ABN 27 118 554 359

Annual Report 2012

NEWERA RESOURCES LIMITED

and Controlled Entity

ABN 27 118 554 359

Annual Report 2012

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Corporate Directory

DIRECTORS

Mr Martin Blakeman - Executive Chairman
Mr Winton Willesee - Non-Executive Director
Mr Eric de Mori - Non-Executive Director

COMPANY SECRETARY

Mr Winton Willesee

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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SUBIACO, WA 6008

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SUBIACO WA 6904

SOLICITORS TO THE COMPANY

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PERTH WA 6000

SHARE REGISTRY

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ph: +61 (8) 9315 2333
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AUDITORS

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Level 1
12 Kings Park Road
WEST PERTH WA 6005

STOCK EXCHANGE

Australian Securities Exchange
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2 The Esplanade
Perth, Western Australia 6000

(ASX: NRU)

Directors' Report

Your Directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2012.

DIRECTORS

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

Mr Martin Blakeman
Mr Eric de Mori
Mr Winton Willesee

Directors have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

Mr Winton Willesee

PRINCIPAL ACTIVITIES

The Group's principal activities during the financial year were that of minerals exploration.

During the year the Group continued activities exploring for uranium, coal and base metals on its tenements. In addition the Group continued its review of complementary energy and other resource projects.

Other than the addition tenements in Sweden and Mongolia there were no significant changes in the nature of the Group's principal activities during the financial year.

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to $688,323 (2011: $223,879).

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

BUSINESS OVERVIEW

During the year the Company continued activities exploring for uranium and base metals on its Australian tenements and progressed its worldwide search for opportunities abroad.

AUSTRALIA OPERATIONS

The Company has interests in following projects:

- Pells Range Project (E09/1193) – The project area is located 30 kilometres south west of Gascoyne Junction in Western Australia and contains the Pells Range Prospect. The target commodity is uranium.
- Jailor Bore Project – The project area is located 200 kilometres east of Carnarvon in Western Australia and contains the Giant, Red Hill Well and Relief Well Prospects. The target commodity is uranium.
- Cummins Range Project (E80/4308 and E80/4632) – The project area is located 160 kilometres south west of Halls Creek in the southern Kimberley region of Western Australia in the vicinity of the Cummins Range. The target commodities are rare earth elements and phosphate.
- White Lady Project (E25169) - The project area is 150 kilometres north east of Alice Springs in the Arunta region of the Northern Territory and contains the Clancy's Prospect. The target commodities are copper and gold.

INTERNATIONAL OPERATIONS

Over the past twenty four months, Newera has actively sought to research and secure new projects overseas with the initial focus on Kyrgyzstan. More recently Newera has researched projects in both Southern Africa (South Africa, Botswana and Malawi), Sweden and Mongolia.

During the 2011/12 financial year the Company progressed its offshore exploration interests in Sweden and were granted licences over two tenements which cover a 40 kilometre long SE-NW trending shear zone termed the "Mylonite Zone" striking towards the border of Norway. This area has been identified as having potential for sulphidic bodies carrying copper and gold.

The Company also executed a binding agreement to acquire an 80% interest in the Shanagan Uul East Project ("Shanagan Project"), located in Central Mongolia. The Shanagan Project comprises of one exploration license covering an area of approximately 2,223 hectares in a known coal bearing region, 140 kilometres southeast of Ulaanbaatar.

The Company will continue to review opportunities offshore, and will pursue in more detail, those projects identified as having potential to add value to Newera.

REVIEW OF OPERATIONS

During the 2011/12 operational year, the Company continued to maintain a dual focus. In the first instance, the focus was to continue to explore and maintain Newera's Australian tenement portfolio seeking to add to the understanding of those mineral prospects already identified through previous exploration.

In the second instance, the focus was to actively seek projects outside of Newera's immediate portfolio. This search led Newera to consider projects both onshore and offshore where it was considered that if an outside project could be identified, had sufficient technical merit and could be secured as a Company project, it would add significant value to the Company. The year's exploration activities commenced on Newera's Australian projects where previous exploration work had identified uranium mineralisation at the Pells Range prospect within the Pells Range project area in WA, and at the Giant and Relief Well prospects within the Jailor Bore project area in WA.

In order to locate improved drilling targets within Pells Range project area, a gravity survey giving comprehensive coverage of the licence area was undertaken.

Within the Jailor Bore project area, Newera actively sought new prospects with the potential to deliver additional tonnages of uranium ore to the Exploration Target recently identified through Newera drilling at the Giant prospect.

In order to identify new targets at Jailor Bore, a gravity survey was undertaken to extend to the south a gravity grid which had previously been established and gravity surveyed.

A drilling program was undertaken to further test the underlying stratigraphy at the Giant prospect in order to try and extend the uranium mineralisation that had been identified through Newera's previous drilling program at Giant.

As part of Newera's international search for opportunities, the Company gave careful consideration to critical matters that would be likely to affect Newera if it chose to operate within certain continents, islands or countries. Following this review, it became clear to the Board of Newera that, as a country, Mongolia offered immediate opportunity.

It was decided that Mongolia currently presented an environment that offered opportunity in terms of the number of projects potentially available, had a suitably stable political environment, a workable Mining Act and a perception of a lower level of sovereign risk.

Commencing in January 2012, Newera's management actively took measures to establish a Newera subsidiary in Mongolia, having regard to the requirement under the Mongolian Mining Act.

By mid May 2012, Newera had identified a suitable coal prospect and were able to secure an Option Agreement covering that particular licence.

Further project-specific details are provided below.

PELLS RANGE PROJECT

Pells Range Gravity Survey

Planned Program: Historical exploration had identified high grade uranium mineralisation at approximately 50 metres depth in a number of wide spaced (1600m grid) drill holes within E09/1193.

Prior to the gravity survey, little pattern had been established to the emplacement of the identified uranium mineralisation which is seen to occur towards the base of an extensive and relatively thick black shale unit.

By conducting a gravity survey Newera hoped to identify discrete uranium prospective channels at the base of the black shale units underlying the present alluvial flood plain cover.

A program to collect gravity data within E09/1193 was planned using 100m collection point spacing on SW-NE lines 1000 metres apart resulting in 1,093 collection points. The planned data to be collected was deemed sufficiently comprehensive to identify any channels that may exist within E09/1193 such that any channels that are identified would become the focus for future exploration drilling programs.

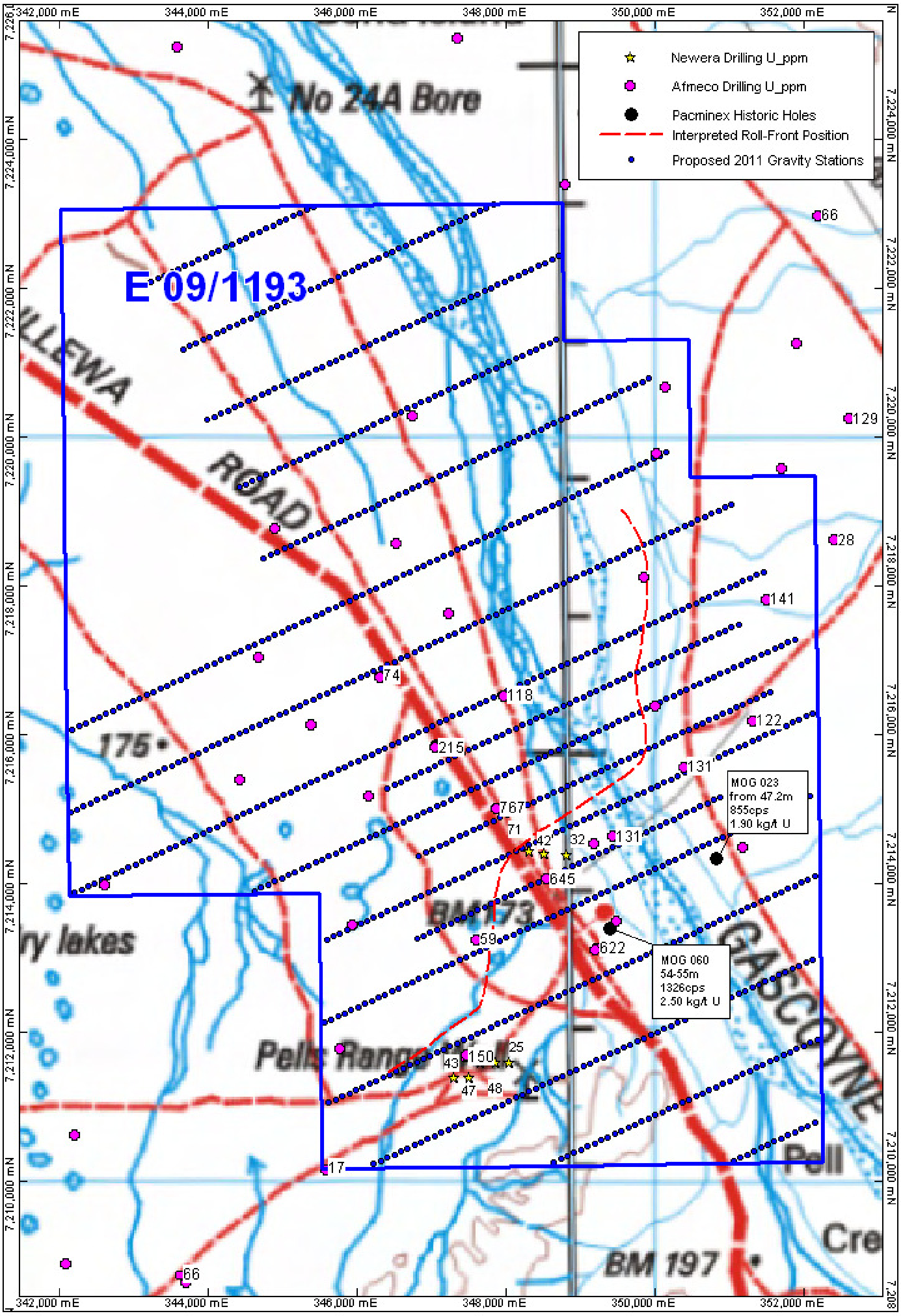

Figure 1. Newera planned gravity lines over topographic plan, including significant historical uranium drill hole assay results.

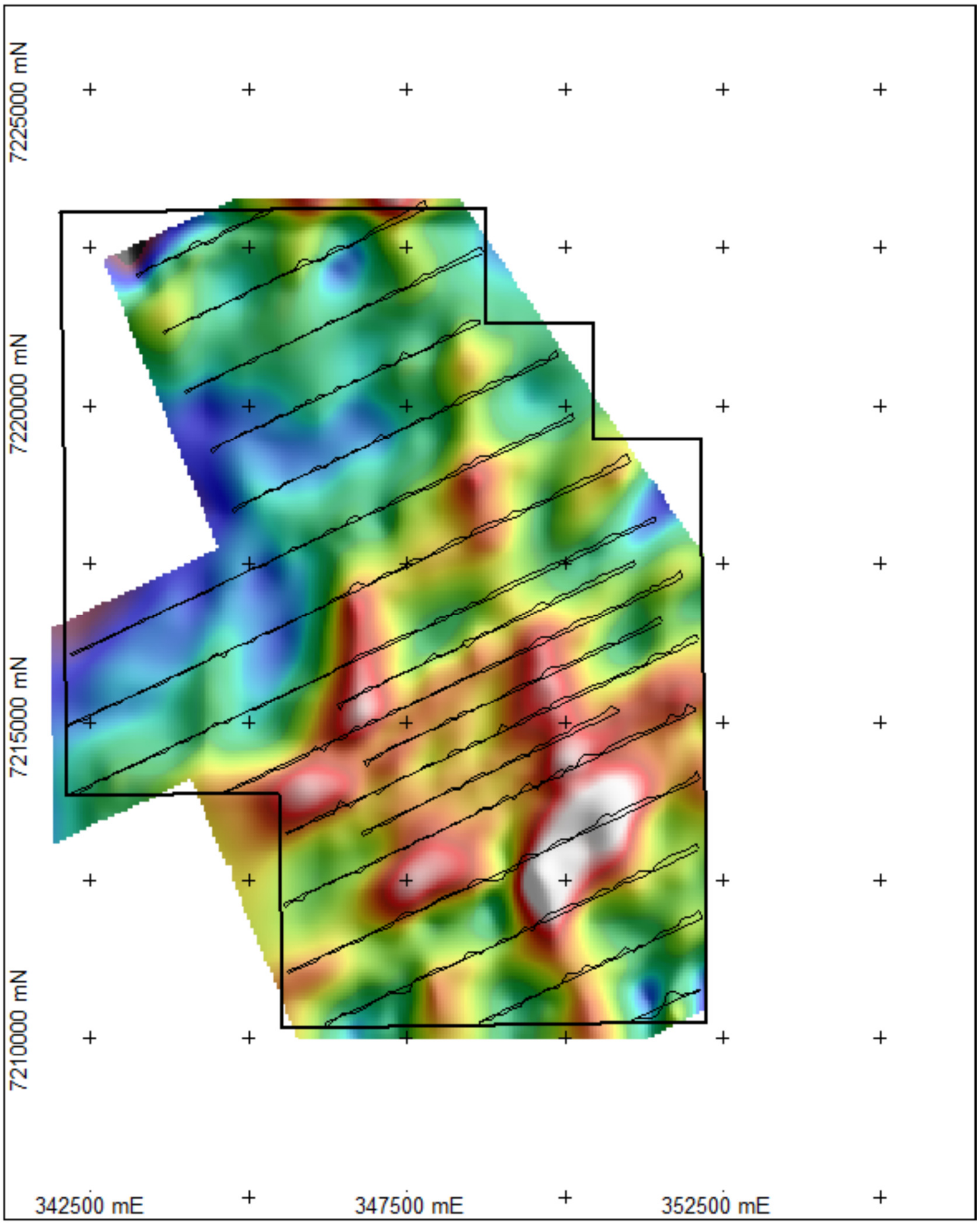

Figure 2: Horizontal Derivative of the Bouguer gravity anomaly (BAFHD)

Completed Program: Data from a total of 1086 gravity stations was acquired over the Pells Range area. Fifteen Gravity traverses in the north-east direction were mostly 1 km apart (with some 500 metres infill), station spacing was 100 metres along all lines.

Results of Pells Range Gravity Survey: Processing, modelling and interpretation of the data acquired through the Pells Range gravity survey indicate that insufficient gravity contrast exists between the basement rock types and the overlying flood plain sediments to define any obvious palaeochannels.

JAILORE BORE PROJECT

Jailor Bore Gravity Survey

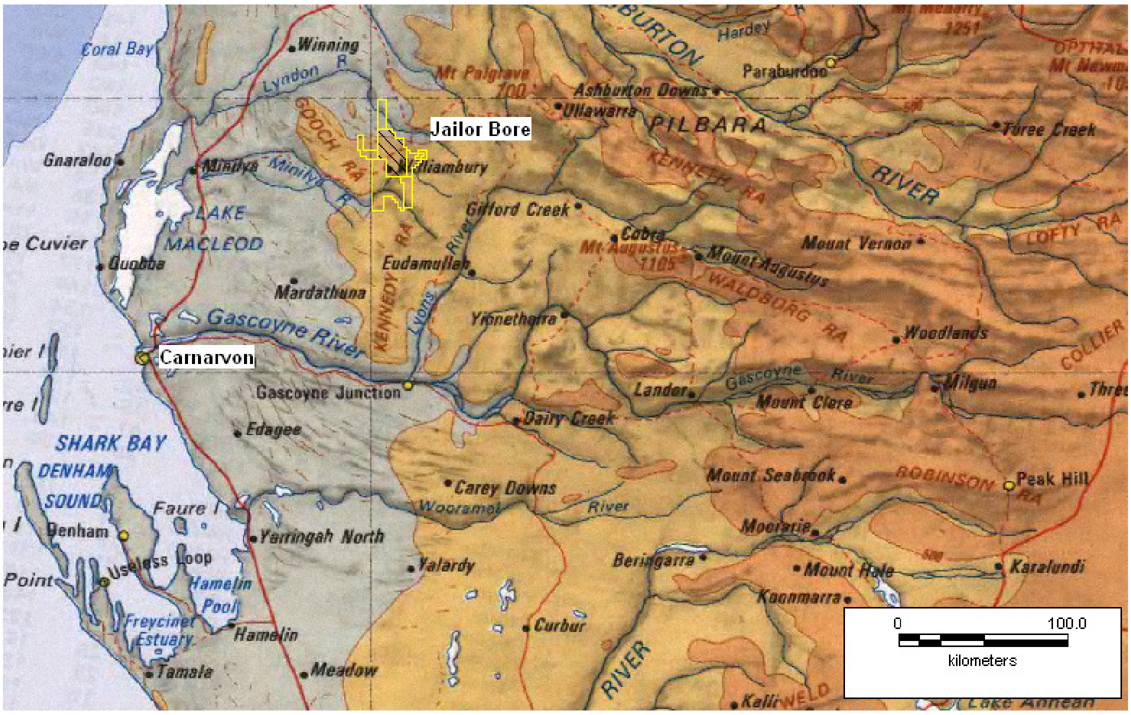

Figure 3: Location Map of the Jailor Bore Project

<u>Planned program:</u> A previous gravity survey at Jailor Bore had identified three interpreted palaeochannel targets orientated approximately south to north. During the period, a new gravity survey was conducted to test for extensions to these palaeochannels, or new channels to the south of the previous survey.

<u>Table 1</u>

Summary of Gravity Survey Lines Within E 09/1434 & E 09/1298

Gravity Line No.	Northing mN	Easting Minimum mE	Easting of Stations (maximum)
JB 1	7356150	298700	196
JB 2	7354150	298700	201
JB 3	7352150	299000	203
JB 4	7350150	300000	201
JB 5	7348750	301500	185
JB 6	7346750	303600	159
JB 7	7344750	304900	141
JB 8	314700mE	7336000mN	79
Total			1,365

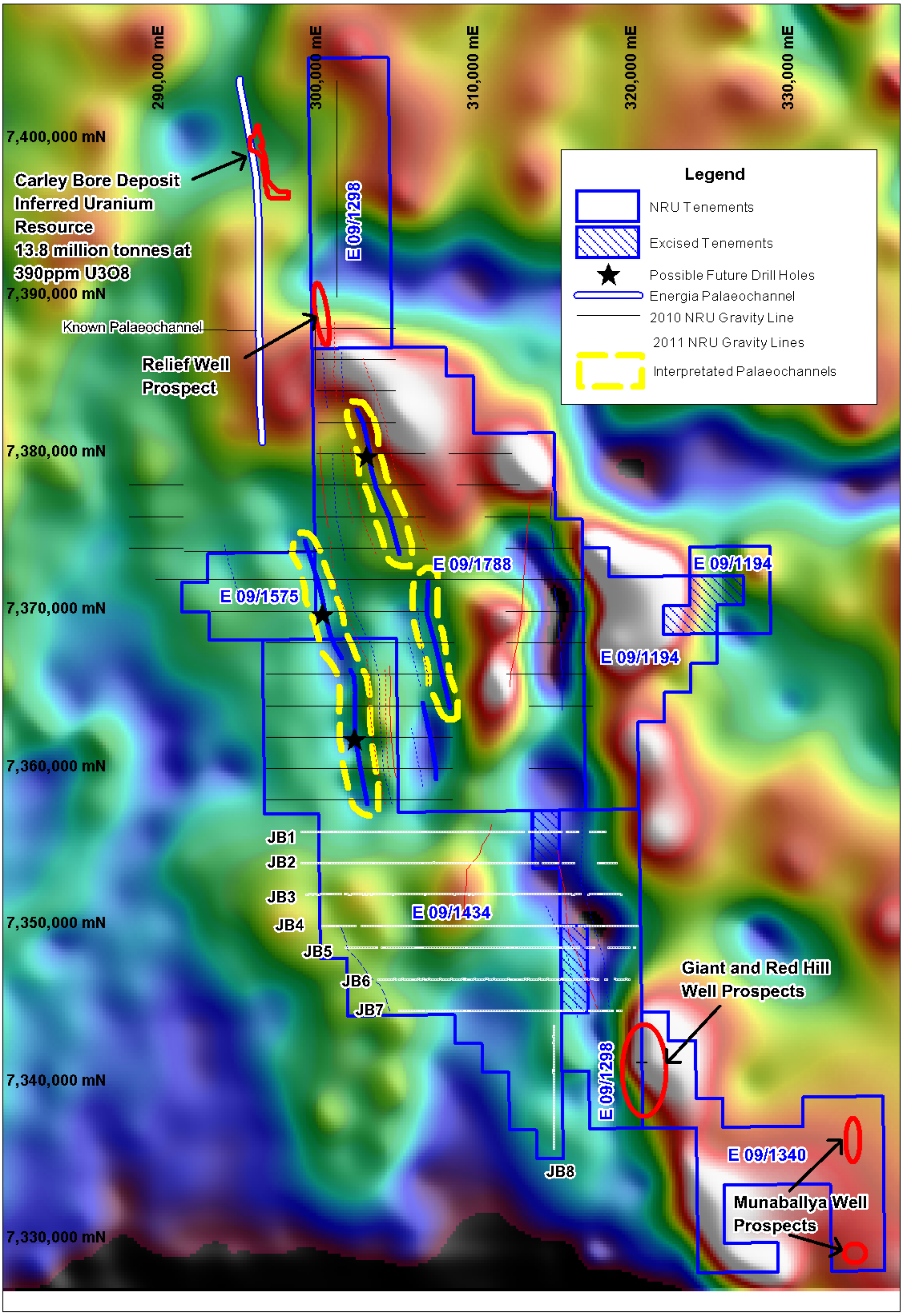

Figure 4: Jailor Bore E09/1434 Proposed Gravity Lines on 1st VD Regional Gravity Interpretation - JB1 through to JB8.

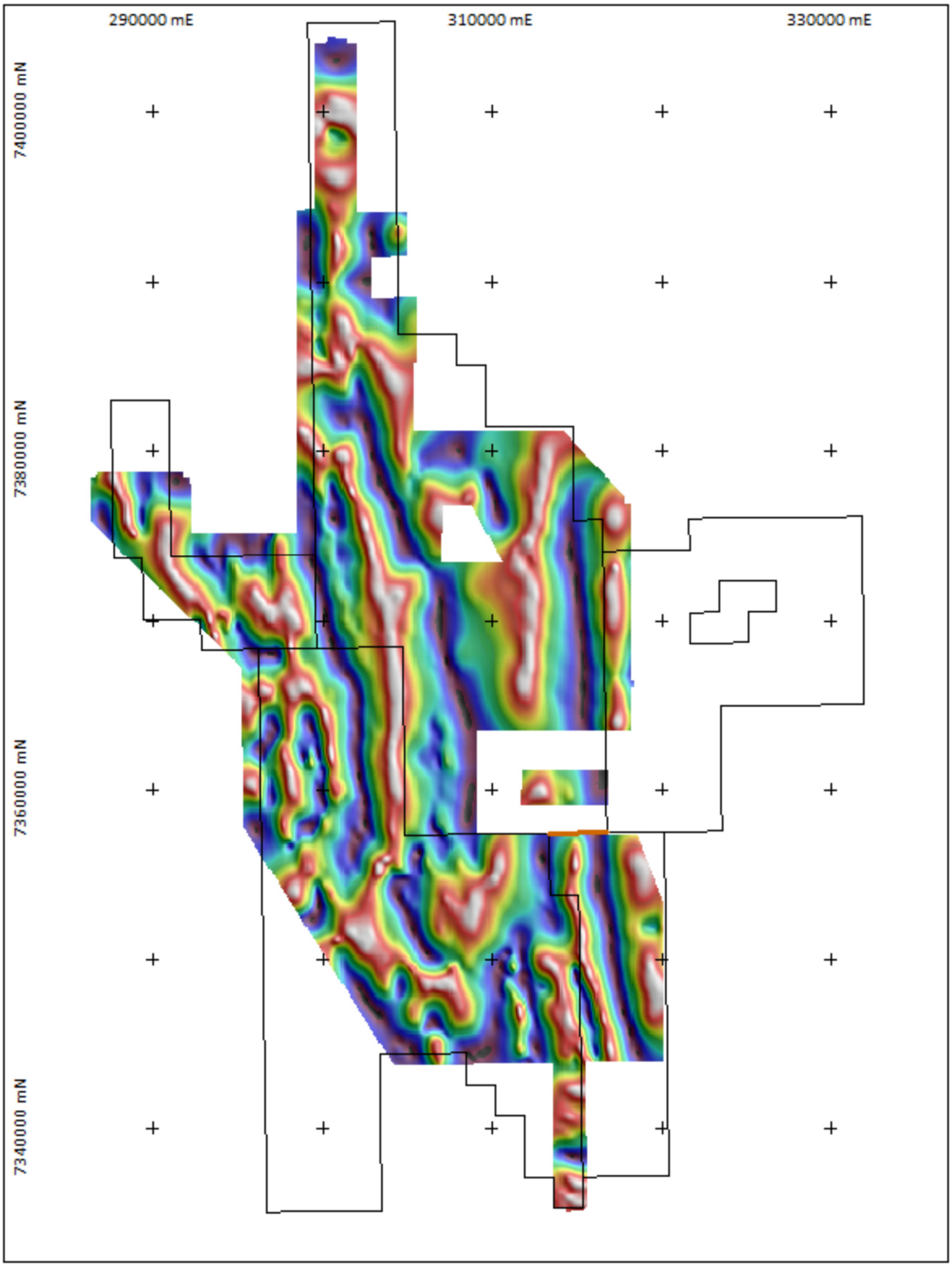

Figure 5: Processed tilt angle image of the Bouguer gravity anomaly (BATILT). Data from Gravity Surveys 1, and 2, merged. Surveys 1 and 2 merged, over the Jailor Bore Tenement Plan.

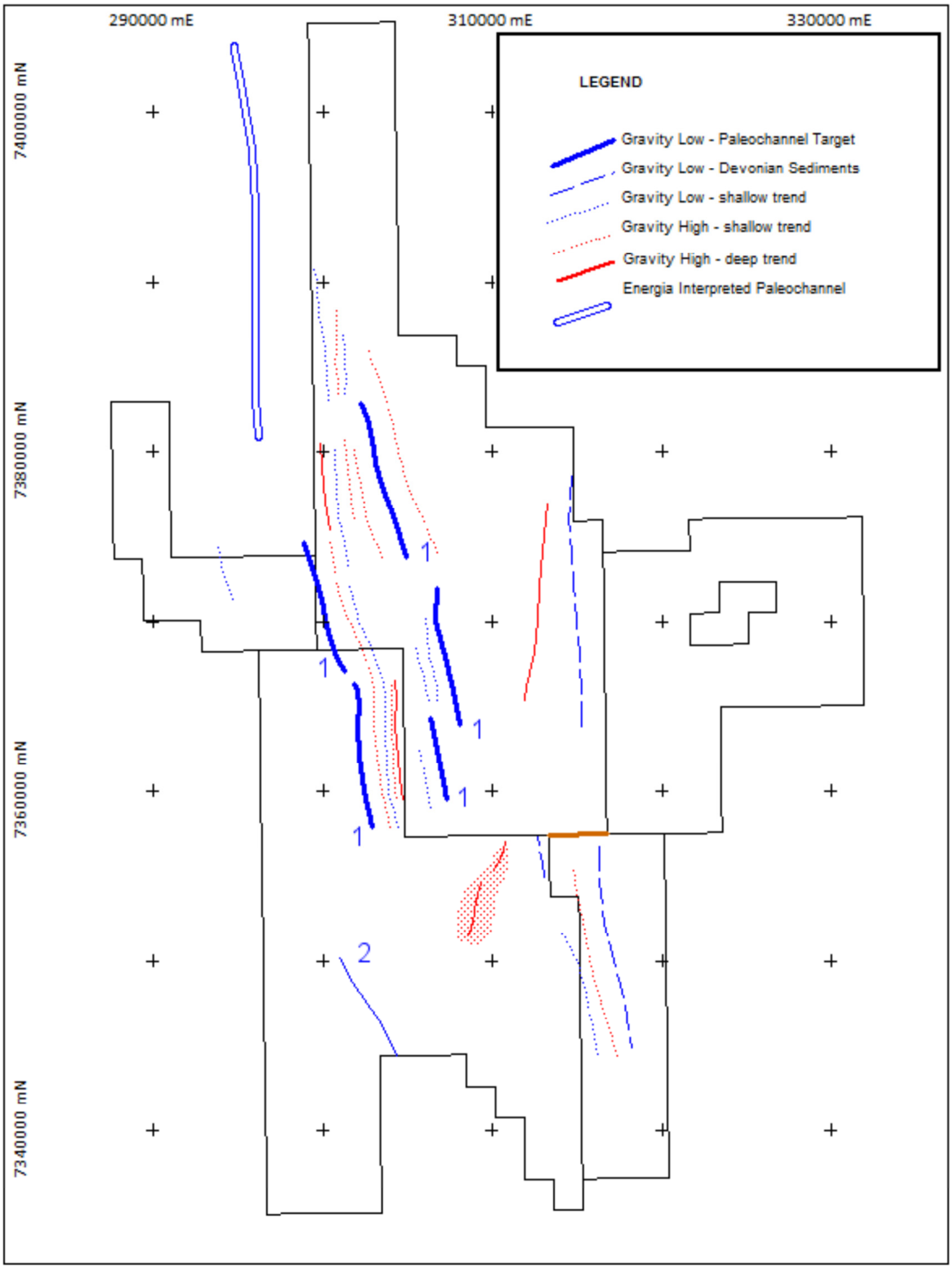

Figure 6: Revised interpretation plan showing combined survey gravity trends and proposed priority palaeochannel targets (1& 2).

Completed Program: The 2011 Jailor Bore gravity survey identified a further palaeochannel target in the south western corner of the survey (see 2 in Figure 6). Extensions to the palaeochannel targets identified in the previous gravity survey were not proven to exist in any great strength further to the south.

Future field work will now concentrate on the priority 1 palaeochannels indicated in Figure 6.

The Giant Prospect Drilling Program

The Giant Prospect is located within the Jailor Bore Project in the Gascoyne Region, 250 kilometres by road northeast of Carnarvon in Western Australia.

Previous historical exploration had defined the surface expression of a radiometric anomaly at Giant. Limited historical drilling had indicated that a blanket of uranium mineralisation may exist across a wide area, to a depth of less than 10 metres.

Drilling conducted by Newera at Giant in 2008 confirmed the presence of uranium mineralisation, coincident with airborne radiometric anomalies. Based on the extent of the radiometric anomalies striking up to 5km by approximately 400 metres wide, with mineralisation demonstrated through very broad spaced drilling to average approximately 2 metres in thickness.

Planned Program: It was determined that in order to further understand the geology and deposition of uranium mineralisation at Giant, and to potentially define a future JORC standard inferred resource, that lines of close spaced shallow (<10 metres) drilling needed to be undertaken to determine the near surface distribution of uranium mineralisation across the sequence of inter-bedded siltstones and shales.

A program of 1700 metres across three lines spaced 320 metres apart was planned, with nominal drill hole spacings of 20 metres with discretion to infill to 10 metres following field analysis. Holes were to be 10 metres in depth.

The drilling program was designed to test the depth, width and consistency of uranium mineralisation across the main radiometric anomaly at Giant.

Completed Program: A total of 211 air core holes, along three drill lines, were drilled at the Giant Prospect for a total of 2071 metres drilled. Drill line spacing was 320 metres and drill hole spacing was 20 metres. Drill holes were set at 60 degrees to the east. The vast majority of holes were only ten metres deep as most of the mineralisation was indicated to be very close to the surface.

During the drilling program, 2011 single metre samples were generated, with each of the single metre samples being estimated in the field by spectrometer. Of the 2011 samples, 832 single metre samples were submitted for laboratory analysis using four acid digest. Elements requested to be analysed included uranium, thorium and vanadium.

During logging of the drill samples, it was noted that the mineral, carnotite, or a close associate, was present in many of the drill chip samples where higher grades were indicated.

Drilling Results: From the 832 results received from the first phase of sampling, Newera has identified 64 drill holes generating 69 significant intersections of mineralisation with U_3O_8 above 100ppm. All the identified intersections are shown in the two pages of Table 2. All drill holes and significant intersections are shown in Plan 1.

Newera believes that while the uranium results could be considered of moderate grade, they are significantly anomalous and correlate well between the three lines spaced 320 metres apart.

The mineralised zone remains open to the north and south. Further drill lines can be added to the north and to the south in an attempt to extend the known and now tested zone of mineralisation.

Newera is encouraged by both the uranium and vanadium results. While the uranium results are higher than expected, the Vanadium results are substantially higher than expected. Uranium to vanadium ratios are generally between 0.8 and 2.5.

Further work is required but results from this initial phase of detailed exploration are considered very encouraging and further extension drilling will be planned.

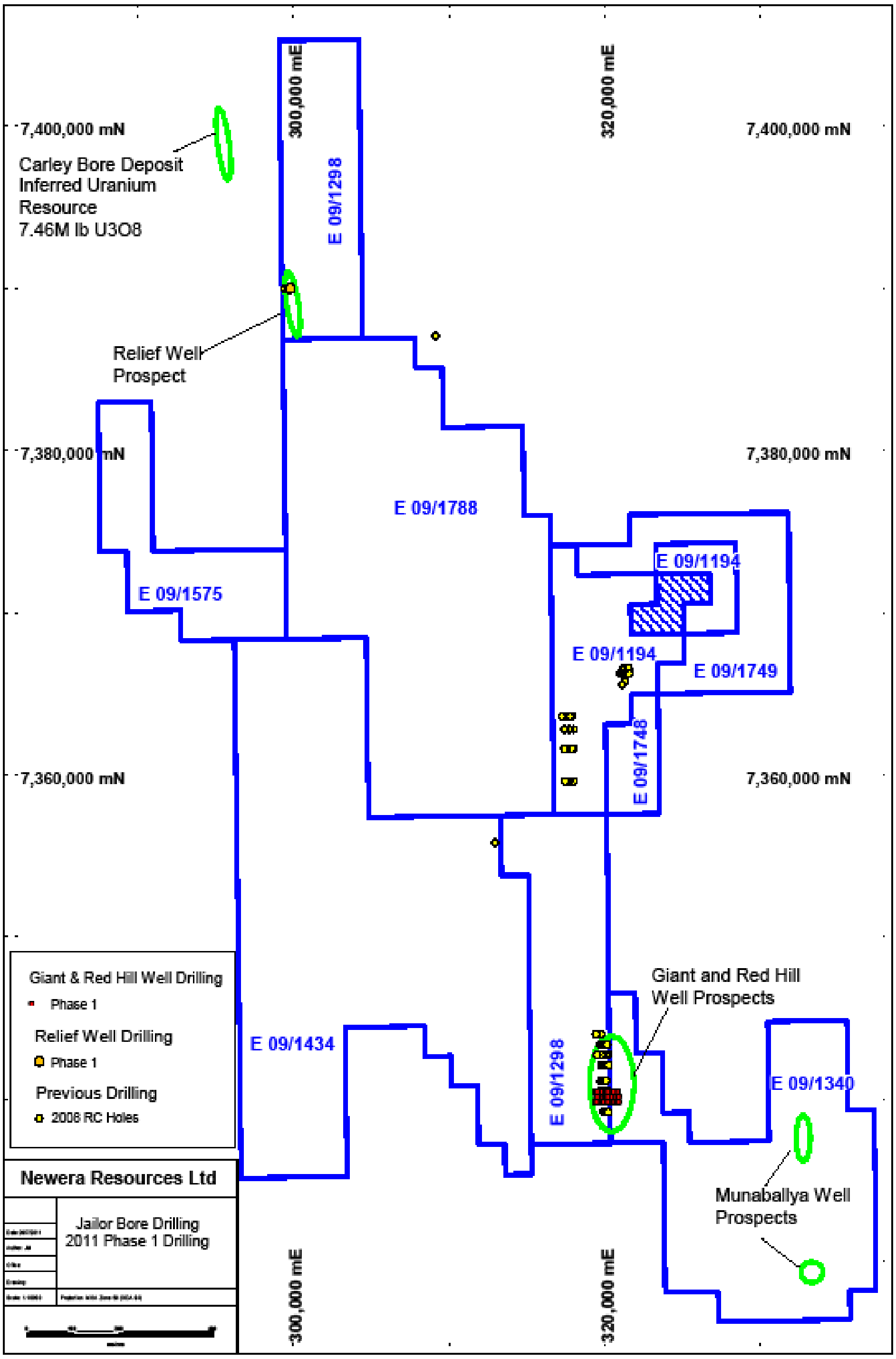

Figure 7: Jailor Bore project tenement plan showing major prospects in the area, including Newera's Giant and Relief well prospects.

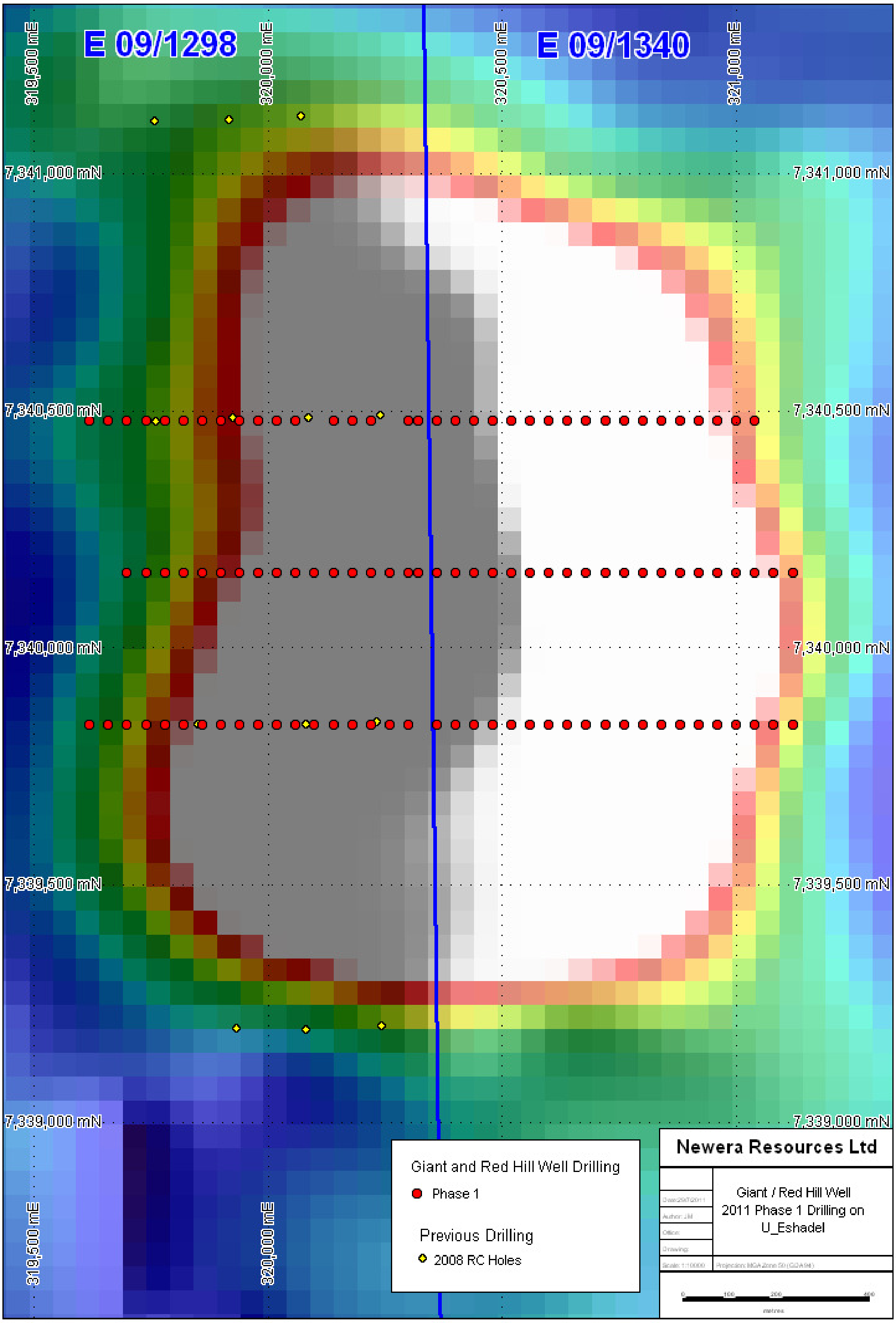

Figure 8. Giant / Red Hill Well - 2011 Planned Phase 1, drilling over Uranium radiometric anomaly.

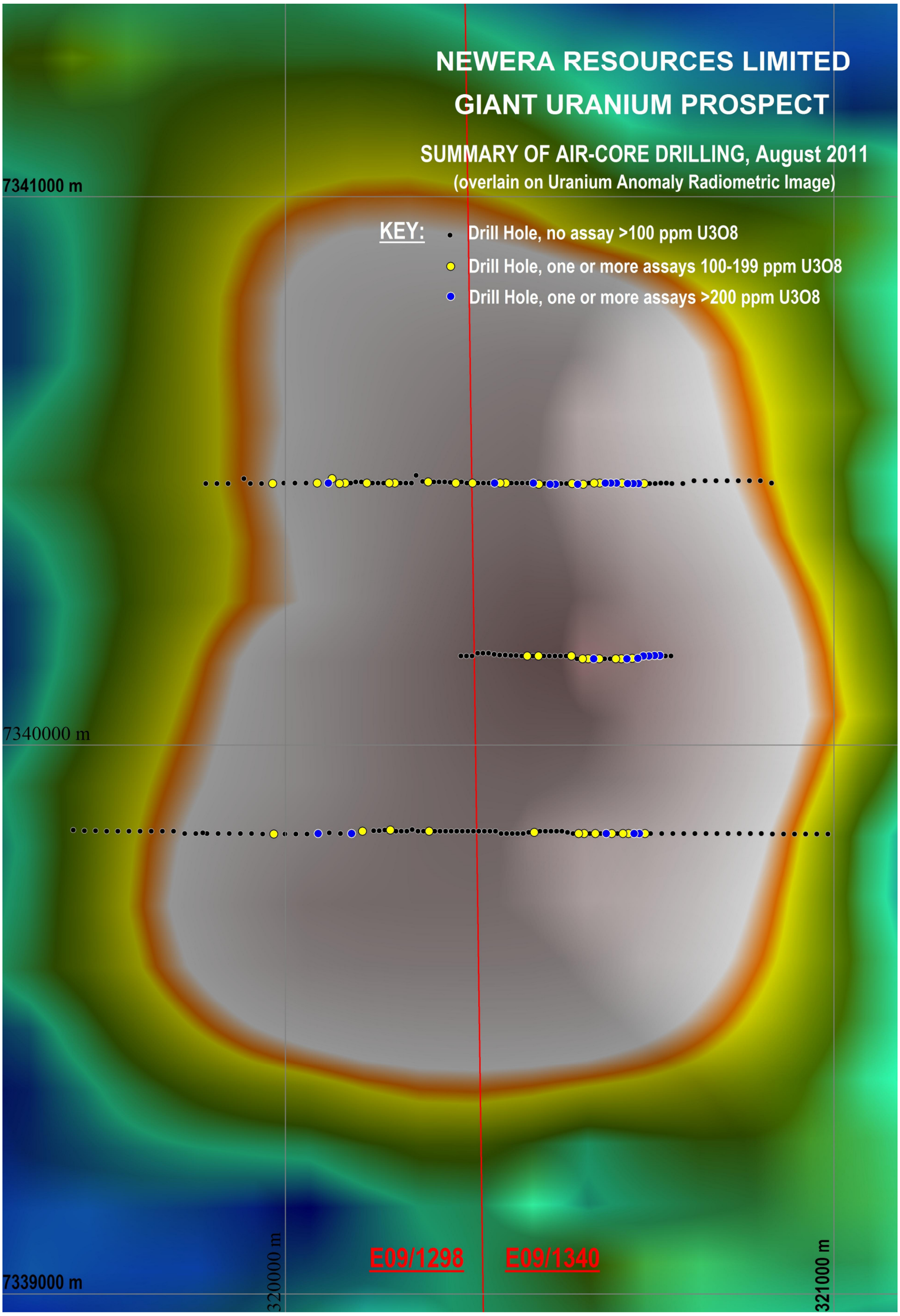

Figure 9. Giant / Red Hill Well – 2011 Completed Phase 1, drilling over Uranium radiometric anomaly.

Table 2*
Jailor Bore Project - Giant Prospect
August 2011 Drilling Programme – Significant Intersections

Page 1 of 2

HOLE No	NORTHING GDA94(m)	EASTING GDA94(m)	FROM m	WIDTH m	Th Ppm	U ppm	V ppm	U_3O_8 ppm	V_2O_5 Ppm
GTAC 044	7340477	320654	4	2	6	91	100	107	179
GTAC 045	7340477	320644	1	5	5	239	123	282	220
GTAC 046	7340477	320634	4	2	4	188	71	222	127
GTAC 047	7340477	320624	4	2	9	349	123	411	219
GTAC 048	7340478	320614	3	2	8	98	107	115	192
GTAC 049	7340478	320603	0	5	8	123	85	145	152
GTAC 050	7340478	320593	2	5	5	115	94	136	168
GTAC 051	7340478	320583	2	3	7	131	117	155	209
GTAC 052	7340478	320573	2	3	5	98	110	115	196
GTAC 053	7340478	320563	3	2	5	117	133	138	238
GTAC 055	7340476	320543	2	3	5	90	101	106	181
		also:	6	1	9	95	74	113	132
GTAC 056	7340476	320533	1	4	5	135	94	159	168
		also:	6	2	6	85	57	101	102
GTAC 057	7340477	320523	4	1	9	95	87	113	155
		also:	6	1	4	102	43	121	77
GTAC 060	7340476	320492	4	1	3	285	121	336	215
GTAC 061	7340476	320482	2	1	6	178	129	210	230
GTAC 063	7340476	320462	1	4	6	105	119	123	212
GTAC 064	7340478	320452	1	2	5	316	165	373	294
GTAC 069	7340478	320402	2	1	5	87	113	103	202
GTAC 070	7340478	320391	1	2	7	106	123	125	220
GTAC 071	7340478	320381	1	2	9	144	147	169	263
GTAC 075	7340478	320341	10	3	11	130	147	153	262
GTAC 078	7340478	320311	2	2	12	104	126	123	226
GTAC 083	7340480	320260	0	2	8	117	105	138	187
GTAC 088	7340478	320199	2	2	8	123	97	145	173
GTAC 089	7340478	320189	3	2	12	118	150	139	268
GTAC 093	7340478	320148	1	1	8	88	106	104	189
GTAC 097	7340478	320108	5	1	11	106	93	125	166
GTAC 098	7340477	320098	3	2	9	90	89	106	160
GTAC 099	7340478	320078	2	2	9	136	91	161	162
GTAC 100	7340478	320058	2	1	9	112	106	132	189

Table 2 (Cont.)*
Jailor Bore Project - Giant Prospect
August 2011 Drilling Programme – Significant Intersections

Page 2 of 2

HOLE No	NORTHING GDA94(m)	EASTING GDA94(m)	FROM m	WIDTH M	Th ppm	U ppm	V ppm	U_3O_8 ppm	V_2O_5 Ppm
GTAC 104	7340477	319976	1	5	8	94	74	111	132
GTAC 127	7339838	320656	5	6	10	135	105	160	187
GTAC 128	7339838	320646	2	3	15	213	120	251	214
GTAC 129	7339838	320635	3	4	19	188	130	221	233
GTAC 130	7339838	320625	1	2	12	113	158	133	281
GTAC 131	7339838	320615	1	2	9	128	121	151	216
GTAC 133	7339838	320595	2	1	9	146	109	172	195
GTAC 134	7339838	320585	1	1	9	202	165	238	294
GTAC 136	7339838	320565	2	1	7	123	85	145	151
GTAC 138	7339838	320545	2	1	4	95	65	112	116
GTAC 139	7339838	320534	1	1	11	104	150	123	268
GTAC 147	7339840	320454	3	1	7	131	98	154	175
GTAC 166	7339842	320262	3	1	12	96	108	113	192
		also:	6	1	6	110	67	130	120
GTAC 172	7339844	320191	2	3	11	138	90	163	161
GTAC 176	7339842	320141	2	1	11	108	107	127	190
GTAC 177	7339838	320120	1	2	8	202	114	238	204
GTAC 179	7339838	320060	2	1	12	176	124	207	222
		also:	5	1	19	100	113	118	202
GTAC 183	7339837	319979	3	2	15	115	93	135	166
GTAC 205	7340163	320683	1	3	9	157	152	186	271
GTAC 206	7340163	320673	3	2	7	172	119	203	212
GTAC 207	7340162	320663	1	4	7	161	119	190	212
GTAC 208	7340162	320653	0	4	10	162	131	191	234
GTAC 209	7340158	320643	4	2	9	139	98	164	176
GTAC 210	7340158	320632	3	3	10	134	80	158	143
GTAC 211	7340157	320622	3	3	10	176	100	207	178
GTAC 212	7340157	320612	1	2	8	99	120	117	214
GTAC 213	7340157	320602	5	2	6	117	77	138	137
GTAC 216	7340157	320572	6	1	13	97	93	114	166
GTAC 217	7340157	320562	1	7	7	133	103	156	184
GTAC 218	7340157	320552	1	3	6	121	113	142	202
GTAC 219	7340157	320542	1	2	6	108	107	127	191
GTAC 221	7340162	320522	2	1	7	89	90	105	161
GTAC 227	7340162	320461	5	1	8	99	73	116	131
GTAC 229	7340162	320441	2	1	8	122	119	143	212

*Significant intersections are considered by Newera as those above 100ppm U_3O_8

Subsequent to the receipt of the results from the first phase of drill hole sampling, Newera undertook a second phase of sampling in November to check if the east and west boundaries of the zone of higher grade mineralisation determined through the first phase of sampling, could be extended east or west along the lines of drilling.

The results of the second phase of sampling confirmed that the in-field method of using spectrometer analysis at the time of the drilling to determine which samples were to be lodged for assay, was a valid method, however the second phase of sampling failed to add significantly to the width of the zone of higher grade uranium anomalism at Giant.

The higher grade zone of uranium mineralisation at Giant remains open along strike to the south and to the north.

Given the contact between the granite to the east and the carbonaceous sediments to the west strikes through Newera's Jailor Bore tenements for in excess of forty kilometres, the prospect of locating more uranium rich zones adjacent to the contact must be considered high.

<u>Future Focus</u>: During the period the Company undertook, with the assistance of external consultants, an internal review of the results of the recent drilling at Newera's Giant and Relief Well prospects within the Jailor Bore project.

The intent of the review was to re-assess previous uranium targets based on the results of the previous drilling, assess new targets generated through previous gravity surveys, and to try and project the trend of the Carly Bore uranium deposit as it apparently trends towards Newera's E09/1298 north-western boundary.

As a result of the review, a Program of Work is being constructed to include extension drilling – both north and south on the main trend of uranium mineralisation defined by Newera's 2011 drilling at the Giant/Red Hill Well Prospect. The zone of higher grade uranium mineralisation remains open to the north and south of the 2011 drill lines.

Relief Well Prospect Drilling Program

Newera's previous drill program consisted of two RC scout drilling holes to test a large VTEM anomaly at Relief Well and resulted in the eastern most hole, hole RWRC001 intersecting 2 metres @ 206ppm U_3O_8.

A drill program was designed to step out to the east of RWRC001 to test the eastern edges of the palaeochannel. Three air core holes were to be drilled at 80 metres spacing's on a line east of RWRC001 to a nominal depth of 60 metres.

The intent was to try and identify further uranium mineralisation as the channel decreased in depth to the east.

<u>Completed Program:</u> On site spectrometer readings of the prospective zones, within each drill hole, determined which single-metre samples were sent for laboratory analysis. Only two of the planned holes were completed during the step out program as the spectrometer detected only weak uranium anomalism in the first two step-out holes.

North of the Relief Well prospect, but still within Exploration Licence E09/1298, Newera had noted from public information that the southern end of the Carly Bore Uranium deposit mineralisation appears to trend to the east towards Newera's E09/1298 western boundary. Some effort was spent trying to project the likely trend and a potential intersection point along the boundary of E09/1298.

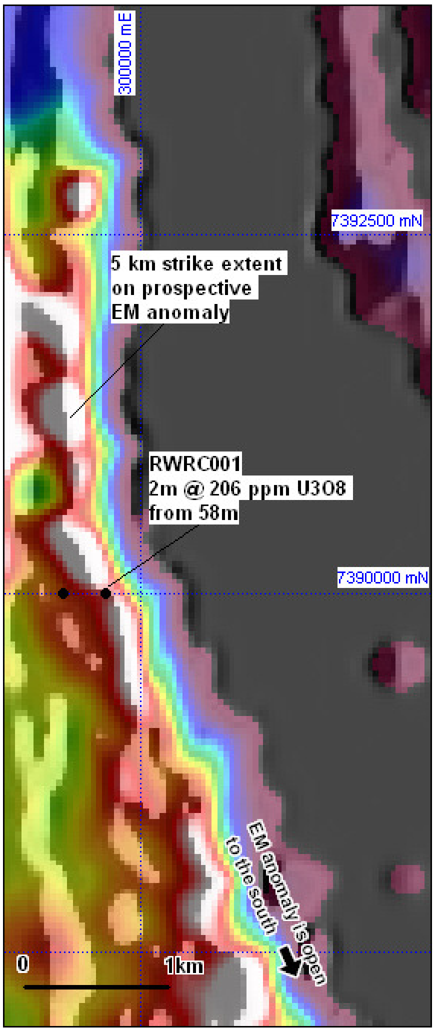

Figure 10. Historic Relief Well drill hole locations and results over VTEM anomaly image.

Cummins Range Project

During the period Newera received notice from the Department of Mines and Petroleum that its application designated E80/4632 had been granted.

Exploration Licence E80/4632 is located 160 kms south west of Halls Creek in the southern Kimberley region of Western Australia in the vicinity of the Cummins Range.

E80/4632 lies immediately to the south west of, and has a contiguous boundary with Newera's wholly owned E80/4308.

Newera's E80/4308 completely surrounds E80/2232, a tenement held by Kimberley Rare Earths Limited, which contains the Cummins Range Carbonatite diatreme over which sits Kimberley Rare Earths Limited's Cummins Range rare earths deposit.

E80/4632 was applied for to cover several subtle geophysical anomalies which are yet to be the subject of field investigations.

The target commodities are Rare Earth Elements (REE's).

An initial field inspection and sampling program is planned for the coming field season for the area, which generally runs to mid-November.

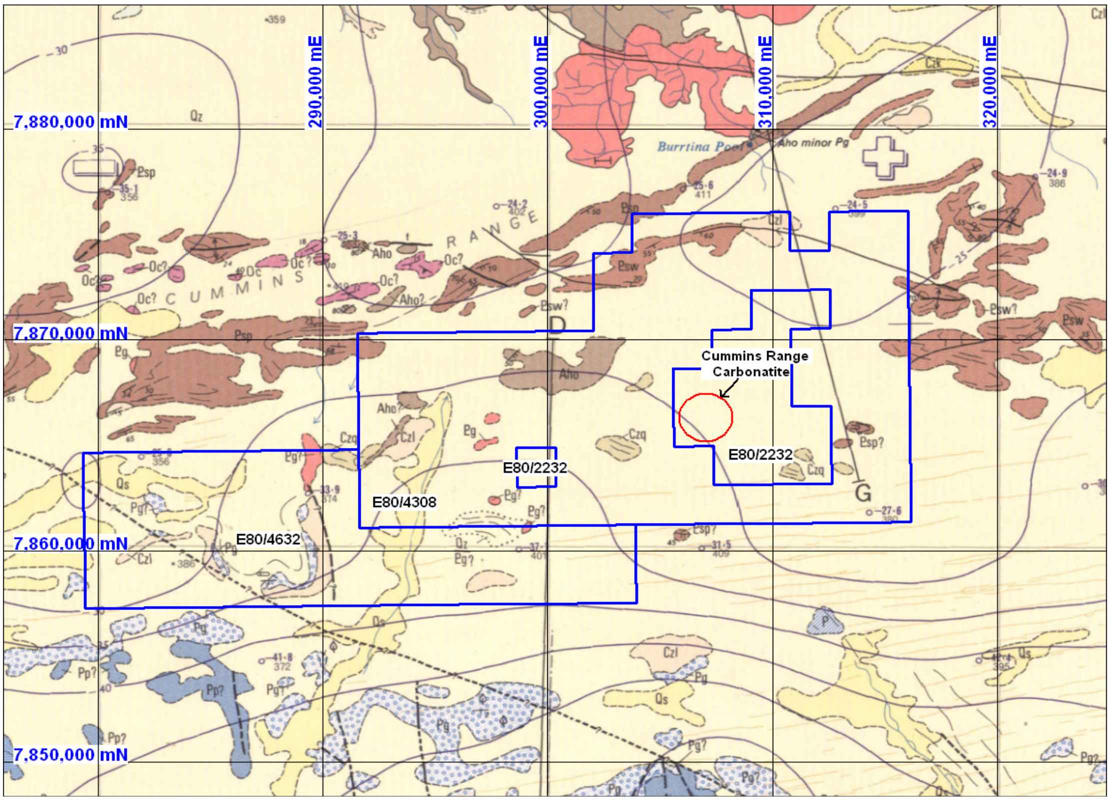

Figure 11: Newera Resources Cummins Range project Tenement plan (E80/4308 and E80/4632) over regional geology plan, with the Cummins Range Carbonatite highlighted. NB E80/2232 is held by Kimberley Rare Earths Limited and is not an asset of Newera Resources Ltd.

International Operations

Shanagan Project, Mongolia

During the period, in line with its strategy to seek value adding projects in workable jurisdictions, Newera undertook a considerable amount of research into potential mineral exploration opportunities in Mongolia.

Following review of a number of projects presented to the Company, Newera identified a Mongolian minerals exploration licence containing an early stage coal prospect.

Newera established a Mongolian Subsidiary company – Newera Resources Mongolia LLC, and presented an offer to the holder of the licence containing the coal prospect. Following negotiation, Newera's offer was accepted and Newera was able to announce it had executed a binding agreement giving Newera an option to acquire an 80% interest in the Mongolian licence containing the Shanagan Uul East Project ("Shanagan Project"), located in Central Mongolia.

The Shanagan Project comprises of one exploration license covering an area of approximately 2,223 hectares in a known coal bearing region, 140km southeast of Ulaanbaatar. The Shanagan Project is ideally located approximately 50km from an existing heavy duty rail line that services the large open cut Baganuur lignite coal deposit and connects to the trans-Siberian railway that services China in the South to Russia in the North.

Figure 12: Location of Newera's Shanagan Project.

Limited modern exploration has been undertaken at the Shanagan Project, although numerous outcropping Late Permian coal seams exist. Trenching has been completed at several sites within the north-western part of the project area to increase the understanding of dip, strike and thickness of the coal seams. Newera believes there is an opportunity to extend the already identified coal seams to increase the resource size and possibly the coal quality.

Newera conducted a channel sampling program of previously dug trenches as part of its due diligence investigations, with lab testing completed by SGS LLC in Mongolia confirming the bituminous nature of the coal.

The channel sampling within the Shanagan Project area was undertaken within three historical trenches dug in 2007 into outcropping coal. The apparent outcropping coal strike and extent of the trenching both within and external to the Shanagan Project area indicate extensive, untested coal measures in the locality.

The coal samples tested by Newera within the Shanagan Project were collected from weathered at surface coal (hence coal quality may be negatively impacted); however, the three samples indicate very low moisture, low sulphur, relatively high ash and high volatile bituminous coal.

Through the project identification, negotiation and drafting up of the agreement process, Newera has managed to negotiate a bridgehead into Mongolia, at the same time establishing important local contacts which have extensive knowledge of the Mongolian geological environment and access to information on many other projects in Mongolia that are potentially available for acquisition.

Newera planned to immediately commence a geological surface mapping program on the Shanagan Project, to be followed by a five-hole diamond drilling program which will assist in the understanding of coal emplacement and look for potential repeats of the known at surface coal seams at depth.

Figure 13: Newera's Executive Chairman, Martin Blakeman at a historical trench at the Shanagan Project.

The Shanagan Project provides a strategic base for Newera to build and develop a portfolio of licenses in Mongolia. This acquisition is exciting for the future and growth of Newera as it has a clear development path forward. Newera has been working closely with Nordic Geological Solutions LLC who are highly experienced in the Mongolian coal sector, and welcome the opportunity to draw on the significant in-country experience.

The Mongolian coal sector is widely seen as a rapidly growing sector. The vast reserves of high quality coal and its close proximity to China, the world's largest consumer of coal, have contributed to making Mongolia a growing contributor in the global coal market.

Newera acknowledges the recent changes to Mongolian Law and transactions involving foreign ownership, however the Company is of the opinion that these laws will not materially impact on its projects, nor its ability to explore and operate in country.

At the date of the report a drilling program on the licence had commenced.

Figure 14: Historical trench and sampling site at the Shanagan Project.

Licence Applications, Sweden

During the course of Newera's world-wide search for projects, a licence in southern Sweden was identified as having potential for sulphidic bodies carrying copper and gold.

Newera instigated a review of that particular licence using SRK Geological consultants out of the Netherlands. During the course of that review and with a better understanding of the regional geology, SRK recommended that Newera make applications to cover the greater portion of a 40km long SE-NW trending shear zone termed the "Mylonite Zone" striking towards the border of Norway.

A total of 23 historical mines and anomalies exist within the Swedish portion of the full shear zone. Of these, 15 are copper or copper/gold showings and the others are considered as iron and silver showings.

The initial intent in making the applications was to secure the ground whilst Newera could review its prospectivity.

Recent pegging activity covering the extensions to the Mylonite Zone on the Norwegian side of the border and the terms of a subsequent sale agreement covering those new licences on the Norwegian side of the border highlight the interest and perceived prospectivity of the whole Mylonite Zone.

Mineralisation historically mined within the area occurs within the Mylonite Zone. From the available literature it appears to be hosted within mylonites (both granitic, gneissic) and rarely schists. Some mention is made of mineralisation associated with breccias. All mineralisation in the area is (from the limited data available) hosted within shears and breccias within the mylonites themselves.

Figure 15: Plan of Newera's Application Areas in Sweden

All mines were worked for copper or copper/gold with gold contents increasing in the north, perhaps as a result of the decreasing metamorphic grade to the north.

It is Newera's intention to continue to review the prospectivity of the two application areas and potentially work towards attracting a significant joint venture partner.

CORPORATE

Corporate Strategy

Newera's corporate strategy for growing the Company is to continue to advance its own projects within Australia through judicious exploration, while at the same time searching out new projects both within Australia and overseas.

To this end, Newera is planning to prepare Programs of Work on its Australian project areas during 2012, including a new, limited, round of drilling within its Jailor Bore project area, a Heli - borne field reconnaissance and sampling program planned for Newera's two Cummins Range tenements E80/4308 and E80/4632 and, land based, mapping and sampling program planned for Newera's White Lady project (E25169) in the Northern Territory.

Over the past twenty four months, Newera has actively sought to research and secure new projects overseas with the initial focus on Kyrgyzstan. More recently Newera has researched projects in both Southern Africa (South Africa, Botswana and Malawi), Sweden and Mongolia.

In late 2011, negotiations to acquire a package of tenements within Mongolia were terminated by Newera when investigations into the tenure of the key tenement failed under the scrutiny of due diligence.

However, during the course of reviewing the above indicated package of tenements, Newera identified Mongolia as a priority target country with high level of mineral endowment, a very workable Mining Act, and a level of political stability that should ensure a safe investment climate.

Armed with more confidence in Mongolia as an operating environment, Newera has now established a bridgehead in Mongolia and will, at the same time as it explores the new Shanagan project, continue to aggressively pursue new contacts and project leads.

The Company will continue to review projects both on and offshore, and will pursue in more detail, those projects identified as having potential to add value to Newera.

Posit Agreement

In June of 2011 Newera extended an agreement with Posit Resources Australasia Pty Ltd ("Posit") whereby Posit undertook on a best endeavours basis to locate a suitable project/s for Newera in Kyrgyzstan. Posit, having previously identified two significant projects, continues to work closely with the Kyrgyzstan Government in an attempt to secure title to those projects.

During the period, Posit advised Newera that negotiations to secure a project In Kyrgyzstan had progressed, however the recent running of presidential elections in Kyrgyzstan has meant that there had been a period of Government inaction leading up to the elections. Posit again advised that given this period of delay, that Posit was unlikely to conclude an agreement with the Kyrgyzstani Government prior to the expiry of the current Newera / Posit Term Sheet (December 31st 2011).

Both parties therefore agreed that the most appropriate course of action would be to extend the expiry date of the new Term Sheet from 7th December 2011 to the 31st March 2012. The expiry date of the Term Sheet was extended.

At 31st March 2012, Posit indicated that it had not concluded an agreement with the Kyrgyzstani Government prior to the expiry of the current Newera / Posit Term Sheet.

Both parties subsequently agreed that the most appropriate course of action, given the considerable delays experienced by Posit in attempting to secure a significant project in Kyrgyzstan, was to let the Memorandum of Understanding lapse with an understanding that Newera remains interested in re-entering into discussions with Posit should Posit eventually secure a project of interest to Newera.

Entitlement issue

In order to insure the Company against any possibility of another world financial crisis, and also to ensure Newera had adequate funding in place to take advantage of any significant new project opportunity that might present itself, the Board determined that a rights issue should be undertaken to raise additional funding.

The terms of the fully underwritten entitlement issue were such that, existing shareholders were offered a pro rata non-renounceable entitlement issue of 1 share for every 3 shares held, at an issue price of $0.02 per Share to raise approximately $1,292,058 together with 1 free new Option for each 2 new Shares issued exercisable at $0.03 on or before 30 June 2013.

An Entitlement Issue Prospectus was lodged on the 19th December of 2011, with a closing date on the offer of 20th January 2012. The entitlement issue was completed and the funds received.

Research and Development tax rebate

In August 2011 the Company received a Research and Development tax rebate of $215,833.

FINANCIAL POSITION

The net assets of the Group are $4,200,005 (2011: $3,640,631).

The Directors believe the Group is in a financial position to pursue its current operations.

AFTER BALANCE DATE EVENTS

On 28 August 2012, the Company announced the commencement of drilling at the Shanagan Coal Project in Mongolia.

On 16 July 2012, the Group announced the results of the Mongolian geological mapping results at their Shanagan Coal Project.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group intends to continue to pursue its goals to acquire, explore, and exploit uranium deposits and explore prospective uranium and base metal tenements. Concurrently the Group will continue to seek suitable merger and acquisition opportunities for the Group in uranium, base metals energy and other commodities of interest.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations at all times.

The National Greenhouse and Energy Reporting Act (NGER) legislation was considered and not determined to be applicable to the entity at current stage.

INFORMATION ON DIRECTORS

Mr Martin Blakeman Executive Chairman

Qualifications: B Ec.

Appointed 19 April 2006

Martin completed his tertiary studies at the University of WA graduating as a Bachelor of Economics in 1976. Since graduation Martin has applied his skills in management and economics to the rural and mining industries. Martin's professional career in the mining industry has included over 26 years experience at board level in junior resource companies, commencing with his appointment in 1983 as a founding Director of Harmark Pty Ltd (the founder and former controlling shareholder of Forrestania Gold NL, one of Australia's more successful resource investment companies of the time), and Kagara Ltd (now Kagara Zinc Ltd), retiring from Harmark and Kagara in 1999 after 16 years continuous service.

Martin promoted, and was appointed to the Board as a founding Director, of Metex Resources NL, now Carbon Energy Limited, in September 1992. Over a 4-year period to June 1996, he held the position as Manager Corporate at Metex, forming an integral part of that Group's executive management team. He retired as a non - executive director of Metex in February 2008.

In 2003, Martin incorporated and became a founding Director of Mantle Mining Corporation Ltd. He has overseen the strategic decisions of that company including the acquisition of a substantial tenement package in the eastern highlands of Victoria and central north Queensland, and its successful 2006 listing on ASX. Martin was instrumental in identifying and securing the Mt Mulligan project for the company. Martin remains Chairman of Mantle Mining Corporation Limited.

Other than disclosed above, over the past three years Martin has not held directorships any other ASX Listed companies.

Interests in Shares and Options: 18,659,785 ordinary shares and 2,332,474 options.

Mr Eric de Mori Non-Executive Director

Qualifications: BA, Dip Fin Services

Appointed 18 March 2009

Eric is the Associate Director of Corporate Finance for Corporate Advisory and stock broking firm Cygnet Capital. Eric has over 5 years investment banking and analyst experience covering a wide range of sectors, working with international and Australian based opportunities.

Eric has specialist skills in mergers and acquisitions, valuations, capital raisings, Initial Public Offerings, backdoor listings, project screening, due diligence investigations, and early stage project management.

Other than disclosed above, over the past three years Eric has previously held directorships with the following ASX Listed companies – Incitive Limited (now Hawkley Oil and Gas Limited), Coventry Resources Ltd and Alcyone Resources Limited. He is currently a Director of Lancaster Resources Ltd and Cobra Resources Ltd which are both unlisted and was a director of Cove resources prior to that Company listing on ASX.

Interests in Shares and Options: 2,222,223 ordinary shares and 277,778 options.

Mr Winton Willesee Non-Executive Director and Company Secretary

Qualifications: BBus., DipEd., PGDipBus., MCom., FFin, CPA, MAICD, ACIS

Mr Willesee is an experienced company director and Company Secretary. Mr Willesee brings a broad range of skills and experience in strategy, company administration, corporate governance, company public listings, merger and acquisition transactions, reconstructions and corporate finance from his background with listed and unlisted public and other companies.

Mr Willesee holds a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Member of CPA Australia and a Chartered Secretary.

As well as his position with Newera Resources, Mr Willesee is currently the Chairman of Cove Resources Limited, Mining Group Limited and Bioprospect Limited, a director and company secretary of Base Resources Limited, Coretrack Limited and Otis Energy Limited, a director of Torrens Energy Limited, company secretary of Greenvale Mining NL and Mantle Mining Corporation Limited and joint company secretary of Tawana Resources NL.

Interests in Shares and Options: 3,066,667 ordinary shares and 383,334 options.

REMUNERATION REPORT (Audited)

The full Board fulfils the roles of remuneration committee and is governed by the Group's adopted remuneration policy.

Remuneration Policy

This policy governs the operations of the Board. The Board shall review and reassess the policy at least annually and obtain the approval of the Board.

General Director Remuneration

Shareholder approval must be obtained in relation to the overall limit set for non-executive directors' fees. The Directors shall set individual Board fees within the limit approved by shareholders.

Shareholders must also approve the framework for any broad based equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

Executive Remuneration

The Group's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to the Group. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Group and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

a. reward reflects the competitive market in which the Group operates;

b. individual reward should be linked to performance criteria; and

c. executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

a. salary - executive directors and senior managers receive a sum payable monthly in cash;

b. bonus - executive directors and nominated senior managers are eligible to participate in a bonus or profit participation plan if deemed appropriate;

c. long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and

d. other benefits - executive directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Remuneration of other executives consists of the following:

a. salary - senior executives receive a sum payable monthly in cash;

b. bonus - each executive is eligible to participate in a bonus or profit participation plan if deemed appropriate;

c. long term incentives - each senior executive may, where appropriate, participate in share option schemes which have been approved by shareholders; and

d. other benefits – senior executive are eligible to participate in superannuation schemes and other appropriate additional benefits.

Non-executive Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for directors is currently $150,000.

It is recognised that non-executive directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Group remains small and the full Board, including the non-executive directors, are included in the operations of the Group more closely than may be the case with larger companies the non-executive directors are entitled to participate in equity based remuneration schemes.

All directors are entitled to have their indemnity insurance paid by the Group.

Bonus or Profit Participation Plan

Performance incentives may be offered to executive directors and senior management of the Group through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

Details of remuneration for year ended 30 June 2012

The remuneration for each Director and the senior Executive of Newera Resources Limited during the year and the previous year was as follows:

2012

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remune-ration Repre-sented by Options	Performance Related
	Cash, salary & commis-sions	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Martin Blakeman	173,260	-	-	-	-	-	-	-	173,260	0%	0%
Winton Willesee*	36,000	-	-	-	-	-	-	-	84,000	0%	0%
Eric de Mori	36,000	-	-	-	-	-	-	-	36,000	0%	0%
	293,260	-	-	-	-	-	-	-	293,260		

*In addition, Mr Willesee was paid $48,000 for Company Secretarial services

2011

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remune-ration Repre-sented by Options	Performance Related
	Cash, salary & commis-sions	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Martin Blakeman	170,880	-	-	-	-	-	-	-	170,880	0%	0%
Winton Willesee*	36,000	-	-	-	-	-	-	-	84,000	0%	0%
Eric de Mori	36,000	-	-	-	-	-	-	-	36,000	0%	0%
	290,880	-	-	-	-	-	-	-	290,880		

* In addition, Mr Willesee was paid $48,000 for Company Secretarial services

Options issued as part of remuneration

No options were granted as remuneration during the year ended 30 June 2012 or the year ended 30 June 2011.

Shares Issued on Exercise of Compensation Options

No options granted as compensation in prior years were exercised through the year or the previous year.

Employment contracts of directors and senior executives

The employment conditions of the Executive Chairman, Martin Blakeman, are not formalised in a contract of employment.

In the event Mr Blakeman's employment is terminated, he is entitled to 3 months notice.

Neither Messrs de Mori nor Willesee are employed on a formal contract.

Meetings of Directors

During the financial year, fourteen formal meetings of Directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number Attended**
Directors		
Martin Blakeman	16	16
Eric de Mori	16	16
Winton Willesee	16	16

The full Board fulfils the role of remuneration, nomination and audit committees.

Indemnifying Officers or Auditor

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer of the Group shall be indemnified out of the property of the Group against any liability incurred by him in his capacity as officer, auditor or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Options

At the date of this report, the unissued ordinary shares of Newera Resources Limited under options are:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
31 Jan 2012	30 Jun 2013	$0.03	17,103,944
15 Feb 2012	30 Jun 2013	$0.03	15,197,582
15 Feb 2012	30 Jun 2013	$0.03	10,000,000
		Total	**42,301,526**

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

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

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

The following fees for non-audit services were paid/payable to the external auditors during the year:

	2012	2011
	$	$
Taxation services	13,850	4,040
	13,850	4,040

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 36 of this annual report.

Signed in accordance with a resolution of the Board of Directors.

WINTON WILLESEE
Director

DATED this 21st day of September 2012

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing high standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2012.

BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Director's Report.

The names of independent directors of Newera Resources Limited are:

- Mr Winton Willesee
- Mr Eric de Mori

Independent Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense.

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

RECOMMENDATION		NEWERA RESOURCES LIMITED CURRENT PRACTICE
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.nru.com.au in the Corporate Governance Statement.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy is available at www.nru.com.au in the Corporate Governance Statement.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1.	Satisfied. The Board Charter is available at www.nru.com.au in the Corporate Governance Statement. Whilst the performance of management is appraised on an ongoing basis. During the year no formal appraisal of management was conducted.
2.1	A majority of the board should be independent directors.	Satisfied. Both Mr de Mori and Mr Willesee are independent.
2.2	The chair should be an independent director.	Not Satisfied. Due to the size of the Group and its operations Mr Martin Blakeman who is an Executive Director is considered appropriate for the office of Chairman.

RECOMMENDATION		NEWERA RESOURCES LIMITED CURRENT PRACTICE
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Not Satisfied. Due to the size of the Company and its operations Mr Martin Blakeman is both Executive Director and the Chairman.
2.4	The board should establish a nomination committee.	Not satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a separate nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.nru.com.au in the Corporate Governance Statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Satisfied. Whilst the performance of the Board is appraised on an ongoing basis, during the year no formal appraisal was conducted.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: ▪ The practices necessary to maintain confidence in the Company's integrity ▪ The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of conduct is available at www.nru.com.au in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Not Satisfied. The Board is currently developing a diversity policy for adoption.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Board is currently developing a diversity policy for adoption. Once adopted the Company will be in a position to disclose the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	All three board members are male. There are no other employees of the Company. The Company engages external geological consultants on an as needs basis, of which one is female.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Satisfied. The Board is currently developing a diversity policy for adoption which will be made available at that time.
4.1	The board should establish an audit committee.	Not satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved

RECOMMENDATION		NEWERA RESOURCES LIMITED CURRENT PRACTICE
		with full board participation. Accordingly, the Board has not established an audit committee.
4.2	The board committee should be structured so that it: ▪ Consists only of non-executive directors ▪ Consists of a majority of independent directors ▪ Is chaired by an independent chair, who is not chair of the board ▪ Has at least three members	Not satisfied. The full board fulfils the role of the audit committee and accordingly the Company has adopted a policy which includes Executive Directors acting as audit committee members.
4.3	The audit committee should have a formal charter.	Satisfied. Audit Committee charter is available at www.nru.com.au in the Corporate Governance statement.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Satisfied.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at www.nru.com.au in the Corporate Governance statement.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Satisfied.
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.nru.com.au in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Satisfied.
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management program is available at www.nru.com.au in the Corporate Governance statement.
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Satisfied. The Board, including the Executive Chairman, routinely consider risk management matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2012 financial year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Satisfied.
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved

RECOMMENDATION		NEWERA RESOURCES LIMITED CURRENT PRACTICE
		with full board participation. Accordingly, the Board has not established a remuneration committee.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	Not Satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved with full board participation in its current form.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of directors' remuneration is disclosed in the remuneration report of the annual report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Remuneration committee charter is available at www.nru.com.au in the Corporate Governance statement.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.nru.com.au.

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Newera Resources Limited and Controlled Entity for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys	Phil J. Rix
BENTLEYS	**PHILIP RIX** FCA
Chartered Accountants	**Director**

DATED at PERTH this 21st day of September 2012

Consolidated Statement of Comprehensive Income

for the year ending 30 June 2012

	Note	2012 $	2011 $
Interest revenue		83,023	75,627
Realised gains on financial assets		82,931	87,032
Unrealised gain/(loss) on financial assets		(96,600)	(18,053)
Administrative expenses		(108,421)	(168,682)
Consultancy and legal expenses		(105,505)	(149,444)
Compliance and regulatory expenses		(93,586)	(37,023)
Communication expenses		(13,446)	(7,177)
Depreciation and amortisation		(41)	–
Director and employee related expenses		(195,796)	(105,654)
Occupancy related expenses		(55,744)	(48,066)
Exploration expenditure		(82,203)	(489)
Travel and accommodation related expenses		(38,878)	(67,783)
Exploration expenditure written off		(64,057)	
Loss before income tax expense		(688,323)	(439,712)
Income tax expense	4	–	215,833
Loss for the year		(688,323)	(223,879)
Other comprehensive income			
Gain on translation of foreign controlled entity		354	–
Total comprehensive loss for the year		(687,969)	(223,879)
Earnings per share			
Basic loss per share (cents)	5	(0.31)	(0.13)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2012

	Note	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	6	1,673,411	2,035,116
Trade and other receivables	8	184,887	241,959
Financial assets	7	195,800	67,422
TOTAL CURRENT ASSETS		2,054,098	2,344,497
NON CURRENT ASSETS			
Plant and Equipment	10	1,403	–
Exploration costs	11	2,212,369	1,411,980
TOTAL NON CURRENT ASSETS		2,213,772	1,411,980
TOTAL ASSETS		4,267,870	3,756,477
CURRENT LIABILITIES			
Trade and other payables	12	67,865	115,846
TOTAL CURRENT LIABILITIES		67,865	115,846
TOTAL LIABILITIES		67,865	115,846
NET ASSETS		4,200,005	3,640,631
EQUITY			
Issued capital	13	11,726,866	10,623,744
Reserves	14	325,017	180,442
Accumulated losses		(7,851,878)	(7,163,555)
TOTAL EQUITY		4,200,005	3,640,631

The accompanying notes form part of these financial accounts

Consolidated Statement of Cash Flows

for the year ending 30 June 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(630,710)	(403,016)
Interest received		83,023	75,627
Research and development rebate received		215,833	250,559
Payment for exploration expenditure		(975,751)	(359,808)
Net cash used in operating activities	17(b)	(1,307,605)	(436,638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(1,444)	-
Purchase of financial assets		(300,000)	-
Proceeds from disposal of financial assets		-	181,707
Net cash used in investing activities		(301,444)	181,707
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,247,344	1,748,541
Net cash provided by financing activities		1,247,344	1,748,541
Net (decrease)/increase in cash held		(361,705)	1,493,610
Cash and cash equivalents at the beginning of the financial year		2,035,116	541,506
Cash and cash equivalents at the end of the financial year	17(a)	1,673,411	2,035,116

The accompanying notes form part of these financial accounts

Consolidated Statement of Changes in Equity

for the year ending 30 June 2012

	Note	Issued Capital $	Accumulated Losses $	Option Reserve $	Foreign Currency Translation Reserve $	Total $
Balance at 1 July 2010		8,875,203	(6,939,676)	1,879	-	1,937,406
Loss for the year		-	(223,879)	-	-	(223,879)
Total comprehensive loss for the year		8,875,203	(7,163,555)	1,879	-	1,713,527
Transactions with owners						
Shares issued during the year (net of capital raising costs)	13	1,748,541	-	-	-	1,748,541
Options expired during the year		-	-	(1,879)	-	(1,879)
Options issued during the year		-	-	180,442	-	180,442
Balance at 30 June 2011		10,623,744	(7,163,555)	180,442	-	3,640,631
Balance at 1 July 2011		10,623,744	(7,163,555)	180,442	-	3,640,631
Loss for the year		-	(688,323)	-	-	(688,323)
Other comprehensive income		-	-	-	354	354
Total comprehensive loss for the year		-	(688,323)	-	354	(687,969)
Transactions with owners						
Shares issued during the year (net of capital raising costs)	13	1,103,122	-	-	-	1,103,122
Options issued during the year		-	-	144,221		144,221
Balance at 30 June 2012		11,726,866	(7,851,878)	324,663	354	4,200,005

The accompanying notes form part of these financial accounts

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Newera Resources Limited and its controlled entity (the "consolidated group" or "group").

The separate financial statements of the parent entity, Newera Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 20th September 2012 by the directors of the company.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report is presented in Australian dollars. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Newera Resources Limited at the end of the reporting period. A controlled entity is any entity over which Newera Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 9 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit of loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Income Tax (continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

c. Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the assets useful lives to the Group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	33%
Office equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Exploration and Development Expenditure
Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Leases
Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. Financial Instruments

Recognition and Initial Measurement

Financial assets and financial 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 Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Financial Instruments (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Employee Benefits
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation
The entity operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

i. Provisions
Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

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

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

l. Goods and Services Tax ("GST")
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO").

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Critical Accounting Estimates and Judgments

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

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Judgements – Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(c).

Key Judgements –Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 21.

o. Operating segments

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

p. Foreign Currency Transactions and balances

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

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

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. **Foreign Currency Transactions and balances (continued)**

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

q. New accounting standards applicable in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and de-recognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

  The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments are not expected to significantly impact the Group.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. New accounting standards applicable in future periods (continued)

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to impact the Group.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

– AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to Group items presented in other comprehensive income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions held of the entity's key management personnel in office at any time during the financial year are:

Martin Blakeman	Executive Chairman
Eric de Mori	Non-Executive Director
Winton Willesee	Non-Executive Director and Company Secretary

30 June 2012 **Number of Shares Held by Key Management Personnel**

Key Management Person	Balance 1.7.2011	Granted as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2012
Martin Blakeman	13,994,841	-	-	4,664,944	-	18,659,785
Winton Willesee	2,300,000	-	-	766,667	-	3,066,667
Eric de Mori	1,666,667	-	-	555,556	-	2,222,223
	17,961,508	-	-	5,987,167	-	23,948,675

30 June 2011

Key Management Person	Balance 1.7.2010	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2011
Martin Blakeman	12,161,508	-	-	1,833,333	-	13,994,841
Winton Willesee	800,000	-	-	1,500,000	-	2,300,000
Eric de Mori	-	-	-	1,666,667	-	1,666,667
	12,961,508	-	-	5,000,000	-	17,961,508

30 June 2012 **Number of Options Held by Key Management Personnel**

Key Management Person	Balance 30.6.2011	Granted as compensation	Options Exercised	Net Change Other(i)	Balance 30.6.2012	Total Vested 30.6.2012	Total Exercisable 30.6.2012	Total Unexercisable 30.6.2012
Martin Blakeman	916,667	-	-	1,415,807	2,332,474	-	2,332,474	-
Winton Willesee	750,000	-	-	(366,666)	383,334	-	383,334	-
Eric de Mori	833,333	-	-	(555,555)	277,778	-	277,778	-
	2,500,000	-	-	493,586	2,993,586	-	2,993,586	-

30 June 2011

Key Management Person	Balance 30.6.2010	Granted as compensation	Options Exercised	Net Change Other	Balance 30.6.2011	Total Vested 30.6.2011	Total Exercisable 30.6.2011	Total Unexercisable 30.6.2011
Martin Blakeman	-	-	-	916,667	-	-	916,667	-
Winton Willesee	-	-	-	750,000	-	-	750,000	-
Eric de Mori	-	-	-	833,333	-	-	833,333	-
	-	-	-	2,500,000	-	-	2,500,000	-

(i) Net change in Directors Options Holdings relate to:

- Options issued to Directors under an Entitlement Issue on the same terms as all other participants in the Entitlement Issue; and
- The expiry of Directors options holdings (3.6c, 30 June 2012) which expired unexercised.

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

	2012	2011
	$	$
Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.		
Short-term employee benefits	293,260	290,880
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	293,260	290,880

NOTE 3. AUDITORS' REMUNERATION

	2012	2011
	$	$
Remuneration of the auditor for:		
– Auditing or reviewing the financial report	26,321	32,200
– Taxation services and corporate services	13,850	4,040
	40,171	36,240

NOTE 4. INCOME TAX

	2012	2011
	$	$
a. Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises:		
(a) (Increase) in deferred tax assets	1,217,204	(423,594)
(b) Increase in deferred tax liabilities	(1,217,204)	423,594
	-	-

b. Reconciliation of income tax expense to prima facie tax payable	2012	2011
	$	$
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating profit at 30% (2011: 30%)	(206,497)	(67,164)
Add / (Less) Tax effect of:		
Non-deductible items	2,123	-
Other adjustments	-	-
Deferred tax asset not brought to account	204,374	67,164
Income tax attributable to operating loss	-	-

NOTE 4. INCOME TAX (continued)		2012	2011
		$	$
The applicable weighted average effective tax rates are as follows:		Nil%	Nil%
Balance of franking account at year end		Nil	Nil
c. Deferred tax assets			
Tax Losses		2,229,847	416,169
Other		59,962	7,425
		2,289,809	423,594
Set-off deferred tax liabilities	4(d)	(649,011)	-
Net deferred tax assets		1,640,798	423,594
Less deferred tax assets not recognised		(1,640,798)	(426,594)
Net tax assets		-	-
d. **Deferred tax liabilities**			
Exploration expenditure		649,001	423,594
		649,011	423,594
Set-off deferred tax assets	4(c)	(649,011)	(423,594)
Net deferred tax liabilities		-	-
e. Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		7,232,948	1,145,695

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2012 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits 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 loss and exploration expenditure to be realised;

ii. the Group continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 5. EARNINGS PER SHARE	2012	2011
	$	$
a) Loss used to calculate basic EPS	(688,323)	(223,879)
	Number of Shares	Number of Shares
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	225,561,039	168,266,935

NOTE 6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,673,411	2,035,116

NOTE 7. FINANCIAL ASSETS

Financial assets at fair value through profit and loss

Held for trading listed shares	195,800	67,422

NOTE 8. TRADE AND OTHER RECEIVABLES

Research and Development tax concession*	-	215,833
Prepayments	4,998	3,951
Share Trading Account	157,953	-
Other	21,936	22,175
	184,887	241,959

* Included in 2011 revenue and receivables is an amount of $215,833 in respect of a benefit arising from the Research and Development expenditure tax concession. The amount represents the claim in respect of expenditure incurred in the 2010 financial year. The Group elected to receive this benefit as an immediate cash payment rather than increasing tax losses for a future benefit.

NOTE 9. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2012	2011
Subsidiaries of Newera Resources Limited:			
Newera Resources Mongolia LLC*	Mongolia	100	-

* this company was incorporated during the 2012 financial year

NOTE 10. PLANT AND EQUIPMENT	2012 $	2011 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	60,784	59,340
Accumulated depreciation	(59,381)	(59,340)
Total plant and equipment	1,403	-

a. Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment $
Balance at 1 July 2010 and 30 June 2011	-
Additions	1,444
Depreciation expense	(41)
Balance at 30 June 2012	1,403

NOTE 11. EXPLORATION EXPENDITURE

	2012	2011
Exploration expenditure capitalised	2,212,369	1,411,980

The value of Group interest in exploration expenditure is dependent upon the:

- the continuance of the economic entity rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploration of the areas of interest, or alternatively, by their sale.

The exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

Within the balance is a figure of $50,000 paid by Newera Resources Mongolia LLC (NRMLLC), to the vendor as reimbursement for past expenditure and paid in relation to the Mongolian Licence 14030X. NRMLLC, upon signing of the Option Agreement (29/05/12), was granted six months to complete a due diligence. Prior to the completion of the due diligence period, if NRMLLC wishes to take an option on the project, a $50,000 option fee is payable for a twelve month option. If NRMLLC wishes to acquire an 80% interest in the licence, there will arise a further payment required of $1,000,000 USD within Twelve months of NRMLLC paying the Option Fee.

NOTE 12. TRADE AND OTHER PAYABLES

	2012	2011
Trade creditors	26,356	91,095
Other payables and accruals	41,509	24,751
Trade and other payables	67,865	115,846

Trade creditors are expected to be paid on 30 day terms.

NOTE 13. ISSUED CAPITAL	2012 $	2011 $
258,411,682 (2011: 191,958,761) Fully paid ordinary shares	11,726,866	10,623,744

The Group has issued capital amounting to 258,411,682 (2011: 191,958,761) with no par value.

a) Ordinary Shares	Number of Shares	$	Number of Shares	$
At the beginning of the reporting year	191,958,761	10,623,744	109,977,136	8,875,203
Shares issued during the year				
16 July 2010 – Placement (tranche 1) @ 1.8 cents per share			15,000,000	270,000
20 Aug 2010 – Placement (tranche 2) @ 1.8 cents per share			40,000,000	720,000
7 Jan 2011 – Option exercise @ 3.6 cents per share			2,953,277	106,318
14 Jan 2011 – Option exercise @ 3.6 cents per share			12,002,348	432,085
21 Jan 2011 – Option exercise @ 3.6 cents per share			1,494,000	53,784
28 Jan 2011 – Option exercise @ 3.6 cents per share			555,500	19,998
1 Feb 2011 – Option exercise @ 3.6 cents per share			100,000	3,600
17 Feb 2011 – Option exercise @ 3.6 cents per share			1,445,000	52,020
8 Mar 2011 – Option exercise @ 3.6 cents per share			750,000	27,000
19 Apr 2011 – Option exercise @ 3.6 cents per share			1,000,000	36,000
13 May 2011 – Option exercise @ 3.6 cents per share			3,179,500	114,462
20 May 2011 – Option exercise @ 3.6 cents per share			2,302,000	82,872
26 May 2011 – Option exercise @ 3.6 cents per share			500,000	18,000
8 Jun 2011 – Option exercise @ 3.6 cents per share			300,000	10,800
23 Jun 2011 – Option exercise @ 3.6 cents per share			400,000	14,400
5 July 2011 - Option exercise	100,000	3,600		
4 September 2011 - Option exercise	1,000,000	36,000		
15 November 2011 - Shares issued as consideration for Thundelarra acquisition	750,000	30,000		
30 December 2011 – Placement @ 2 cents per share	64,602,921	1,292,058		
Share issue costs		(258,536)		(212,798)
At reporting date	258,411,682	11,726,866	191,958,761	10,623,744

NOTE 13. ISSUED CAPITAL (continued)

b) Capital management

The working capital position of the Group at 30 June 2012 and 30 June 2011 are as follows:

Cash and cash equivalents	1,673,411	2,035,116
Financial assets	195,800	67,422
Trade and other receivables	184,611	241,959
Trade and other payables	(67,865)	(115,846)
Working capital position	1,985,957	2,228,651

NOTE 14. RESERVES

	2012	2011
	$	$
a) **Option Reserve**		
Balance at the beginning of the year	180,442	1,879
Options issued during year	144,221	180,442
Options expired during year	-	(1,879)
Balance at the end of the year	324,663	180,442

The option reserve records items recognised on valuation of share options issued to employees, directors and consultants as part of their remuneration. Refer to Note 21.

b) **Foreign Currency Translation reserve**

Balance at the beginning of the year	-	-
Movement during the year	354	-
Balance at the end of the year	354	-

The foreign currency translation reserve is created on the consolidation of the Mongolian subsidiary as this is accounted for in US dollars and converted at balance date to AU dollars

NOTE 15. COMMITMENTS

a) The Group has tenements rental and expenditure commitments of:

Payable:		
– not later than 12 months	104,753	171,518
– between 12 months and 5 years	-	144,173
– greater than 5 years	-	-
	104,753	315,691

b) Operating Lease

The Group has an office equipment lease due to expire in the next 12 months. The Group has a non-cancellable premises lease through to 31 Jan 2013.

Payable:		
– not later than 12 months	29,633	19,119
– between 12 months and 5 years	-	-
	29,633	19,119

NOTE 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets.

NOTE 17. CASH FLOW INFORMATION

	2012 $	2011 $
a) **Reconciliation of Cash**		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	1,673,411	2,035,116
b) **Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax**		
Operating loss after income tax	(688,323)	(223,879)
Non-cash flows in profit from ordinary activities		
Share-based payment	-	178,563
Depreciation and amortisation	41	-
Net loss/(gain) on sale of financial assets	(82,931)	(87,032)
Gain on foreign translation	354	
Unrealised loss/(gain) on sale of financial assets	96,600	18,053
Non-operating activities included in debtors	157,952	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	57,072	40,922
(Increase)/decrease in other assets	(800,389)	(359,808)
Increase/(decrease) in trade and other payables	(47,981)	(3,457)
Net Cash Flow from/(used in) Operating Activities	(1,307,605)	(436,638)

c) Non Cash Financing and Investing Activities

Issue of options relating to brokerage fees	144,221	-

NOTE 18. RELATED PARTY TRANSACTIONS

Other than remuneration disclosed in note 2 and the remuneration report section of the Directors report, there have also been cash fees on arms-length terms for capital raising and corporate advisory services along with 10,000,000 listed options issued to Cygnet Capital, an entity in which Mr de Mori has an interest. Mr de Mori has not received any of those cash fees or options.

NOTE 19. FINANCIAL INSTRUMENTS

a) **Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Group's operations.

Derivatives are not currently used by the Group for hedging purposes. The Group does not speculate in the trading of derivative instruments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	6	1,673,411	2,035,116
Financial assets at fair value through profit or loss			
- Held for trading	7	195,800	67,422
Trade and other receivables	8	184,611	241,959
Total Financial Assets		2,053,822	2,344,497
Financial Liabilities			
Trade and other payables	12	67,865	97,846
Total Financial Liabilities		67,865	97,846

i. Treasury Risk Management

The full board meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable. The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, and market risk (being equity price risk).

Interest rate risk

The Group does not have any debt that may be affected by interest rate risk.

Sensitivity analysis

At 30 June 2012, if interest rates had changed by -/+ 75 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $12,550 lower/higher (2011 - $15,263 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk by preparing forward looking cash flow analysis in relation to its operational, investing and financing activities and monitoring its cash assets and assets readily convertible to cash in the context of its forecast future cash flows. The Group continually monitors its access to additional equity capital should that be required, maintains a reputable credit profile and manages the credit risk of its financial assets.

NOTE 19. FINANCIAL INSTRUMENTS (continued)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

Credit risk related to balances with banks and other financial institutions is managed by the full board of the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA. The following table provides information regarding the credit risk relating to cash based on Standard & Poor's counterparty credit ratings.

	Note	2012	2011
		$	$
Cash and cash equivalents – S&P rated - AA	6	1,673,411	2,035,116
		1,673,411	2,035,116

Market Risk – Equity/Securities Price Risk

The Group is also exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments and by seeking the advice of suitably qualified specialist advisers.

b) **Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group and the parent entity at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The following table represents a fair value hierarchy:

	Level 1	Level 2	Level 3	Total
2012	$	$	$	$
Financial Assets				
Financials assets at fair value through profit or loss:				
- Investments – held for trading	195,800	-	-	195,800

	Level 1	Level 2	Level 3	Total
2011	$	$	$	$
Financial Assets				
Financials assets at fair value through profit or loss:				
- Investments – held for trading	67,422	-	-	67,422

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

NOTE 19. FINANCIAL INSTRUMENTS (continued)

c) **Interest Rate Risk**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

	Floating Interest Rate		Fixed Interest Rate				Non-Interest Bearing		Total		Weight Effective Interest Rate	
			1 Year or Less		1 to 5 Years							
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 %	2011 %
Financial Assets												
Cash	1,673,411	2,035,116	-	-	-	-	-	-	1,673,411	2,035,116	3.00	5.58
Investments held for trading	-	-	-	-	-	-	195,800	67,422	195,800	67,422	N/A	N/A
Trade and other receivables	-	-	-	-	-	-	184,611	241,959	184,611	241,959	N/A	N/A
Total Financial Assets	1,673,411	2,035,116	-	-	-	-	380,411	309,381	2,053,822	2,344,497		
Financial Liabilities												
Trade and other payables	-	-	-	-	-	-	67,865	115,846	67,865	115,846	N/A	N/A
Total Financial Liabilities	-	-	-	-	-	-	67,865	115,846	67,865	115,846		

NOTE 20. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of business category and geographical areas. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

Where needed, an internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments where the charges can be directly linked to a particular segment within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Segment assets

Where an asset is used across multiple segments, the asset is allocated proportionately to the applicable segments based on its use. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

NOTE 20. OPERATING SEGMENTS (i)

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- net gains on disposal of available-for-sale investments;
- impairment of assets(excluding tenement assets) and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations, other than those related to tenement assets.

	Exploration	Total
	$	$
(i) Segment performance		
30 June 2012		
Total segment revenue	-	-
Total segment expenses	(20,991)	(20,991)
Segment net profit/(loss) before tax	(20,991)	(20,991)
Reconciliation of segment result to Group net loss		
Unallocated items		
Other revenue		69,354
Other expenses		(736,686)
Net loss before tax from continuing operations		(688,323)

	Exploration	Total
	$	$
30 June 2011		
Total segment revenue	215,833	215,833
Total segment expenses	(489)	(489)
Segment net profit/(loss) before tax	215,344	215,344
Reconciliation of segment result to Group net loss		
Unallocated items		
Other revenue		144,606
Other expenses		(583,829)
Net loss before tax from continuing operations		(223,879)

NOTE 20. OPERATING SEGMENTS (ii)

Segment assets

	Exploration	Total
30 June 2012	**$**	**$**
Segment assets	2,212,369	2,212,369
Total segment assets	2,212,369	2,212,369
Unallocated Assets		
Cash and cash equivalents		1,673,411
Financial assets		195,800
Trade and other receivables		184,887
Plant and Equipment		1,403
Total Group assets		4,267,870

	Exploration	Total
30 June 2011	**$**	**$**
Segment assets	1,411,980	1,411,980
Total segment assets	1,411,980	1,411,980
Unallocated Assets		
Cash and cash equivalents		2,035,116
Financial assets		67,422
Trade and other receivables		241,959
Total Group assets		3,756,477

(iii) Segment liabilities

	Exploration	Total
30 June 2012	**$**	**$**
Segment liabilities	-	-
Total segment liabilities	-	-
Unallocated liabilities		
Trade and other payables		67,865
Total Group liabilities		67,865

	Exploration	Total
30 June 2011	**$**	**$**
Segment liabilities	-	-
Total segment liabilities	-	-
Unallocated liabilities		
Trade and other payables		115,846
Total Group liabilities		115,846

NOTE 20. OPERATING SEGMENTS (continued)

(iv) Revenue by geographical region

There is no revenue attributable to external customers.

(v) Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:	**2012**	**2011**
Australia	3,702,550	3,756,477
Sweden	253,053	-
Mongolia	308,232	-
Total assets	4,263,835	3,756,477

NOTE 21. SHARED-BASED PAYMENTS

During the year 32,301,461 options were issued as share based payments. (2011: 25,000,000)

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Group with full dividend and voting rights. Details of the options granted can be found below;

	2012		**2011**	
	Number of options	**Weighted average exercise price cents**	**Number of options**	**Weighted average exercise price cents**
Outstanding at the beginning of the year	25,000,000	3.6	-	-
Granted – share based payment	10,000,000	3.0	25,000,000	3.6
Granted – rights issue	32,301, 526	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	3.6
Expired	(25,000,000)	-	-	-
Outstanding at year-end	42,301,526	3.0	25,000,000	3.6
Exercisable at year-end	42,301,526	3.0	25,000,000	3.6

a) **Expenses arising from share-based payment transactions**

There were $144,221 (2011: $180,442) expenses arising from share-based payment transactions recognised during the year. The 2012 expense has been recognised as a capital raising cost.

Weighted average exercise price	$0.03
Weighted average life of option	1.6 years
Expected share price volatility	111%
Risk-free interest rate	4.25%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns which may not eventuate.

NOTE 22. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australia Accounting Standards	2012 $	2011 $
Current Assets	1,794,865	2,344,497
Non-Current Assets	2,492,148	1,411,980
TOTAL ASSETS	4,287,013	3,756,477
Current Liabilities	67,865	115,846
TOTAL LIABILITIES	67,865	115,846
NET ASSETS	4,219,148	3,640,631
EQUITY		
Issued capital	11,726,866	10,623,744
Reserves	324,663	180,442
Accumulated losses	(7,832,381)	(7,163,555)
TOTAL EQUITY	4,219,148	3,640,631
STATEMENT OF COMPREHENSIVE INCOME		
Total Loss	(668,827)	(223,879)
Total Comprehensive Income	(668,827)	(223,879)

Newera Resources Limited does not hold any deed of cross guarantee for the debts of its subsidiary company as at 30 June 2012 (2011: Nil)

Newera Resources Limited has no contingent liabilities at 30 June 2012. (2011: Nil)

Newera Resources Limited has no commitments for the acquisition of property, plant and equipment as at 30 June 2012. (2011: Nil)

NOTE 23. GROUP DETAILS

The registered office and principal place of business of the Group is:

Suite 5 / 2 Centro Avenue
SUBIACO, WA 6008

Directors' Declaration

1. The directors of the company declare that:

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the entity's financial position as at 30 June 2012 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

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

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

WINTON WILLESEE
Director

DATED this 21st day of September 2012

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Newera Resources Limited

We have audited the accompanying financial report of Newera Resources Limited and its Controlled Entity ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. The financial report of Newera Resources Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 29 of the directors' report of the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Newera Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Phil J. Rix

PHILIP RIX FCA
Director

DATED at PERTH this 21st day of September 2012

Shareholder Information

Additional information required by the Australian Securities Exchange Limited Listing Rules, and not disclosed elsewhere in this report.

SHAREHOLDINGS

The names of the substantial shareholders listed on the company's register as at 18 September 2012:

Shareholder	Number	Percentage of issued capital held
Tonka Trading PL Jakessi S/F A/C	17,326,451	6.69

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

1. At a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

2. On a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

DISTRIBUTION OF SHAREHOLDERS (as at 18 September 2012)

Shares Range	No of Holders	Units	%
1 – 1000	110	35,297	0.01
1001 – 5000	239	714,183	0.28
5001 – 10000	306	2,476,543	0.96
10001 – 100000	548	20,794,103	8.03
100001 and above	278	234,891,556	90.72
Total	**1,481**	**258,911,682**	**100.00**

There are 912 holders of unmarketable parcels comprising a total of 7,580,717 ordinary shares.

There is not currently an on-market buy back in place.

There are currently no restricted securities on issue.

DISTRIBUTION OF OPTIONHOLDERS (as at 18 September 2012)

Options Range	No of Holders	Units	%
1 – 1,000	29	12,918	0.02
1,001 – 5,000	83	188,482	0.32
5,001 – 10,000	30	228,743	0.39
10,001 – 100,000	100	3,295,953	5.62
100,001 and above	50	54,888,860	93.64
Total	**293**	**58,614,956**	**100.00**

Shareholder Information

TWENTY LARGEST SHAREHOLDERS
(as at 18 September 2012)

	Name	Number of Shares	%
1.	TONKA TRADING PL (JAKESSI S/F A/C)	17,326,451	6.69
2.	MAHSOR HLDGS PL (ROSHAM FAM SUPER A/C)	8,100,000	3.13
3.	R W ASSOC PL (S/F A/C)	8,000,000	3.09
4.	DECK CHAIR HLDGS PL	7,000,000	2.70
5.	BOUTA PL	6,943,334	2.68
6.	MRS KATRINA FRANCES BANKS-SMITH	6,538,484	2.53
7.	CITICORP NOMINEES PL	6,190,612	2.39
8.	EKIRTSON NOM PL (GFCR INV A/C)	5,345,000	2.06
9.	BISNEY ASSETS LTD	5,000,000	1.93
10.	OUTBACK CAP PL FFRF A/C	4,700,000	1.82
11.	BOUTA PL JB MARTEL PRACTICE	4,659,191	1.80
12.	MRS V G PLAYER & MR S J PLAYER (V G PLAYER S/F A/C)	4,493,468	1.74
13.	MS M SMITH & MS K SMITH (MINI PENSION FUND A/C)	4,040,000	1.56
14.	R W ASSOC PL	4,000,000	1.54
15.	EMMETT CAPITAL PL (EMMETT FAMILY A/C)	4,000,000	1.54
16.	PLAYERCORP PL (SJ PLAYER FAMILY A/C)	3,845,549	1.49
17.	DR SALIM CASSIM	3,600,000	1.39
18.	AZALEA FAM HLDGS PL (NO 2 A/C)	3,066,667	1.18
19.	DR JOHN HENRY ADDISON MCMAHON	3,058,326	1.18
20.	MRS THUAN KIM HUYNH	3,000,000	1.16
		112,907,082	**43.61**

TWENTY LARGEST OPTIONHOLDERS
(as at 18 September 2012)

	Name	Number Of Options	%
1.	DECK CHAIR HLDGS PL	11,574,757	19.75
2.	EKIRTSON NOM PL (GFCR INV A/C)	8,360,250	14.26
3.	MAHSOR HLDGS PL (ROSHAM FAM S/F NO 2 A/C)	3,241,541	5.53
4.	GRASMERE NOMINEES PL	2,884,000	4.92
5.	TRANAJ NOMINEES PL	2,500,000	4.27
6.	SEASPIN PL	2,383,336	4.07
7.	CORBENIC INVESTMENTS PL	2,339,167	3.99
8.	TONKA TRADING PL	2,165,807	3.69
9.	MAHSOR HLDGS PL	1,750,000	2.99
10.	VALPLAN PL	1,250,000	2.13
11.	MS M SMITH & MS K SMITH (MINI PENSION FUND A/C)	1,170,834	2.00
12.	MR GEDIRE MOHAMAD	1,008,041	1.72
13.	R W ASSOCIATES PL	1,000,000	1.71
14.	OUTBACK CAPITAL PL	910,178	1.55
15.	BOUTA PL	836,667	1.43
16.	MR JAMES HENRY MOULLIN	835,000	1.42
17.	WALSAL NOMINEES PL	708,334	1.21
18.	KYLE PARADE PL	681,999	1.16
19.	DR SALIM CASSIM	625,000	1.07
20.	R W ASSOCIATES PL	583,334	1.00
		46,808,245	**79.86**

Shareholder Information

TENEMENT SCHEDULE

Lease	Project	Lease Status
WA		
E09/1575	Jailor Bore	Granted
E09/1194	Jailor Bore	Granted
E09/1434	Jailor Bore	Granted
E09/1298	Jailor Bore	Granted
E09/1193	Pells Range	Granted
E09/1340	Gascoyne	Granted
E09/1748	Jailor Bore	Granted
E09/1749	Jailor Bore	Granted
E09/1788	Jailor Bore	Granted
E80/4308	Cummins Range	Granted
E80/4632	Cummins Range	Application
NT		
EL25169	White Lady	Granted
Sweden		
Varmland nr 100	Sweden	Granted
Varmland nr 101	Sweden	Granted