age Exploration Limited shares
are listed on the Australian Securities
Exchange (ASX code: NAE)

Chairman's Letter

Dear Shareholders,

This has been a very busy year and the Company's main activity has been the Redmoor Tin-Tungsten Project in Cornwall.

The Company earlier formed a Joint Venture with AIM listed Strategic Minerals Plc and through their investment was able to commence drilling at Redmoor in March 2017. The Joint Venture vehicle, Cornwall Resources Ltd has now completed the first phase of its drilling program and results to date have been encouraging and exceeded expectations. Both partners have recently committed to the second phase of the exploration program and we are also reassured by the attractive current market prices for tin and tungsten. The ultimate objective is to test the veracity of a plan to mine the Redmoor asset and the work completed this year has given the Board encouragement that this may eventually be achieved.

The Lochinvar Coking Coal Project in Scotland recommenced activities in November 2016. The licenses have been maintained in good standing and we have continued to maintain the strong community and stakeholder relationships established on the project through the period when work was put on hold. Hard coking coal prices have rebounded to levels that make the Lochinvar project attractive and have stabilized currently.

The Company updated its earlier Lochinvar Scoping Study in March 2017 and the revised data showed a significant improvement in the project economics. Following the revised Scoping Study, the Company embarked on developing considerations for the next phase of exploration on the project. Considerable capital will be required to move to the next level of asset development and discussions have been undertaken with a number of potential interested strategic partners who may come alongside the Company to take the project forward. This work is continuing and discussions with organizations who have a real long-term interest in Coking Coal project development are progressing.

Our application for 2 Prospecting Permits over gold exploration targets in Otago, New Zealand were granted during the year and exploration work on the ground commenced. The applications cover an area previously unidentified in the southern part of the Otago Schist belt which is thought to be 'mirror image' of the Macraes gold mine geology. Initial work was inconclusive and as a result, a decision was made to focus on a particular area of the ground for further work in the coming year. The Company has reduced the area of its exploration tenement accordingly.

The Company has maintained a strong focus on health, safety, environment and community in all of its activities and is a crucial part of everything we do.

The Board has continued its focus on keeping costs well under control but has also spent time evaluating other potential assets that it can add to the existing portfolio that are synergistic and could add value.

The Board would like to thank all stakeholders who have supported the Company this year, in particular our shareholders who have maintained their interest in the Company as it has moved the asset development plan forward.

Yours faithfully,



Alan Broome AM
Non-executive Chairman



Our Year in Review

The Company has made significant progress with all three of its projects this year.

Activities were re-commenced on the Lochinvar Coking Coal Project in November 2016 following strong increases in the coking coal commodity price. An update of the Lochinvar Scoping Study was completed in March 2017 showing a significant improvement in the project economics. Coking coal prices have continued to perform strongly during 2017 adding further confidence in the project. As market conditions for coking coal have improved, a number of encouraging discussions are now progressing with potential strategic investors aimed at providing funding required to advance the Lochinvar project.

A joint venture transaction was completed in February 2017 with Strategic Minerals Plc (SML) with a total of £1.05M paid for 50% of the Redmoor project. A site-based geological team was established at the beginning of the year and drilling commenced at Redmoor in March 2017. A 15-hole Phase 1 drilling program was completed at Redmoor in September 2017. Interim Phase 1 drilling results exceeded expectations and included a number of broad, high grade intercepts from within high grade zones in the Sheeted Vein System.

An initial gold exploration program was completed over the Otago South Gold Project in New Zealand after being granted 2 prospecting permits in October 2016. Results to date have been inconclusive and future exploration will now focus on a small area of interest. As a result, some 75% of the permit areas was relinquished in July 2017.

Key Milestones

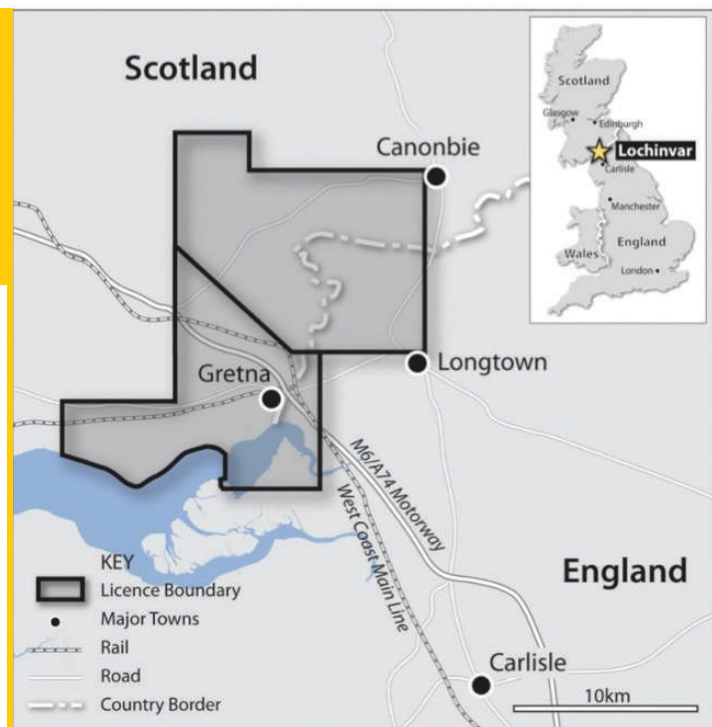
- March 2017** Lochinvar Scoping Study Update showing substantial improvement in project economics with US\$410M NPV 27% IRR and 4-year payback period
- August 2017** Possible extension of the Nine Foot Seam to the west of the Lochinvar resource identified from Seismic interpretation and 4 holes planned to test these areas with a budget of A\$0.6M in ~March 2018
- February 2017** Completion of JV with SML with £1.05M paid for 50% earn in on Redmoor Project
- September 2017** Redmoor Phase 1 drilling program completed with Interim results exceeding expectations
- July 2017** Otago South Gold project initial exploration program completed with inconclusive results to date
- November 2016** Completion of \$1.384M heavily oversubscribed capital raising at 2.0c/share

Lochinvar Coking Coal Project, UK



The Lochinvar Coking Coal Project is located on the Scottish / English border. NAE was granted the initial (northern) Lochinvar exploration licence and conditional underground mining licence in June 2012. In July 2017 the northern Lochinvar licence was renewed for a further 3 years. NAE was granted the southern Lochinvar Licence in October 2014 for an initial 5 year term. All the licences are in good standing and are 100% owned by NAE.

On 15 March 2017, NAE announced the results of an update to its Lochinvar Scoping Study, previously announced on 27 October 2014. The Scoping Study Update results show the potential for the Lochinvar project to deliver excellent returns on investment with lowest quartile operating costs resulting from short rail transport distances, low labor costs, high coal yield, low royalties, and low taxes.



Location of the Lochinvar Licences

Lochinvar Scoping Study Update (March 2017)

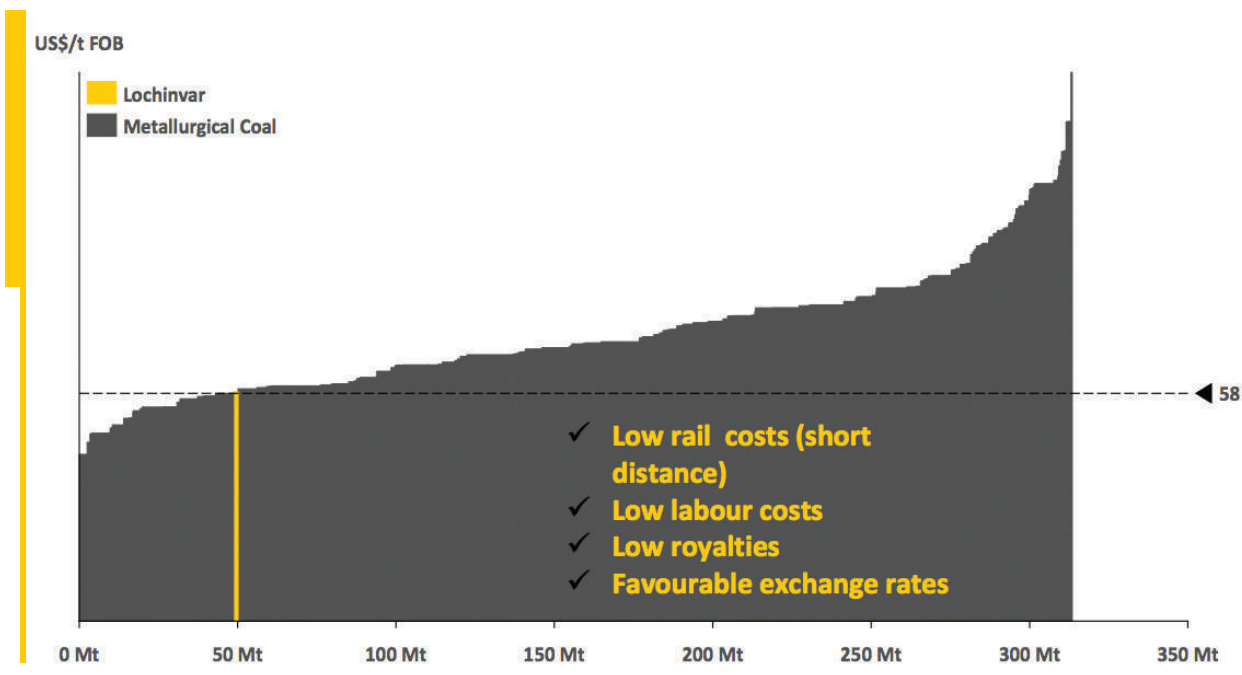
On 15 March 2017, NAE announced the results of an update of the Lochinvar Scoping Study which showed a substantial improvement in the project economics.

The Lochinvar project now has a base-case NPV9%, determined to an accuracy of $\pm 40\%$, of approximately US\$410M, an IRR of approximately 27% and a payback period of approximately 4 years. The Scoping Study Update results also demonstrate that the Lochinvar Project is robust to changes in Coking Coal price and other key assumptions (break even HCC price is US\$100/t). The economic evaluation is based on a US\$160/t HCC Benchmark Price / US\$150/t Lochinvar Realised Price.

The Scoping Study Update NPV improvement (2014 Scoping Study NPV was US\$263M) has primarily been driven by depreciation of the British Pound Sterling (GBP) against the USD following the outcome of the Brexit referendum, and by high demand for high volatile coking coals in Europe resulting in reduced quality discounts (i.e higher realised price) expected for Lochinvar coal sales into Europe.

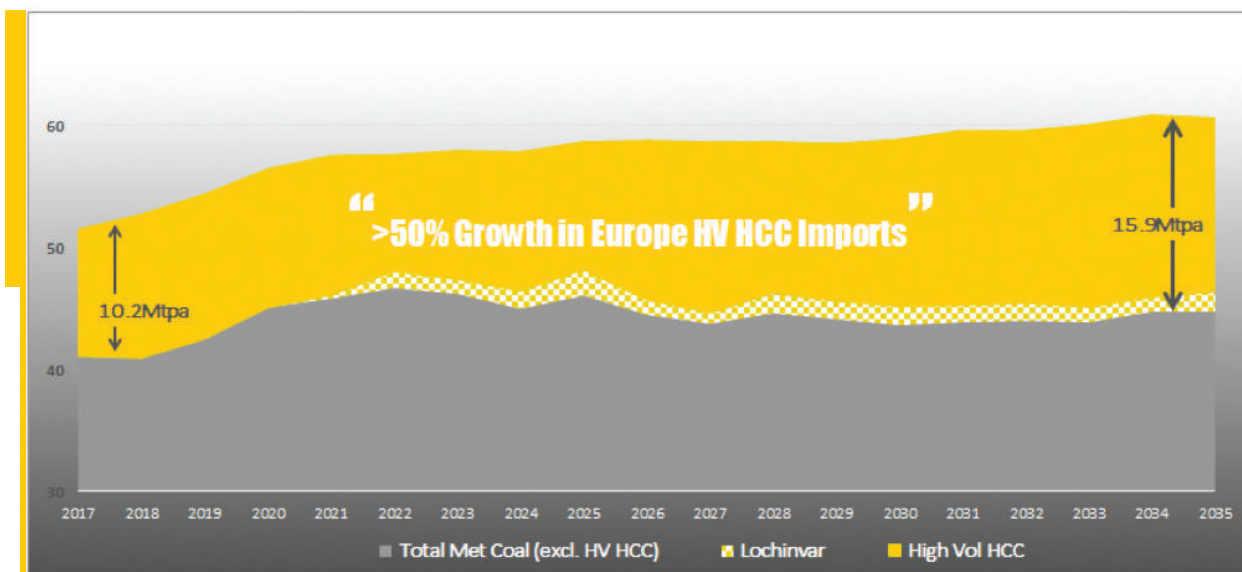
These results show the potential for the Lochinvar project to deliver excellent returns on investment with lowest quartile operating costs resulting from short rail transport distances, low labour costs, high coal yield (71%), low royalties, and low taxes.

Lochinvar sits comfortably in the lowest quartile of the 2017 Wood Mackenzie Global Seaborne Coking Coal FOB cost curve. With a total FOB Operating Cost of US\$58/t, Lochinvar has the potential to deliver a low- cost, long life operation which is ideally located to supply the European steel industry.



2017 Global Seaborne Metallurgical Coal Total Cash Cost Curve (source: Wood Mackenzie)

Wood MacKenzie forecast a 50% growth in European demand for Lochinvar style High Volatile Hard Coking Coals (HV HCC) over the life of mine.



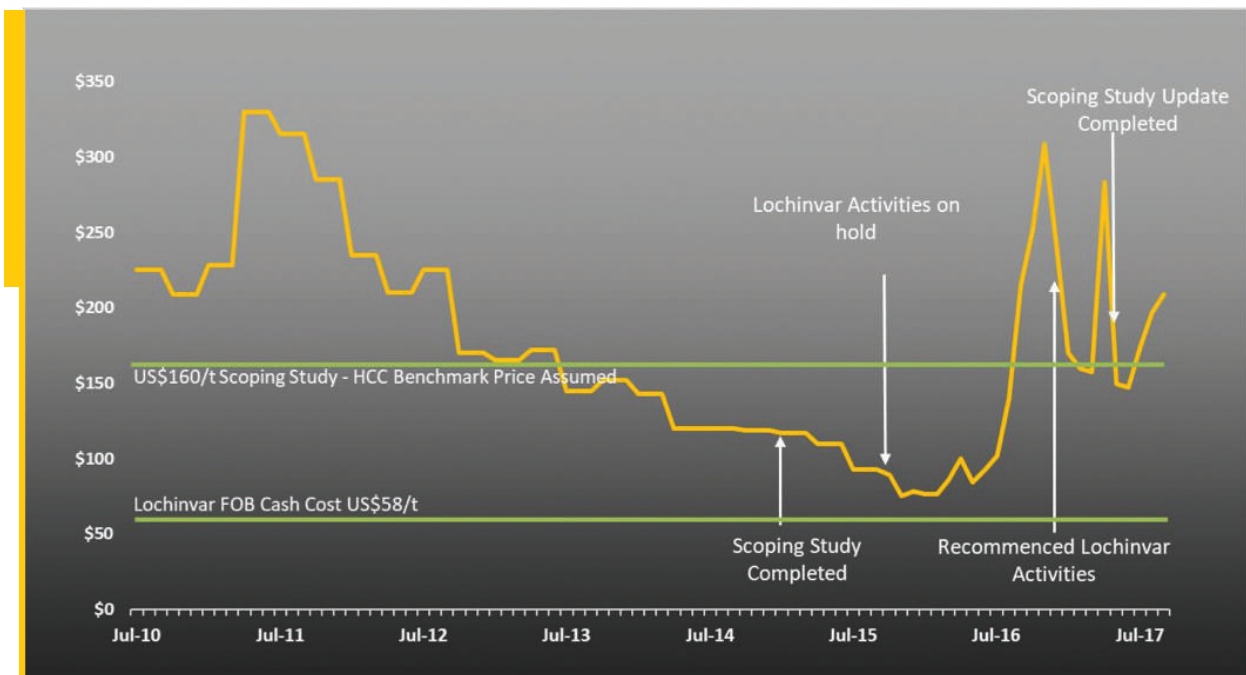
European Metallurgical Coal Imports Forecast (source: Wood MacKenzie)

Activities Report

Coking Coal Outlook

Since rising to a high of over US\$300/t last year, hard coking coal prices have fluctuated in the US\$150/t to US\$210/t range during 2017 with the current spot HCC benchmark price being ~US\$210/t.

The market this year is in line with the NAE Directors view that it is probable that the hard coking coal price will remain in the range of US\$140/t to US\$170/t over the medium to long term. A hard coking coal price of US\$160/t was used for the Lochinvar Scoping Study Update in March 2017 which is considerably lower than the current market price of ~US\$210/t.



Hard Coking Coal Spot Price (US\$/t FOB Aust)

Planned 2017/18 Exploration Program

A planned 2017/18 Lochinvar Exploration Program was announced on 15 May 2017. The focus of the planned program is to test possible extensions of the Nine Foot Coking Coal Seam to the west of the current resource which have been identified from interpretation of historic seismic lines in these areas.

These possible coal extensions to the west of the Lochinvar Resource have the potential for shallow coal (150 – 250m depth) which is also nearer to the rail infrastructure.

4 holes have been planned to test these areas with a budget of A\$0.6M. Applications for environmental permits are currently being prepared and are expected to take approximately 4 months. The earliest that the drilling could be undertaken is therefore in early 2018. As this is mid-winter in the UK, it is likely to be preferable to delay the drilling start until March 2018. Drilling the 4 holes is expected to take up to 2 months to complete. Funding has not yet been allocated to complete the 4 planned holes in March 2018 and a decision will be made closer to the time on whether this can be funded from available cash or if further funding is needed.

Lochinvar Strategic Investor Update

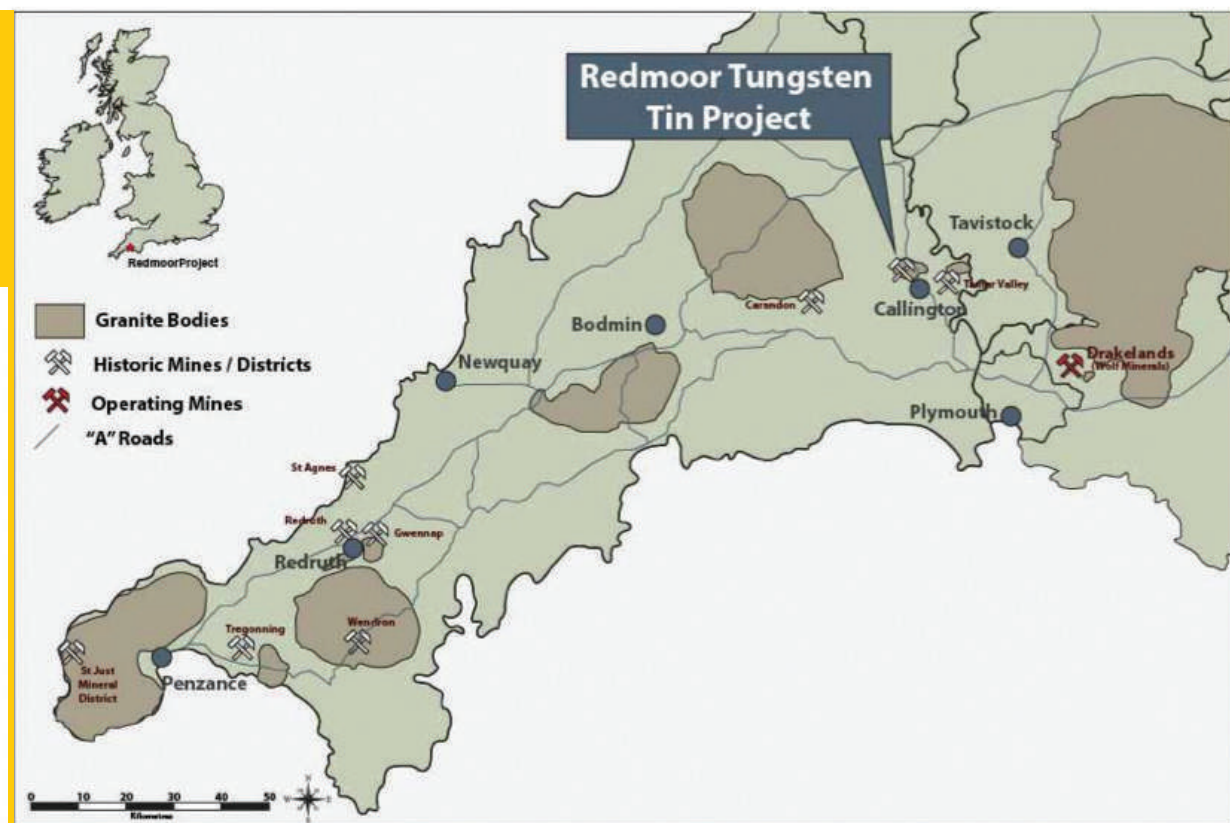
As market conditions for coking coal have improved, a number of encouraging discussions are now progressing with potential strategic investors aimed at providing funding required to advance the Lochinvar project.



Redmoor Tin Project, UK

The Redmoor Project is located between the village of Kelly Bray and the small town of Callington in south east Cornwall, United Kingdom, approximately 25km by road from the city and port of Plymouth, and 40km from the recently commissioned Hemerdon Tungsten mine and processing plant. The area has well-established infrastructure and is located in the world class Cornwall tin–tungsten–copper mineralised district.

NAE holds a 15-year exploration licence over the Redmoor Tin and Tungsten project in the historic mining district of Cornwall, United Kingdom. The licence is in good standing and is 50% owned by NAE.



Redmoor Location

Joint Venture Agreement – Strategic Minerals

A joint venture transaction was completed in February 2017 with Strategic Minerals Plc (SML) with a total of £1.05M paid by SML for 50% of the Redmoor project. The £1.05M earn-in payment has been primarily applied to funding the Redmoor 2017 Phase 1 drilling program.

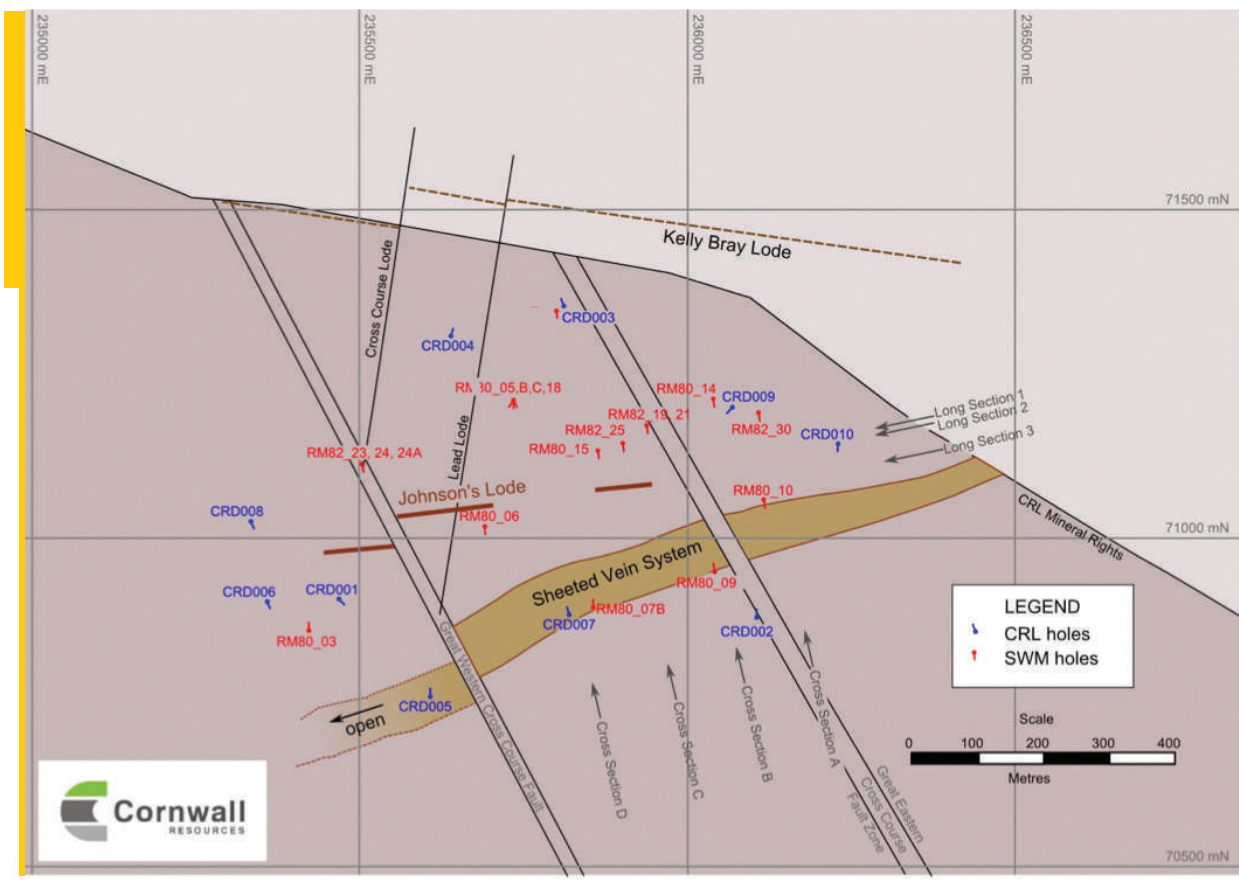
The Redmoor licence is held by Cornwall Resources Limited (“CRL”), a UK company now owned equally by NAE and SML.

2017 Exploration Program

On 21 March 2017, CRL began a 13-hole Phase 1 drilling program aimed at increasing the tin-tungsten-copper resource at its Redmoor Project.

In August 2017, NAE and SML evenly funded £60,000 for an additional 2 Phase 1 holes due to encouraging results to date from high-grade zones within the Sheeted Vein System (“SVS”) at Redmoor. Drilling of the extended 15-hole Phase 1 program has now been completed and the results of the initial 10 holes were announced on 7 September 2017.

NAE and CRL also recently agreed to evenly fund a further £150,000 for the first 3 holes of a Phase 2 drilling program at Redmoor. Additionally, up to 3 further Phase 2 holes may need to be evenly funded by NAE and SML, should they be required. The Phase 2 drilling program will be focused on further definition of high-grade zones within the SVS, which are now considered to have potential to be the most economically attractive mining target within CRL’s Mineral Rights.



Drillhole Collar Location Plan with surface representation of the SVS and high-grade lodes

Encouraging Results from Initial 10 Phase 1 Drill holes

The first 10 holes of the 2017 Phase 1 drilling program included encouraging results from discrete high-grade zones within the SVS with thicknesses and grades exceeding expectations of NAE’s Directors. Selected significant SVS high-grade zone intercepts include:

- CRD007: 14.8 m @ 1.00 % SnEq from 245.7 m, including 2.5 m @ 3.39 % SnEq from 257.9 m
- CRD009: 17.5 m @ 0.68 % SnEq from 265.9 m, including 3.1 m @ 1.97 % SnEq from 280.3 m
- CRD009: 28.2 m @ 0.81 % SnEq from 298.8 m, including 7.0 m @ 1.89 % SnEq from 317.5 m
- CRD010: 11.1 m @ 0.57 % SnEq from 113.3 m, including 3.1 m @ 1.19 % SnEq from 121.3 m

The thicknesses quoted above are apparent thicknesses. Estimated true thicknesses are shown in the 7 September announcement. For convenience, significant intercepts are also expressed in terms of a calculated tin equivalent value (SnEq)¹.

A review of historical (1980s) South West Minerals (SWM) drilling results has identified 31 significant high-grade intercepts within the SVS, some of which were previously interpreted to represent high-grade lodes. These intercepts provide confidence in the continuity of high-grade zones in the SVS.

¹ Equivalent metal calculation notes; $Sn(Eq)\% = Sn\% * 1 + WO_3\% * 1.43 + Cu\% * 0.40$. Commodity price assumptions: WO_3 US\$ 33,000/t, Sn US\$ 22,000/t, Cu US\$ 7,000/t. Recovery assumptions: total WO_3 recovery 72%, total Sn recovery 68% & total Cu recovery 85% and payability assumptions of 81%, 90% and 90%



Results from the first 10 holes of the 2017 Phase 1 drilling program also included a successful high-grade intersection in Johnson’s Lode and in Kelly Bray Lode:

- CRD002: 2.7 m @ 1.11% SnEq from 297.1 m; intercept in Johnson’s Lode
- CRD004: 0.6 m @ 0.95 % SnEq from 212.3 m; intercept in Kelly Bray Lode

High grade vein mineralization within SVS (CRD009 from 229.00 m – 302.00 m, only part of section visible. Wf = wolframite, Cp = chalcopyrite, Ap = arsenopyrite

SVS High Grade Zone Exploration Potential

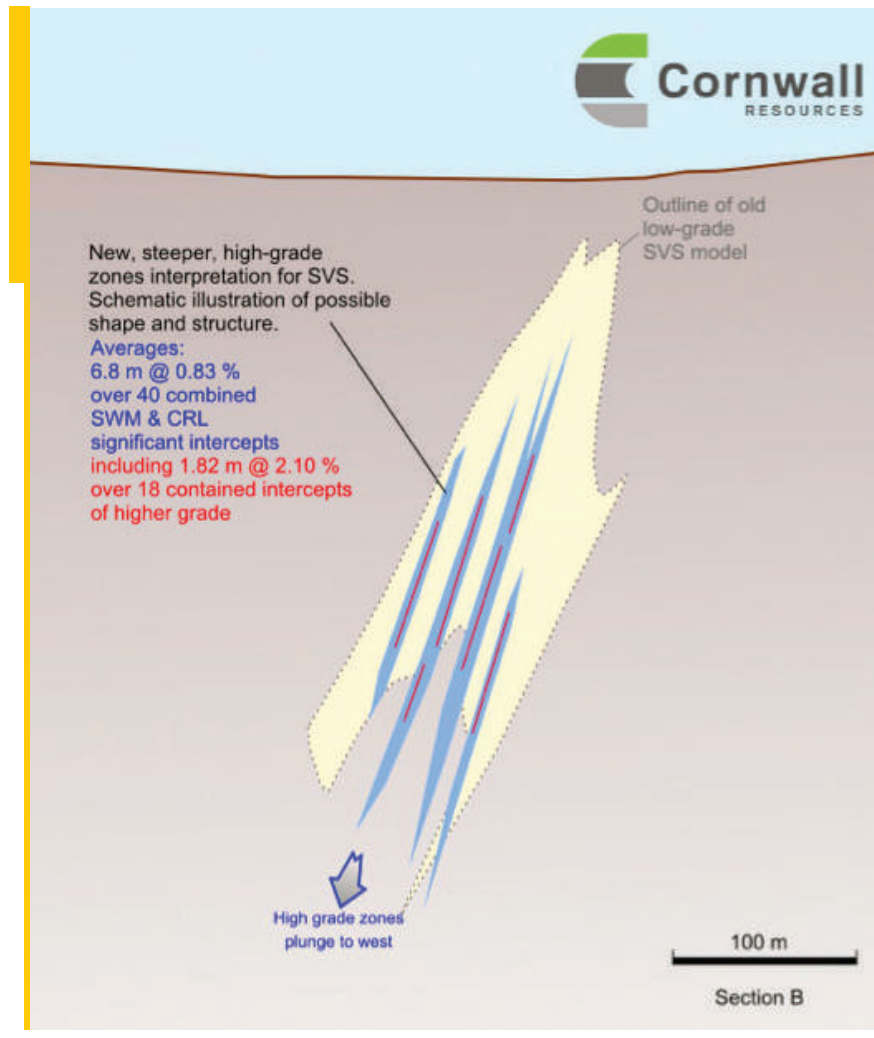
The encouraging 2017 CRL drilling results, combined with the results of the historic SWM drilling, have provided confidence that multiple high-grade zones exist within the SVS.

Preliminary interpretation of specific individual high-grade zones within the SVS has been commenced by CRL’s geologists, however this work has not yet completed.

The preliminary interpretation of the SVS high-grade zones indicates that the presence of these zones extends over a strike length of over 650 m and remain open along strike to the west.

The SVS high-grade zone significant intercepts represent potentially attractive underground mining targets. They provide superior thickness, which may more than offset their slightly lower grade, compared to high-grade lode significant intercepts previously reported in the 15 December 2015 Resource Update announcement. Furthermore, in many cases the ‘Included’ higher grade intervals contained within the CRL 2017 and SWM historical drilling significant intercepts also have superior thickness and grade to the high-grade lode significant intercepts previously reported in the 15 December 2015 Resource Update announcement.

NAE's Directors believe that the delineation of the SVS high-grade zones has the potential to significantly increase the grade of the SVS Resource previously stated in the 15 December 2015 Resource Update announcement, albeit within a reduced tonnage, and may support a larger tonnage of high grade material than the high-grade lode resource reported in the 15 December 2015 resource update.



Schematic North-South Cross Section showing interpreted high-grade zones within the SVS

Phase 2 Drilling Program

A Phase 2 drilling program of 3-6 holes commenced in September 2017 and is anticipated to be complete by the end of October 2017. Phase 2 will target further definition of high-grade zones within the SVS with the objective of defining a high-grade resource of sufficient size to potentially support an underground mining operation.

The remaining Phase 1 and Phase 2 results (18-21 holes in total, including the first 10 Phase 1 holes are expected during Q4 2017.

The General Permitted Development Order (GPDO) planning authorization from Cornwall Council has been successfully extended to 31 October in preparation for Phase 2 drilling.

Resource Update

Subject to the results of the current and planned drilling, a resource update will be undertaken, results for which are expected in Q1 2018.

Community

CRL has maintained a close working relationship with the local community and local and County Councils. No complaints have been received to date regarding the drilling and support activities or any other matter, and, where possible, local employment has been created. There are now two local community members working for the drilling company and CRL has employed a local geologist and a local mining engineer. CRL's Community Advisor is also locally based.

CRL has also entered into collaboration arrangements with local and regional universities; master's student research projects have been set up at with the Camborne School of Mines and the University of Portsmouth. Another project is in the planning stage with Plymouth University. A recent master's graduate who lives in Kelly Bray has been provided with an informal internship during August.



Drilling underway, with bales successfully used for acoustic mitigation

Tungsten Outlook

Tungsten has rallied 65% since the start of 2017, with the current spot price at US\$310-335/mtu.

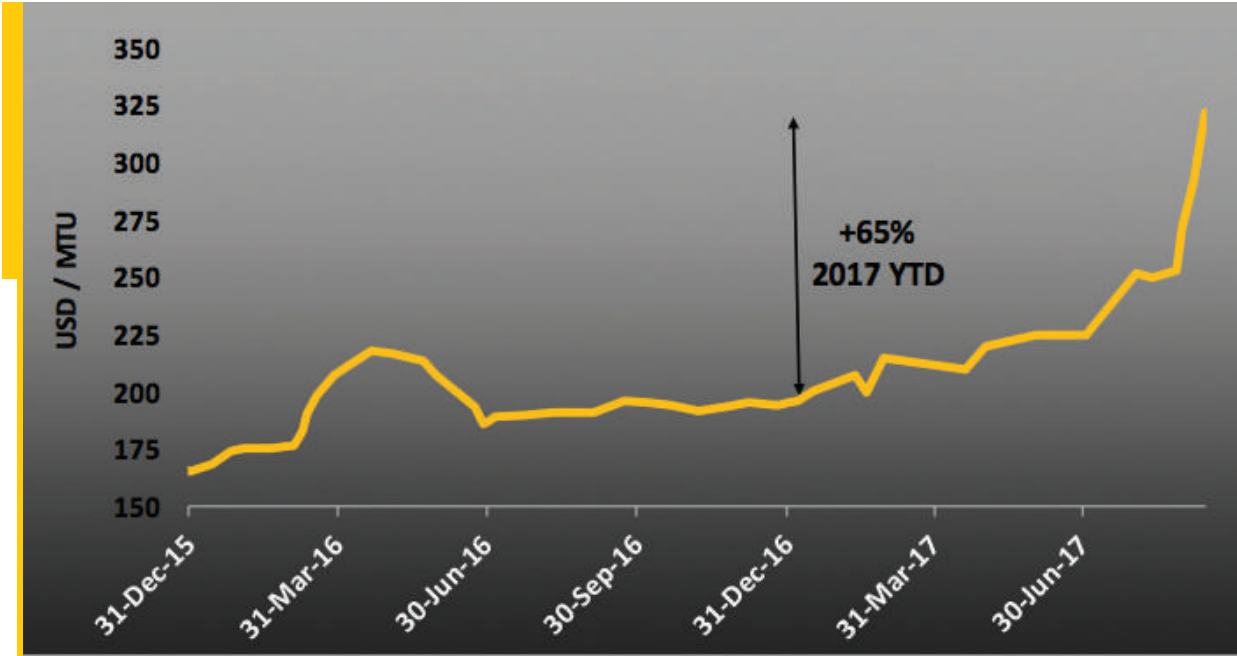
Tungsten is an indispensable commodity due to its unique properties including having the highest melting point of all metals (3422 °C), a high density (19.3g/cm³ similar to gold) and hardness close to diamond. As a result, tungsten has many uses in today's society, and most commonly for its hardness in cemented carbide tools and steel alloys, such as drill bits, cutting tools and wear-resistant materials which have a range of uses in industry, construction, mining and defence. Tungsten also has a range of uses in cars and planes, where its high density is important. Light bulbs use tungsten wire elements, as do window heating strips in cars. Less known is tungsten's use in automatic watches and sports equipment such as in golf clubs. Lastly and also importantly, tungsten has a growing use in electronics such as vibrators in mobile phones and heat sinks in modern computer processors and integrated circuits.

China produces about 80% of the world's tungsten, and recently, in August and September, there have been significant supply cutbacks. The Chinese government is now imposing quotas on tungsten production and is tightening up on enforcement of environmental and safety rules.

The European Union has classed tungsten as a critical commodity and the British Geological Survey places it at the top of its supply-risk list of materials needed to maintain the U.K.'s economy and lifestyle.

Activities Report

The NAE Directors expect there to be continued regulatory pressure on Chinese supply, in a similar fashion to Chinese regulation of its metallurgical coal production over the past 12 months. This, coupled with ongoing global demand growth for tungsten, is ideal timing for the Redmoor project, where a number of the recently announced high grade drilling results are starting to show that higher levels of tungsten may be present in the deposit. The Redmoor deposit contains tin, tungsten and copper.

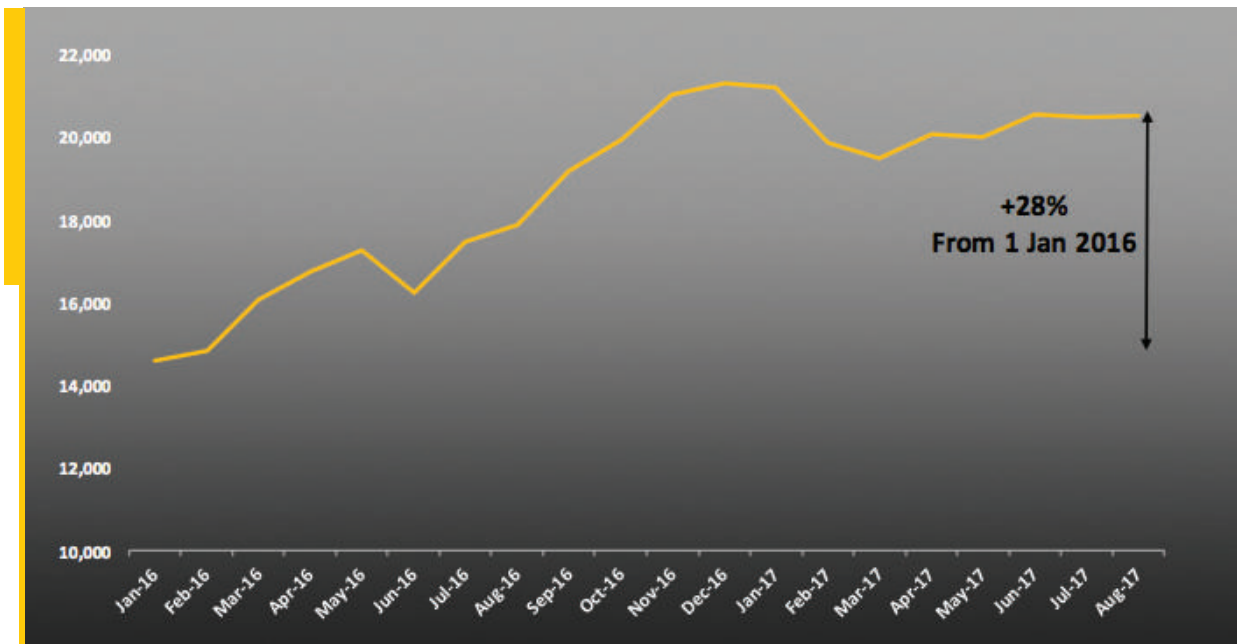


Tungsten Prices

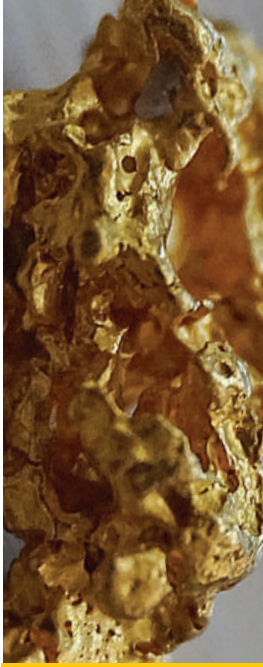
Tin Outlook

Tin was one of the strongest performing commodities during 2016 and has increased by ~28% over the past 18 months, now strengthening at the US\$21,000 / t level.

The outlook for tin, with growing use in electronics (as a lead free solder), tin plating and alloys, coupled with declining supply and limited new supply projects, is also very positive. LME tin stocks are at 12-year lows.



Tin Prices



Otago Southern Shear Zone Gold Exploration Project, NZ

Two Prospecting Permits over the Otago South Gold Project covering a total area of 876 km² were granted to NAE on 17 October 2016.

During 2017, an initial exploration program was completed over these Permits targeting shear hosted gold mineralisation in the south of the Otago Schist belt where recent research has identified a 'mirror image' of the geology present in the north of the schist belt some 60km away which hosts the (>10Moz Au) Macraes gold mine.

A soil sampling program comprising over 73 lines and 877 soil samples targeting conductivity lineaments was completed with soil samples analyzed using a portable XRF instrument. 246 rock chip samples were also collected and analyzed. The soil and rock chip results are inconclusive in that they have not identified any significant anomalous levels of arsenic (a pathfinder mineral for gold) for follow up exploration.

Mapping and petrographic study of the gold-bearing quartz veins in the historic gold workings around Lake Mahinerangi has shown that these appear to be relatively late stage, post-metamorphic, brittle features that are hosted in well defined, high angle, extensional faults. To date there is no evidence of any late metamorphic ductile shearing that would be indicative of any shear zone gold targets.

Due to the results to date and to increased annual permit fees, in July 2017 NAE relinquished approximately 75% of the total area of both reducing the annual permit holding costs to approx. NZ\$13,000 p.a.

The southern areas retained by both permits contain the most promising ground as:

- The historic gold workings are all located in the southern areas retained.
- The retained areas are closest to known local alluvial gold deposits, e.g. Gabriel's Gully (>0.5Moz Au).
- The retained permits cover the most complex zone of intersecting and converging conductivity lineaments that are oriented NW parallel to significant regional-scale faults and boundary features in the basement rocks (like the Tuapeka Fault zone and textural zone boundaries to the north and south, respectively). Furthermore, using our analogy with the Hyde Macraes Shear Zone, these NW-trending lineaments define the most favourable structural trend and orientation for potential shear zone hosted gold deposits.

NAE is currently working with Dr. MacKenzie and its technical consultants CRL Energy to determine the exploration strategy and work plan that may be most effective to further explore the most prospective areas retained. Further field work is planned in Q4 (after the winter season).



Corporate

Research and Development Tax Relief Payment

On 1 July 2016, NAE's wholly-owned UK subsidiary, Lochinvar Coal Limited, received a cash payment of £456,729, net of fees, from the UK Government for Research and Development Tax Relief.

RCF Loan Repayments

On 5 July 2016, 15,700,000 fully paid ordinary shares in NAE were placed to RCF at a subscription price of 1.5 cents per share to repay US\$174,882 of the unsecured loan to RCF. A further 925,914 fully paid ordinary shares in the Company were also placed to RCF at a subscription price of 0.99 cents per share to repay US\$6,807.08 interest accrued on the loan.

In January 2017, NAE's outstanding loan with RCF of A\$109,758 was repaid in full by the Company. The Company has no outstanding loans to RCF or to any other party.

Joint Venture Agreement

Strategic Minerals Ltd ("SML"), which owned 6.7% interest in NAE Resources (UK) Ltd (renamed Cornwall Resources Ltd, or "CRL") at 30 June 2016, increased its interest to 9.1% in July 2016 in accordance with the joint venture ("JV") agreement signed in May 2016. In September 2016, the JV agreement was amended such that SML made a part-payment of £101,700 (or \$178,000) of the SML Option Payment. The remaining £843,649 (or \$1.48 million) of the SML Option Payment was paid in February 2017, increasing SML's interest to 50%. NAE has deconsolidated CRL from the group accounts as a result of its loss of control over CRL.

Capital Raising

A capital raising of \$1,384,000, before costs, was completed in November 2016 via the placement of 69.2 million fully paid ordinary shares to sophisticated investors at a subscription price of 2.0 cents per share. The placement, led by Peloton Capital Pty Ltd, was heavily oversubscribed, with many applicants scaled back considerably.

The Company also raised \$309,000 in early May 2017 via the issue of 20.6 million new fully paid ordinary shares, at 1.5 cents per share, to sophisticated and institutional investors. The placement was limited to NAE's approved placement capacity at the time and was heavily oversubscribed.

A Share Purchase Plan was announced in early May 2017 giving NAE shareholders the opportunity to apply for up to \$15,000 parcels of NAE shares at the same price of 1.5 cents per share. Take up of the SPP was very low (\$14,000 in total) due to a decline in the NAE share price during the SPP notice period.

A General Meeting of NAE Shareholders was held on 8 June 2017 to refresh the Company's placement capacity which was approved by Shareholders at the meeting.

Board of Directors



Mr Alan Broome AM
(I.Eng, F.AusIMM, FAICD, FICME, CFInstD (NZ))

A metallurgist with over 40 years' experience in the mining industry. In depth experience in coal mining, mining technology, equipment, services and research sectors. Extensive board experience with a number of listed and unlisted mining and mining technology companies.



Mr Gary Fietz
(BSc (Hons), AusIMM)

A mining executive with over 30 years' experience in exploration, business development and project evaluation. Extensive international experience in iron ore, coal, base metals and gold projects. A geologist with 21 years at BHP Billiton where he was previously VP Iron Ore Business Development.



Mr Michael John Amundsen
(FAICD, M.AusIMM)

A corporate advisor with over 30 years' global experience in the resource industry. Previously Managing Director of FerrAus Limited, an ASX-listed company. 28 years' experience with BHP Billiton, holding numerous positions in business development, finance, planning and strategy.

17 Directors' Report

The Directors present their report, together with the consolidated financial statements of the Group comprising of New Age Exploration Limited (the Company) and its subsidiaries, for the financial year ended 30 June 2017 and the auditor's report thereon.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr A Broome AM (Non-Executive Chairman)
Mr G Fietz (Managing Director)
Mr M Amundsen (Non-Executive Director)

Company Secretary

Mr A Wing (B.Bus, CPA) was the company secretary of the Company during the whole of the financial year and up to the date of this report. Mr 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 Securities Exchange as a corporate/accounting consultant and company secretary.

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Held	Attended	Held	Attended
Mr A Broome AM	8	8	2	2
Mr G Fietz	8	8	2	2
Mr M J Amundsen	8	7	2	2

'Held' represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Information on directors as at 30 June 2017

Name:	Mr Alan Broome AM (I.Eng, F.AusIMM, FAICD, FICME, MInstD (NZ))
Title:	Non-Executive Director and Chairman
Experience and expertise:	Mr Broome is a metallurgist with over 40 years' experience in mining and metals. A well-known figure in the Australian mining industry, Alan has extensive board experience, both as a director and chairman, of a number of listed and unlisted mining and mining technology companies. Over the past 20 years, Alan has had in-depth experience in coal mining, mining technology, equipment, services and research sectors, both in Australia and abroad.
Other current directorships:	Strategic Minerals plc (Chairman) – August 2015 to date
Former directorships (in the last 3 years):	Buccaneer Energy Ltd (ASX) (Chairman) – July 2007 to July 2013
Special responsibilities:	Chairman of the Board
Interests in shares:	475,000 ordinary shares
Interests in options:	Nil
First appointed to the Board:	18 February 2013

Name:	Mr Gary Fietz (BSc (Hons), AusIMM)
Title:	Managing Director
Experience and expertise:	Mr Fietz holds a degree in geology and is a senior resources industry executive with over 30 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. He held the position of Project Director, West Africa for BHP Billiton Iron Ore where he was responsible for the direction of exploration programs and project development of an advanced tier one project within the region. He was also the Vice President, Iron Ore Business Development with responsibility for assessing global iron ore business development opportunities for BHP Billiton.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Managing Director
Interests in shares:	445,000 ordinary shares
Interests in options:	Nil
First appointed to the Board:	6 May 2010

Name:	Mr Michael John Amundsen (FAICD, M.AusIMM)
Title:	Non-Executive Director
Experience and expertise:	Mr Mike Amundsen provides corporate advisory services and has had over 30 years' experience in the global resource sector. Mr Amundsen was previously CEO and Managing Director at FerrAus Limited, a company listed on the ASX. Prior to that, Mr Amundsen held senior business roles at BHP Billiton Carbon Steels Materials Group, including coking coal and iron ore businesses. During his 28 years with BHP Billiton, Mr Amundsen held numerous positions in business development, finance, planning and strategy. While at BHP Billiton, Mr Amundsen spent 7 years on the Board of the Brazilian iron ore producer Samarco (a 50:50 joint venture between Vale and BHP Billiton).
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	450,000 ordinary shares
Interests in options:	Nil
First appointed to the Board:	9 February 2012

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Principal activities

During the financial year, the Group made significant progress with advancing all three of its projects. Activities were recommenced on the Lochinvar Coking Coal Project in November 2016 and an update of the Lochinvar Scoping Study was completed in March 2017. More recently, a number of encouraging discussions are being progressed with potential strategic investors aimed at providing funding required to further advance the Lochinvar project. A 15-hole Phase 1 drilling program at the Redmoor Tin-Tungsten Project commenced in March 2017 and was completed in September 2017 with encouraging results to date. The Phase 1 drilling program was primarily funded by the £1.05M farm-in payment made by Strategic Minerals Plc for 50% of the Redmoor project finalised in February 2017. An initial exploration program was completed over the Otago South Gold Project after being granted 2 prospecting permits in October 2016. Due to inconclusive results to date 75% of the permit areas were relinquished in July 2017.

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Dividends

There were no dividends paid or declared during the current or previous financial year.

Review of operations

The profit for the Group after providing for income tax and non-controlling interests amounted to \$689,623 (2016: restated profit of \$547,997). During the year, the Group's interest over Cornwall Resources Ltd ("CRL", previously NAE Resources UK Ltd) declined to 50% resulting in a loss of control. CRL was deconsolidated from the group and a gain of \$1.43 million was recorded from the deconsolidation.

In the previous year, \$936,200 was recorded for a Research and Development Tax Relief claim ("R&D claim") on the Lochinvar Project. The R&D claim proceeds were received on 1 July 2016.

Additional information on the Company's operations is included in the detailed Activities Report preceding this Directors' report.

Significant changes in the state of affairs

On 5 July 2016, 15,700,000 fully paid ordinary shares in NAE were placed to RCF at a subscription price of 1.5 cents per share to repay US\$174,882 of the unsecured loan to RCF. A further 925,914 fully paid ordinary shares in the Company were also issued at a subscription price of 0.99 cents per share to repay US\$6,807.08 of interest accrued on the loan. In January 2017, NAE's outstanding loan with RCF of A\$109,758 was repaid in full by the Company. The Company now has no outstanding loans to RCF or to any other party. Additional information is included in the detailed Activities Report preceding this Directors' report.

On 26 May 2016, NAE completed an agreement with AIM-listed company, Strategic Minerals Plc ("SML"), whereby SML would earn up to 50% interest in the Redmoor Project, through the NAE's wholly-owned subsidiary CRL, for a total consideration of £1.05M, payable in tranches. NAE shareholders retain exposure to 50% of the Redmoor Project upside with the next stage of drilling being funded by SML. On full payment in February 2017, 50% ownership over CRL was transferred and NAE deconsolidated the former subsidiary.

Contributed equity increased by \$1,851,101 as a result of issue of shares (refer to Note 13 to the financial report for details).

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Lochinvar Coking Coal Project

A 4-hole 2017/18 exploration program has been planned at Lochinvar, targeting possible extensions to the west of the current resource where potential for shallow coal closer to the rail infrastructure has been identified. This program is expected to commence in March 2018; however, funding has not yet been allocated and a decision will be made closer to the time on whether this can be funded from available cash or if further funding is needed. Discussions will continue to be progressed with potential strategic investors to further advance the Lochinvar project.

Redmoor Tin-Tungsten Project

A Phase 2 drilling program of 3-6 holes commenced in September 2017 and is anticipated to be completed by the end of October 2017. Phase 2 will target further definition of high-grade zones within the SVS with the objective of defining a high-grade resource of sufficient size to potentially support an underground mining operation. The remaining Phase 1 and Phase 2 results (18-21 holes in total, including the first 10 Phase 1 holes) are expected during Q4 2017. Subject to the results of the current and planned drilling, a resource update will be undertaken, results for which are expected in Q1 2018.

Otago South Gold Exploration Project

A review will be undertaken in Q4 2017 with the aim of determining a small work program for the retained prospecting permit areas.

Environmental regulation

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

The Group's exploration activities in the United Kingdom and New Zealand are subject to environmental regulations in those countries. The Board maintains responsibility that the Group is in compliance with all relevant environmental legislation and maintains a high standard of environmental care. During the year, there were no known breaches of tenement conditions, and no such breaches have been notified by any government agencies.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and other key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A - Principles used to determine the nature and amount of remuneration
- B - Details of remuneration
- C - Service agreements
- D - Share-based compensation
- E - Additional information

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The Board practice for determining the nature and amount of remuneration of directors and other key management personnel is agreed by the Board of Directors as a whole. The Board obtains professional advice where necessary to ensure that the Group attracts and retains talented and motivated Directors and employees who can enhance Group performance through their contributions and leadership.

Remuneration consists of a fixed remuneration, performance-based bonuses and long term share options as considered appropriate. The Board believes that options are an effective remuneration tool which preserves the cash reserves of the Group whilst providing valuable remuneration.

Executive Director Remuneration

Due to the limited size of the Group and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. In determining the level and make-up of the Executive Director remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience.

Remuneration is periodically compared to relevant external market conditions. This is done based on surveys of peer companies' Managing Director remuneration and also taking into account the increase in consumer price index. 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.

No external consultant was engaged during the year for the purpose of remuneration review.

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.

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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 Group determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution. At the Annual General Meeting held on 28 November 2012, shareholders approved \$300,000 as the annual maximum amount of remuneration that may be allocated to all Non-Executive Directors. Further details regarding components of Director and executive remuneration are provided in the following tables.

Group performance, shareholder wealth and director and other key management personnel remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and other key management personnel through successfully achieving its primary objectives. During exploration project development phase, these objectives are not linked to earnings. Instead, the successful discovery or acquisition of mineral resources and progress with project development are the primary means of value creation and thus, are the primary objectives of the Company. 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 Group 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 Group and to continue to work to enhance the Group's value.

B Details of remuneration

Details of the remuneration of the Directors and other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling major activities) of the Group are set out in the following tables.

2017	Short-term benefits		Post-employment benefits		Total	Performance Related %
	Salary/Fees (3) \$	Bonus \$	Superannuation \$	Options \$		
<i>Non-Executive Directors:</i>						
Mr A Broome AM	46,667	-	-	-	46,667	-
Mr M Amundsen	25,900	-	-	-	25,900	-
<i>Executive Director</i>						
Mr G Fietz (1)	242,157	-	22,828	-	264,985	-
<i>Company Secretary:</i>						
Mr A M Wing	25,067	-	-	-	25,067	-
	339,791	-	22,828	-	362,619	-

2016

<i>Non-Executive Directors:</i>						
Mr A Broome AM	47,500	-	-	-	47,500	-
Mr G L Rice (2)	20,000	-	-	-	20,000	-
Mr M Amundsen	27,525	-	-	-	27,525	-
<i>Executive Director</i>						
Mr G Fietz (1)	270,662	-	23,444	-	294,106	-
<i>Company Secretary:</i>						
Mr A M Wing	27,525	-	-	-	27,525	-
	393,212	-	23,444	-	416,656	-

(1) Gary Fietz's wife was also paid \$28,558 (2016: \$27,156) for administrative and investor relations support services. Refer to Note 19 of the financial statements.

(2) Mr Rice resigned as a director on 2 March 2016.

(3) Includes any salary sacrifice superannuation

C Service agreements

NAE has an Executive Service Agreement (ESA) with its Managing Director, Mr Gary Fietz, which commenced on 11 March 2010. The agreement stipulates an 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 year's annual remuneration upon the Group successfully completing the acquisition of a Material Project. The Group may terminate the ESA without cause at any time by the payment of 6 months annual remuneration.

Pursuant to the terms of the ESA, the Board approved on 26 November 2012 the payment of a \$100,000 performance bonus to Mr Fietz reflecting the substantive progress in a primary project in Lochinvar. The amount paid will be deducted from any future one-off cash bonus equivalent to one year's salary per the ESA with Mr Fietz.

From 1 March 2017, Mr Fietz's annual remuneration was adjusted to \$270,000 plus \$25,000 superannuation.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2017.

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
2017					
<i>Ordinary shares</i>					
Alan Broome AM	475,000	-	-	-	475,000
Gary Fietz	445,000	-	-	-	445,000
Michael Amundsen	450,000	-	-	-	450,000
Adrien Wing	750,000	-	-	-	750,000
	2,120,000	-	-	-	2,120,000
2016					
<i>Ordinary shares</i>					
Alan Broome AM	475,000	-	-	-	475,000
Gary Fietz	445,000	-	-	-	445,000
Gavan Rice (i)	400,000	-	-	(400,000)	-
Michael Amundsen	450,000	-	-	-	450,000
Adrien Wing	750,000	-	-	-	750,000
	2,520,000	-	-	(400,000)	2,120,000

(i) Mr Rice resigned as a director on 2 March 2016

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Options

There were no options issued to Directors or other key management personnel as part of compensation during the year ended 30 June 2017.

Options holdings

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel, including their personally-related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year	Vested and exercisable
2017						
<i>Options over ordinary shares</i>						
Alan Broome AM	-	-	-	-	-	-
Adrien Wing	-	-	-	-	-	-
Gary Fietz	-	-	-	-	-	-
Michael Amundsen	-	-	-	-	-	-
2016						
<i>Options over ordinary shares</i>						
Alan Broome AM	1,250,000	-	-	(1,250,000)	-	-
Adrien Wing	1,250,000	-	-	(1,250,000)	-	-
Gavan Rice (1)	1,250,000	-	-	(1,250,000)	-	-
Gary Fietz	13,000,000	-	-	(13,000,000)	-	-
Michael Amundsen	1,250,000	-	-	(1,250,000)	-	-
	18,000,000	-	-	(18,000,000)	-	-

(1) Mr Rice resigned as a director on 2 March 2016.

E Additional information

The earnings of the Group for the five years to 30 June 2017 are summarised below:

	2013 \$	2014 \$	2015 \$	2016 \$ *restated	2017 \$
Revenue	114,110	97,155	23,014	944,794	1,580,003
Net profit/(loss) before tax	(5,943,761)	(4,052,230)	(3,074,884)	547,997	689,623
Net profit/(loss) after tax	(5,943,761)	(4,052,230)	(3,074,884)	547,997	689,623

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2013	2014	2015	2016 *restated	2017
Share price at start of year (\$)	0.08	0.03	0.02	0.004	0.009
Share price at end of year (\$)	0.03	0.02	0.004	0.009	0.01
Basic earnings/(loss) per share (cents per share)	(2.97)	(1.42)	(0.98)	0.17	0.17
Diluted earnings/(loss) per share (cents per share)	(2.97)	(1.42)	(0.98)	0.17	0.17

This concludes the remuneration report, which has been audited.

* Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 26 of the financial statements.

Shares under option

There were no unissued ordinary shares of the Company under option at the date.

Shares issued on the exercise of options

No shares of the Company were issued during the year ended 30 June 2017 on the exercise of options granted.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives for costs incurred in their capacity as a Director or executive for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Group

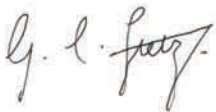
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Gary Fietz
Managing Director

30 September 2017
Melbourne



RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of New Age Exploration Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

J S CROALL

Partner

Melbourne, Victoria

Dated: 30 September 2017

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RSM Australia Partners ABN 36 965 185 036

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Statement of Profit and Loss and Other Comprehensive Income

	Note	Consolidated 30 June 2017 \$	Consolidated 30 June 2016 Restated* \$
Income			
Gain on deconsolidation of subsidiary	19	1,430,205	-
Reversal of impairment on exploration assets		166,518	558,941
Other revenue	4	149,798	944,794
		<u>1,746,521</u>	<u>1,503,735</u>
Expenses			
Corporate expenses		(208,498)	(321,887)
Occupancy expenses		(23,529)	(21,674)
Employee benefits expenses	5	(424,338)	(520,126)
Exploration and evaluation expenses	10	(53,556)	-
Administrative expenses		(89,783)	(62,896)
Legal expenses		(13,584)	(17,533)
Travel and accommodation		(26,547)	(11,622)
Share in net loss of joint venture		(62,229)	-
Loss on foreign currency movement		(139,155)	-
Write off of receivables		(15,679)	-
		<u>1,056,898</u>	<u>955,738</u>
Profit before income tax expense		689,623	547,997
Income tax expense	6	-	-
Profit after income tax expense		689,623	547,997
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of foreign operations		(214,491)	(612,864)
Other comprehensive loss for the year net of tax		(214,491)	(612,864)
Total comprehensive income/(loss) for the year		475,132	(64,867)
Profit for the year attributable to:			
Non-controlling interests		-	(88)
Owners of New Age Exploration Limited		689,623	548,085
		<u>689,623</u>	<u>547,997</u>
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interests		-	1,317
Owners of New Age Exploration Limited		475,132	(66,184)
		<u>475,132</u>	<u>(64,867)</u>
<i>Earnings per share from continuing operations attributable to the owners of New Age Exploration Limited</i>			
		Cents	Cents
Basic earnings per share	22	0.17	0.17
Diluted earnings per share	22	0.17	0.17

* Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 26.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

	Note	Consolidated 30 June 2017 \$	Consolidated 30 June 2016 Restated* \$
Current assets			
Cash and cash equivalents	7	1,724,318	199,231
Trade and other receivables	8	32,704	973,044
Prepayments		3,088	13,979
Other financial assets	11	25,000	119,101
Total current assets		1,785,110	1,305,355
Non-current assets			
Investment in joint venture	9	1,674,749	-
Exploration and evaluation assets	10	4,603,750	4,763,400
Total non-current assets		6,278,499	4,763,400
Total assets		8,063,609	6,068,755
Current liabilities			
Trade and other payables		106,638	249,795
Provisions	12	20,641	25,339
Convertible loan	15	-	361,838
Total current liabilities		127,279	636,972
Total liabilities		127,279	636,972
Net assets		7,936,330	5,431,783
Equity			
Equity attributable to members of the parent:			
Contributed equity	13	25,492,788	23,641,688
Reserves	14	419,421	648,612
Accumulated losses		(17,975,879)	(18,890,370)
Total parent entity interest		7,936,330	5,399,930
Non-controlling interests		-	31,853
Total equity		7,936,330	5,431,783

* Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 26.

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated	Attributable to owners of New Age Exploration Limited				Total \$
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Non- Controlling Interests \$	
At 1 July 2016	23,641,688	648,612	(18,890,370)	31,853	5,431,783
Income for the period	-	-	620,982	-	620,982
Reclassification from other comprehensive income taken to profit and loss	-	(68,641)	68,641	-	-
Other comprehensive income	-	(145,850)	-	-	(145,850)
Total comprehensive loss for the period	-	(214,491)	689,623	-	475,132
Transactions with owners in their capacity as owners:					
Issue of shares	1,951,667	-	-	-	1,951,667
Expiry of options	-	(14,700)	14,700	-	-
Issue costs	(100,567)	-	-	-	(100,567)
Deconsolidation of Cornwall Resources Ltd (Note 19)	-	-	210,168	(31,853)	178,315
As at 30 June 2017	25,492,788	419,421	(17,975,879)	-	7,936,330
At 1 July 2015	23,404,378	1,612,481	(19,909,483)	385	5,107,761
Income for the period	-	-	(10,856)	(88)	(10,944)
Other comprehensive income	-	(55,328)	-	1,405	(612,864)
Total comprehensive loss for the period	-	(55,328)	548,085	1,317	(64,867)
Transactions with owners in their capacity as owners:					
Issue of shares	237,310	-	-	-	237,310
Expiry of options	-	(349,600)	349,600	-	-
Non-controlling interest in exploration projects	-	-	774	(774)	-
Dilution in ownership of controlled entity (Note 19)	-	-	120,654	30,925	151,579
As at 30 June 2016	23,641,688	1,207,553	(19,449,311)	31,853	5,431,783
Correction of accounting treatment (Note 26)	-	(558,941)	558,941	-	-
As at 30 June 2016 Restated*	23,641,688	648,612	(18,890,370)	31,853	5,431,783

* Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 26.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

	Note	Consolidated 30 June 2017 \$	Consolidated 30 June 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(783,562)	(811,841)
Interest received		11,385	3,641
		<hr/>	<hr/>
Net cash flows used in operating activities	21	(772,177)	(808,200)
Cash flows from investing activities			
Payments for other financial assets		(77,410)	(143,987)
Proceeds from sale of other financial assets		170,010	20,642
Research and development credit received		908,643	-
Payments for exploration and evaluation assets		(302,862)	(131,949)
Proceeds from disposal of interest in controlled entity		227,937	148,954
Cash outflow resulting from the deconsolidation of subsidiary		(79,060)	-
		<hr/>	<hr/>
Net cash flows provided by/(used in) investing activities		847,258	(106,340)
Cash flows from financing activities			
Proceeds from issue of shares		1,707,000	237,310
Share issue costs		(100,567)	-
Payments for loan		(109,758)	-
Proceeds from convertible loan		-	352,672
		<hr/>	<hr/>
Net cash flows provided by financing activities		1,496,675	589,982
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held		1,571,756	(324,558)
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the year		199,231	531,748
Effects of foreign exchange rate changes on cash		(46,669)	(7,959)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	7	1,724,318	199,231
		<hr/>	<hr/>

The above statement of cash flows should be read in conjunction with the accompanying notes

General information

The consolidated financial report of New Age Exploration Limited as at and for the year ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Group").

The financial report is presented in Australian dollars, which is New Age Exploration Limited's functional and presentation currency.

New Age Exploration Limited is a listed for-profit public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3
480 Collins Street
Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report.

The financial report was authorised for issue, in accordance with a resolution of directors, on the date of the signing of the Directors' declaration.

Note 1 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. There has been no material impact on the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted

At the reporting date, the accounting standards issued but not yet effective that may impact the consolidated group in the future are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018
AASB 15 'Revenue from Contracts with Customers'	1 January 2018
AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	1 January 2018
AASB 16 'Leases'	1 January 2019
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112)	1 January 2017
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128], 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The Group has determined the eventual effect of the above standards, amendments to standards and interpretations at this stage to be immaterial.

Note 1 Significant accounting policies (cont'd)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared on an accruals basis under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the company (the 'parent entity') and its controlled entities (the 'Group'). Details of the controlled entities are contained in Note 19.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Financial statements for controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or

Note 1 Significant accounting policies (cont'd)

transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as disposal group held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Note 1 Significant accounting policies (cont'd)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Foreign Currency*Functional and Presentation Currency*

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of financial year.

Resulting exchange differences arising on settlement or re-statement are recognized as revenues and expenses for the financial year.

Group Companies

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

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period where this rate approximates the rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve as a separate component of equity in the statement of financial position.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Note 1 Significant accounting policies (cont'd)**Revenue recognition**

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

Interest Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group 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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any allowance for impairment.

Other Financial Assets*Recognition and initial measurement*

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit or loss immediately.

Note 1 Significant accounting policies (cont'd)

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or at cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. They are measured and held at amortised cost.

De-recognition

Regular purchases and sales of financial assets are recognised or derecognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life as follows:

Plant and equipment: 3-5 years

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and Evaluation Assets

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or

Exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off or impaired.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that its carrying amount may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the profit and loss.

Note 1 Significant accounting policies (cont'd)**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits*Wages and salaries, annual leave and sick leave*

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 Group in respect of services provided by employees up to reporting date.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

Note 1 Significant accounting policies (cont'd)

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Convertible loan

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible loan. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan. The remainder of the proceeds is allocated to the conversion option.

Earnings per share*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of New Age Exploration Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows from investing or financing activities which are recoverable from, or payable to, the tax authority are presented as operating cash flows.

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

Note 2 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether economically recoverable minerals are proven and whether the consolidated entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

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

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

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

Note 3 Operating segments

The Group operated predominately as an explorer with the view to identify attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

The directors do not believe that there are any reportable segments that meet the requirements of Accounting Standard AASB 8 *Segment Reporting*, on the basis that the chief operating decision maker, being the Board of Directors, review geological results and other qualitative measures as a basis for decision making. Financial results are reviewed on a consolidated group basis.

Note 4 Revenues

	Consolidated 2017 \$	Consolidated 2016 \$
<i>Other revenue</i>		
Research and Development Tax Relief claim (1)	-	936,200
Interest	12,226	3,518
Management fees to related entities	67,357	-
Other income	70,215	5,076
Revenues	<u>149,798</u>	<u>944,794</u>

(1) Research and Development Tax Relief claim ("R&D claim") on the Lochinvar Project. The R&D claim proceeds were received on 1 July 2016.

Note 5 Expenses

	Note	Consolidated 2017 \$	Consolidated 2016 \$
Loss before income tax includes the following expenses:			
<i>Employee Benefits</i>			
Wages and salaries – key management		242,157	270,662
Wages and salaries – others		55,810	99,904
Directors and company secretary fees		100,997	122,550
Superannuation expense (defined contribution)		27,838	32,467
Share based payments	14	-	-
Reversal of accrual for employee benefits and taxes		(2,464)	(5,457)
		424,338	520,126
Depreciation	9	-	19,771

Note 6 Income tax expense

	Consolidated 2017 \$	Consolidated 2016 \$
(a) Components of Tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Income/(Loss) before income tax expense	689,622	547,997
Tax at the Australian tax rate of 30%	206,886	164,339
Share-based payments	-	-
Non-assessable items	(469,048)	(448,542)
Non-deductible items	23,278	6,792
	(238,884)	(277,411)
Current year tax losses not recognised	238,884	277,411
Income tax expense	-	-

Deferred tax assets not recognised

Deferred tax assets not recognised comprises temporary differences attributable to:

Tax losses	2,905,255	2,666,372
Temporary differences	42,292	41,982
Total deferred tax assets not recognised	2,947,547	2,708,354

The above potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 6 Income tax expense (cont'd)

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

- (i) the Group 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 Group continues to comply with the conditions for deductibility imposed by law; and
- (iii) no change in tax legislation adversely affects the Group in realising the benefits from deducting the losses.

Note 7 Current assets - cash and cash equivalents

	Consolidated 2017 \$	Consolidated 2016 \$
Cash at bank	1,011,408	165,209
Short-term deposits	712,910	34,022
	1,724,318	199,231

Note 8 Current assets - trade and other receivables

	Consolidated 2017 \$	Consolidated 2016 \$
Trade receivables – related party (i)	11,484	-
Interest receivable	892	66
GST and VAT receivable	11,535	32,729
Research and Development Tax Relief claim receivable (ii)	-	936,200
Other receivables	8,793	4,049
	32,704	973,044

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

- (i) These are receivables from Cornwall Resources Ltd, a wholly-owned subsidiary until its deconsolidation in February 2017 (see Note 19). NAE holds 50% interest in this entity as at reporting date.
- (ii) This amount was received on 1 July 2016

Note 9 Non-current assets – investment in joint ventures and associates

	Consolidated 2017 \$	Consolidated 2016 \$
Investment in joint venture - Cornwall Resources Ltd	1,674,749	-

NAE holds a 50 per cent equity interest in Cornwall Resources Ltd, a UK-based company which was previously wholly-owned by NAE until its deconsolidation from the Group accounts in February 2017. Based on the contractual arrangements, NAE has joint control and, as a result, this investment is accounted for using the equity method.

41 Notes to the Financial Statements

Note 9 Non-current assets – investment in joint ventures and associates (cont'd)

Summarised financial information for equity accounted joint ventures and associates

The following table includes, in aggregate, NAE's share of profit and OCI of joint ventures and associates:

	Consolidated 2017 \$	Consolidated 2016 \$
Share of:		
Profit/(loss) from continuing operations	(62,229)	-
Other comprehensive income	-	-
	(62,229)	-

Note 10 Non-current assets - exploration and evaluation assets

	Consolidated 2017 \$	Consolidated 2016 \$
Exploration and evaluation assets	4,603,750	4,763,400

Reconciliations

Reconciliations of the written down values are set out below:

	Exploration and evaluation \$
Balance at 1 July 2015	4,653,037
Additions	131,949
Reversal of impairment loss	558,941
Effect of foreign currency movements	(580,527)
Balance at 30 June 2016	4,763,400
Additions	310,192
Movement from deconsolidation of controlled entity	(347,108)
Reversal of impairment loss	166,518
Effect of foreign currency movements	(289,252)
Balance at 30 June 2017	4,603,750

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuation of the Group's rights to tenure of the interests, results of future exploration and successful development or alternatively, sale of the respective areas of interest.

In 2015, the Directors conducted a review of the capitalised exploration and evaluation assets and determined that, in light of market conditions, there were indications of impairment relevant to the carrying value of the Lochinvar exploration asset. An independent asset valuation was undertaken by Palaris Australia Pty Ltd ("Palaris") in September 2015 in accordance with the Valmin Code 2005. To determine the asset value, Palaris used the Yardstick Methods approach which is a market-based valuation technique and considered appropriate for the project's current stage. Inputs under level 2 of the fair value hierarchy within Accounting Standard AASB 13 *Fair Value Measurement* were used for the valuation whereby observed similar market transaction multiples were considered. The valuation supported a fair value of \$4,500,000. In the previous year, following an assessment by an external consultant on a similar basis to the Palaris methodology, the valuation of \$4,500,000 was maintained to support the capitalised carrying value of Lochinvar's exploration and evaluation assets.

The remaining balance of \$103,750 relates to exploration and evaluation costs on the Otago project.

Note 11 Current assets - other financial assets

	Consolidated 2017 \$	Consolidated 2016 \$
Other financial assets	25,000	119,101

As at 30 June 2016, other financial assets comprises of shares held in Strategic Minerals plc, an AIM-listed company in the United Kingdom. These shares were sold in the current year.

As at 30 June 2017, other financial assets represents term deposits held until maturity.

Note 12 Current liabilities – provisions

	Consolidated 2017 \$	Consolidated 2016 \$
Employee benefits	20,641	25,339

Note 13 Equity – contributed

	Consolidated 2017 Number	Consolidated 2016 Number	Consolidated 2017 \$	Consolidated 2016 \$
Ordinary shares – fully paid	450,857,333	343,498,083	25,492,788	23,641,688

Movements in Ordinary Share Capital

	No. of Shares	Issue Price	\$
Balance 1 July 2015	327,677,437		23,404,378
Issue of shares – funding facility	15,820,646	\$0.015	237,310
Balance 30 June 2016	343,498,083		23,641,688
Issue of shares – funding facility	15,700,000	\$0.015	235,500
Issue of shares	21,533,336	\$0.015	323,000
Issue of shares	69,200,000	\$0.020	1,384,000
Issue of shares – funding facility	925,914	\$0.0099	9,167
Issue costs	-		(100,566)
Balance 30 June 2017	450,857,333		25,492,788

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

43 Notes to the Financial Statements

Note 13 Equity – contributed (cont'd)

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2016 Annual Report.

Funding facility

In the financial year ended 30 June 2015, the Company entered into a binding agreement with its largest shareholder, Resource Capital Fund V L.P (“RCF”), to raise up to a total of US\$600,000 in funding for the Company. Under the funding facility, the Company can call for RCF to subscribe for ordinary NAE shares at an issue price of 1.5 cents per share during the 19 months beginning May 2015. The Company also elected to take part of the funding facility via an unsecured loan from RCF (Refer to Note 15 for details). On 5 June 2015, the Company issued 14,427,494 shares to RCF and received \$216,412 under this facility. On 7 December 2015, the Company issued another 15,820,646 shares to RCF and received \$237,310. During the current year, 16,625,914 shares were issued to RCF in repayment of the unsecured loan and the related interest.

Options

Refer to Note 24 for detailed disclosures of options on issue.

Note 14 Equity - reserves

	Consolidated 2017 \$	Consolidated 2016 \$ *Restated
Share-based payments reserve (a)	-	14,700
Foreign exchange reserve (b)	419,421	633,912
	419,421	648,612

(a) Share-based payments reserve

The share-based payment reserve is used to recognise the fair value of options issued as consideration for services provided to the Group.

Movements in reserve

	Number	\$
Balance 1 July 2015	22,100,000	364,300
Expiry of options – transfer to accumulated losses	(21,050,000)	(349,600)
Balance 30 June 2016	1,050,000	14,700
Expiry of options – transfer to accumulated losses	(1,050,000)	(14,700)
Balance 30 June 2017	-	-

(b) Foreign exchange reserve

The foreign exchange reserve is used to record exchange differences arising on translation of foreign controlled subsidiaries with functional currency different from the Groups' presentation currency.

	Consolidated 2017 \$	Consolidated 2016 \$
Balance at beginning of the year	633,912	1,248,181
Foreign currency translation differences for foreign operations	145,850	(614,269)
Effect of deconsolidation – reclassification to profit or loss	(68,641)	-
Balance at end of the year	419,421	633,912

Note 15 Convertible loan

	Consolidated 2017 \$	Consolidated 2016 \$
Loan from Resource Capital Funds V L.P	-	361,838

The Company received \$352,672 (US\$252,498) from an unsecured convertible loan issued to its major shareholder, Resource Capital Fund V L.P ("RCF") in the previous year. Interest accrued daily on the loan at the rate of 8% per annum on principal outstanding and amounted to \$9,166 at 30 June 2016. The Company paid this interest by issuing 925,914 NAE shares at an issue price of \$0.0099 per share, which was the lower of \$0.015 per share or the volume weighted average price for the 30 days prior to the relevant interest payment date. The Company also issued 15,700,00 NAE shares at \$0.015 per share towards repayment of the loan.

In January 2017, NAE's outstanding loan with RCF of A\$109,758 was repaid in cash by the Company. The Company has no outstanding loans to RCF or to any other party.

Note 16 Financial instruments**Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board. The policies employed to mitigate risk include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. The Board identifies risk and evaluates the effectiveness of its responses.

Market risk**Interest rate risk**

The Group's main exposure to interest rate risk is in relation to deposits held.

As at the reporting date, the Group had the following variable rate cash balances.

	Consolidated 2017 \$	Consolidated 2016 \$
Cash and cash equivalents	1,724,318	199,231
Other financial assets	25,000	-

An increase/decrease in interest rate of 1 percent would have a favourable/adverse effect on loss before tax of \$17,240 per annum (2016: \$1,992). The percentage change is added on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk is managed on a Group basis. Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has minimal exposure to credit risk as its only receivables relate to security deposits, interest receivable, and GST refunds due. Deposits are held with reputable banking financial institutions.

Note 16 Financial instruments (cont'd)

Foreign Currency Risk

As a result of operations in the United Kingdom and New Zealand, the Group's Statement of Financial Position can be affected significantly by movements in the British Pound (GBP)/ Australian Dollar (AUD) exchange rate as well as the New Zealand Dollar (NZD)/AUD exchange rate. The Group does not have a formal policy or strategy implemented to mitigate the effects of its foreign currency exposure. As the majority of the Group's operations occur within subsidiaries located in foreign countries, foreign currency risk is considered to be an inherent risk of the Group.

At 30 June, the Group had the following exposure to GBP and NZD foreign currency that is not designated as cash flow hedges:

	Assets		Liabilities		Net Exposure	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
GBP	593,893	73,707	-	(167,968)	593,893	(94,261)
NZD	-	-	(13,658)	-	(13,658)	-

Note 17 Remuneration of auditors

During the financial year, the following audit fees were paid or payable:

	Consolidated 2017 \$	Consolidated 2016 \$
Audit and review of the financial reports		
RSM Australia Partners	34,030	-
DFK Kidsons Partnership	-	37,000
	<u>34,030</u>	<u>37,000</u>

Note 18 Commitments for expenditure

	Consolidated 2017 \$	Consolidated 2016 \$
Operating lease commitments as at the reporting date but not recognised as liabilities for its office premises:		
Not later than 1 year	25,488	20,178
Later than 1 year but not later than five years	20,178	-
	<u>45,666</u>	<u>20,178</u>

The Group pays minimal annual licence and lease fees related to its Lochinvar and Redmoor tenements. These payments are discretionary; however, the company intends to make these payments and maintain the licences in good standing.

Note 19 Related party disclosures*Key Management Personnel Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2017	Consolidated 2016
	\$	\$
Short-term employee benefits	339,791	393,212
Post-employment benefits	22,828	23,444
	<u>362,619</u>	<u>416,656</u>

Controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding	Equity holding
			% 2017	% 2016
Cornwall Resources Ltd (1)	United Kingdom	Ordinary	50	93.3
Lochinvar Coal Limited	United Kingdom	Ordinary	100	100

(1) This entity was formerly NAE Resources (UK) Ltd.

In May 2016, Strategic Minerals Plc (SML) acquired 6.7% interest for £75,000 resulting in an initial non-controlling interest of \$30,925 and a gain (premium on the net assets of the controlled entity carrying values) of \$120,654 recorded in the Statement of Changes in Equity. In February 2017, SML had acquired 50% interest in total via an additional payment of £975,347 for new shares issues of CRL and NAE deconsolidated CRL as loss of control has occurred. Mr Alan Broome is a director of SML.

Additional disclosure of financial information in respect to the non-controlling interests in the controlled entities is not considered necessary based on materiality levels.

Deconsolidation

Cornwall Resources Ltd ("CRL"), formerly NAE Resources (UK) Ltd, was previously a wholly-owned subsidiary of NAE and formed part of the consolidated group. On 1 February 2017, Strategic Minerals Plc (SML), which owned 16.45% interest in CRL, acquired an additional 33.55% interest for a 50% total interest, obtaining a level of control that is equal to that of NAE. Because of this transaction, CRL was deconsolidated in 2017 since control was lost. CRL will be a related party following deconsolidation since NAE will continue to have the ability to significantly influence (but not control) its management and operating policies. Therefore, NAE's consolidated financial statements will reflect the investment in CRL using the equity method of accounting. A deconsolidation gain or loss represents the difference between consolidated net assets immediately prior to losing control of the partnership and net assets immediately thereafter, with the remaining equity investment in the partnership measured at fair value on the date of the change in control. The gain of \$1,430,205 appears on the Statement of Profit or Loss as a gain from deconsolidation. A summary of CRL's financial position and activities, as reflected on NAE's consolidated financial statements follows:

	31 January 2017 balances prior to deconsolidation
	\$
Current assets	85,731
Exploration assets	340,309
Total liabilities	51,930
Net assets – NAE share	312,569
Net assets – noncontrolling interest	61,541

Transactions with related parties

	Consolidated 2017 \$	Consolidated 2016 \$
Services provided to/(from) the Group made on normal commercial terms and conditions and at market rates:		
Gary Fietz's wife, for administrative and investor relations support services	28,558	27,156
Cornwall Resources Ltd, for management fees, hire of vehicle and reimbursement of expenses (1)	76,732	-

(1) Cornwall Resources Ltd was a wholly-owned subsidiary of NAE until the disposal of 50% ownership on 1 February 2017.

Receivable from and payable to related parties

On 29 February 2016, NAE received A\$352,672 convertible loan proceeds (Note 15) from its funding facility in place with its largest shareholder, Resource Capital Funds V L.P ("RCF"). This unsecured convertible loan represented the remaining undrawn portion of US\$252,498 of the US\$600,000 funding facility agreement entered into with RCF in May 2015. The loan was fully paid during the year.

At 30 June 2017, the consolidated entity had trade receivables and loan receivable from CRL of \$11,484 and \$15,465, respectively.

Other transactions

NAE's Chairman of the Board, Mr Alan Broome, is also Chairman of the Board for Strategic Minerals plc ("SML"). SML and NAE each own 50% interest in the joint venture over Cornwall Resources Ltd.

Note 20 Events occurring after the reporting date

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Note 21 Reconciliation of profit after income tax to net cash used in operating activities

	Consolidated 2017 \$	Consolidated 2016 \$
Profit after income tax expense for the year	689,623	547,997
Adjustments for:		
Depreciation and amortisation	-	19,771
Unrealised foreign exchange (gains)/losses	139,889	(12,435)
Write off of exploration assets	53,556	-
Gain on deconsolidation of controlled entity	(1,430,279)	-
Write off of receivables	15,679	-
Interest expense	4,588	9,167
Reversal of impairment on exploration asset	(166,518)	(558,941)
Transfers from other comprehensive income	(62,025)	-
Gain on sale of other financial assets	(3,189)	(5,076)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	31,697	(953,113)
Decrease in prepayments	10,890	5,854
Increase/(decrease) in trade and other payables	(51,391)	143,933
Increase/(decrease) in deferred lease liability	-	-
Increase/(decrease) in employee benefits	(4,698)	(5,357)
Net cash used in operating activities	(772,178)	(808,200)

Note 22 Earnings per share

	Consolidated 2017 \$	Consolidated 2016 \$
Profit/(Loss) after income tax attributable to the owners of New Age Exploration Limited	689,623	548,085
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	402,217,706	336,779,726
Weighted average number of ordinary shares used in calculating diluted earnings per share	402,217,706	336,779,726
	Cents	Cents
Basic earnings/(loss) per share	0.17	0.17
Diluted earnings/(loss) per share	0.17	0.17

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 due to being non-dilutive as the Group is loss generating.

Note 23 Parent entity information

	2017 \$	2016 \$
Financial position		
Current assets	1,191,243	175,180
Non-current assets	5,891,908	5,372,887
Total assets	7,083,151	5,548,067
Current liabilities	127,279	96,824
Convertible loan	-	361,838
Total liabilities	127,279	458,662
Net assets	6,955,872	5,089,405
Contributed equity	25,492,788	23,641,688
Reserves	-	14,700
Accumulated losses	(18,536,916)	(18,566,983)
Total equity	6,955,872	5,089,405
Financial performance		
Profit/(Loss) for the year	642,588	(259,539)
Comprehensive profit/(loss) for the year	642,588	(259,539)

The parent entity, New Age Exploration Limited, has not entered into any guarantees in respect to its controlled entities.

Capital Commitments

There are no commitments for the acquisition of plant and equipment contracted for at the reporting date.

Finance Leases

There are no commitments in relation to finance leases.

Note 24 Share-based payments

A share option plan has been established by the Company and approved by shareholders at a general meeting, whereby the Company may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel of the Company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options on issue as at 30 June 2017.

Grant Date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year	Vested and exercisable
01/08/14	26/06/17	\$0.045	1,050,000	-	-	(1,050,000)	-	-
			1,050,000	-	-	(1,050,000)	-	-
Weighted average exercise price			\$0.045	-	-	\$0.045		
Weighted average contractual life			1 year					

No share-based payment arrangements occurred during the current financial year.

Note 25 Contingent Liabilities

In June 2016, NAE's majority owned subsidiary, NAE Aurora JV Cesar SAS (liquidated in the commercial registry of the Chamber of Commerce of Bogotá on 17 December 2015), received notice from the mining authority in Colombia for unpaid exploration licence payments. No legal proceeding has been filed and based on legal advice, management believes that any payment on this matter is unlikely. No liability has been recorded in the statement of financial position for this contingency.

Note 26 Correction of accounting for reversal of impairment loss

During the year ended 30 June 2017, management undertook a review of the accounting treatment adopted in the prior year to recognise the reversal of impairment loss in the carrying value of the exploration and evaluation asset located in the UK. This reversal of impairment loss was recognised by increasing the foreign exchange reserve in the statement of financial position. As a result of the above review, management has determined that, in accordance with AASB136 *Impairment of Assets*, the reversal of this impairment loss should have been recognised in the profit or loss for the year ended 30 June 2016.

Accordingly, the comparative figures in the profit or loss related to the year 2016 has been amended to include a gain from reversal of impairment amounting of \$558,941, and decreasing the foreign currency reserve in the statement of financial position. Summary of the change as the impact of this change in the comparative figures as follows:

Statement of profit or loss and Other Comprehensive income (extract)	2016	Increase/ (decrease)	2016 (Restated)
	\$		\$
<i>Revenue</i>			
Revenue	944,794	-	944,794
Reversal of impairment losses	-	558,941	558,941
<i>Expenses</i>	955,738	-	955,738
Profit/ (loss)	(10,944)	558,941	547,997
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(53,923)	(558,941)	(612,864)
Total comprehensive income/ (loss) for the year Other comprehensive income	(64,867)	-	(64,867)

Statement of financial position (extract)	As at 30 June 2016	Increase/ (decrease)	As at 30 June 2016 (Restated)
	\$		\$
Total assets	6,068,755	-	6,068,755
Total liabilities	636,972	-	636,972
Net assets	5,431,783	-	5,431,783
<i>Equity</i>			
Contributed capital	23,641,688		23,641,688
Reserves	1,207,553	(558,941)	648,612
Accumulated losses	(19,449,311)	558,941	(18,890,370)
Total parent entity interest	5,339,930	-	5,339,930
Non-controlling interest	31,853	-	31,853
Total equity	5,431,783	-	5,431,783

51 Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Gary Fietz
Managing Director

30 September 2017
Melbourne



RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT To the Members of New Age Exploration Limited

Opinion

We have audited the financial report of New Age Exploration Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters (continued.)

Key Audit Matter	How our audit addressed this matter
<p>Disposal of investments in subsidiaries and recognition of a joint venture Refer to Note 9 in the financial statements</p>	
<p>During the year, the Group entered into a funding agreement with Strategic Minerals Plc ("SML") where additional shares were issued in its former subsidiary NAE Resources (UK) Ltd ("NAE UK"), previously named Cornwall Resources Limited, such that 50% of NAE UK is now owned by SML.</p> <p>This has resulted in a loss of control of New Age Exploration Limited over NAE UK and therefore triggered the deconsolidation of this entity from the Group and the recognition of NAE UK as a Joint Venture under the equity method.</p> <p>This was considered a key audit matter, as it involved a complex accounting treatment, and resulted in large gain in the profit or loss.</p>	<p>Our audit procedures in relation to this transaction involved:</p> <ul style="list-style-type: none"> • Reviewing the funding agreement and other relevant documentation in order to critically assess the accounting treatment adopted to deconsolidate NAE UK from the Group, including the subsequent recognition and measurement of NAE UK as a joint venture; • Assessing the date at which the parent entity lost control of NAE UK; • Recalculating the gain on deconsolidation recognised in the profit or loss; • Calculating the impact of the foreign exchange reserves on the profit or loss; and • Verifying that the accounting treatment of joint venture is in accordance with the Australian Accounting Standards.
<p>Exploration and evaluation assets Refer to Note 10 in the financial statements</p>	
<p>The Group has capitalised exploration expenditure with a carrying value of \$4.6 million, net of impairment losses recognised in previous financial years. We determined this to be a key audit matter due to the fact that this asset represents more than 50% of the total assets of the Group, and due to the significant management judgment involved in assessing the carrying value in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> • Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest. • Assessing whether any indicators of impairment are present, and if so, the judgments applied to determine and quantify any impairment loss. • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed. 	<p>Our audit procedures in relation to the carrying value of exploration and evaluation assets included:</p> <ul style="list-style-type: none"> • Evaluation of management's assessment that no indicators of impairment existed in relation to the different areas, in particular in relation to Lochinvar; • Agreeing a sample of the additions to Exploration and evaluation assets during the financial year to supporting documentation, and ensuring that the capitalised amounts were in line with the Group's accounting policy and capital in nature; and • Discussions with management and a review of the Group's ASX announcements and other relevant documentation, to assess management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

**Report on the Remuneration Report***Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of New Age Exploration Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink, appearing to read 'J S Croall'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'J S Croall'.

J S CROALL

Partner

Dated: 30 September 2017

Melbourne, Victoria

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in the annual report are set out below. The information was applicable as at 19 September 2017.

1. Shareholdings – Ordinary Shares

a. Distribution of Shareholders

Analysis of number of equitable security holders by size of holding:

	Number of holders
1 to 1,000	363
1,001 to 5,000	46
5,001 to 10,000	88
10,001 to 100,000	304
100,001 and over	<u>357</u>
	<u>1,158</u>
Holdings less than a marketable parcel	<u>672</u>

b. Substantial Shareholders

Substantial holders in the Group are set out below.

	Number held	% of total shares issued
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED (<i>Resource Capital Fund V L.P</i>)	146,759,029	32.55%
MR CHEE SIEW YAW	40,816,667	9.05%

c. Voting rights

The voting rights attached to ordinary shares are set out below.

Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

d. Restricted Securities

There are no restricted securities at 19 September 2017.

57 Shareholder Information

1. Shareholdings – Ordinary Shares (cont'd)

e. Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below.

	Number held	% of total shares issued
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED (<i>Resource Capital Fund V L.P</i>)	146,759,029	32.55
MR CHEE SIEW YAW	40,816,667	9.05
PAND JR PTY LTD	9,889,283	2.19
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,624,924	1.25
MR JOHN MCGREGOR SKINNER	4,992,626	1.11
MR MATTHEW JOHN TURNER & MR JOHN ANTHONY TURNER	4,686,400	1.04
STOYLE HOLDINGS PTY LTD	4,628,000	1.03
JANNARN PTY LTD	4,466,666	0.99
CORPORATE PROPERTY SERVICES PTY LTD	4,333,333	0.96
LAKE PACIFIC PTY LTD	4,000,000	0.89
COAL INDUSTRY SERVICES PTY LTD	3,093,352	0.69
MR VINCE TRUDA	3,000,000	0.67
MR SIMON TULLOH & MRS ROBYN TULLOH	3,000,000	0.67
MR JOHN MCGREGOR SKINNER	2,985,000	0.66
MR LEONARD BEBRI	2,975,000	0.66
MR GRANT MORRIS	2,771,551	0.61
BNP PARIBAS NOMINEES PTY LTD	2,726,015	0.60
SML CONTRACTING PTY LTD	2,650,000	0.59
MR BRETT JOHN HARRIS	2,602,491	0.58
MR GLENN THOMAS CONNOR & MRS ANNETTE MARGARET CONNOR	2,500,000	0.55
MS CHEW YUET FOONG	2,390,000	0.53
	260,890,337	57.87

2. Unquoted Securities

a. Distribution of Option Holders

	options
1 to 1,000	-
1,001 to 5,000	-
5,001 to 10,000	-
10,001 to 100,000	-
100,001 and over	-
Total holders	-

b. Voting rights

Holders of options have no voting rights.

3. Other

- a. The name of the Company Secretary is Adrien Wing.
- b. The principal registered address in Australia is Level 3, 480 Collins Street, Melbourne Victoria 3000.
- c. Registers of securities are held at the following address: Link Market Services, Level 4, Central Park, 152 St Georges Terrace, Perth WA 6000.
- d. Stock Exchange Listing: Quotation has been granted for all ordinary shares on all Member Exchanges of the ASX Limited

Corporate Governance: A copy of the Company's Corporate Governance Statement is available on the Company's website at <http://www.nae.net.au>.

List of Exploration Licences Held by the NAE Group and its Associated Entities

Licence No.	Project	Country	Area (km ²)	Licence Type	NAE Group % Interest
CA11/EXP/0515/N	Lochinvar	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0176/N	Lochinvar	United Kingdom	67.5	Conditional Underground Licence and Option Agreement	100%
CA11/EXP/0545/N	Lochinvar South	United Kingdom	51.0	Exploration Licence	100%
CA11/UND/0182/N	Lochinvar South	United Kingdom	51.0	Conditional Underground Licence and Option Agreement	100%
CL132803	Redmoor	United Kingdom	23.0	Mineral Rights	50% ^(a)
MPP60254	Otago South Gold – Mahinerangi	New Zealand	154	Prospecting Permit	100%
MPP60255	Otago South Gold – Teviot	New Zealand	66	Prospecting Permit	100%

(a) The Mineral Rights for Title CL132803 is currently being re-registered with the Land Registry for England and Wales.

