NAE

2016

Annual Report

New Age Exploration Limited

ACN: 004 749 508

CONTENTS

CORPORATE DIRECTORY

Directors	Mr A Broome AM (Non-Executive Chairman) Mr G Fietz (Managing Director) Mr M Amundsen (Non-Executive Director)
Company Secretary	Mr A M Wing
Registered Office	Level 3 480 Collins Street Melbourne VIC 3000 + 61 3 8610 6494
Principal Place of Business	Level 3 480 Collins Street Melbourne VIC 3000 + 61 3 8610 6494
Share Register	Link Market Services Limited Level 4 Central Park 152 St George Terrace Perth WA 6000 +61 8 9211 6670
Auditor	DFK Kidsons Partnership Level 6 30 Collins Street Melbourne VIC 3000
Solicitors	Quinert Rodda & Associates Suite 1, Level 6 50 Queen Street Melbourne VIC 3000
Stock Exchange Listing	New Age Exploration Limited shares are listed on the Australian Securities (ASX code: NAE)

CHAIRMAN'S LETTER

Dear Shareholders,

This year, the Company's main focus has been the Redmoor Tin-Tungsten Project in Cornwall with the completion of an updated Mineral Resource estimate, mining, processing and economic studies. This work has provided the Board confidence to progress with the project, with a focus on the high grade lodes. In May 2016, we formed a Joint Venture with AIM-listed Strategic Minerals Plc ("SML") on the Redmoor Project. The Board is confident that SML will meet their funding obligations to the JV which will allow the completion of an initial phase of drilling aimed primarily at extending the high grade resource. This drilling represents a significant activity planned for the first half of 2017.

The Lochinvar Coking Coal Project in Scotland has remained on hold this year. The licences have been maintained in good standing and we have continued to maintain the strong community and stakeholder relationships established on the project. Hard coking coal prices have risen sharply recently to US$206/t in September 2016 which represents an increase of over 100% since the start of the year. This spectacular increase in the HCC price has been driven by cut backs on domestic coal production in China, combined with strong steel demand and some Australian supply issues. While we are encouraged by these recent increases in the HCC prices, we need to see how sustainable the current situation is. Should HCC prices be sustainable at around current high levels, then NAE will re-consider its decision made in 2015 to put activities at Lochinvar on hold.

Our application for 2 Prospecting Permits over gold exploration targets in Otago, New Zealand represents an exciting new project for the Company. The applications cover an area previously unidentified in the southern part of the Otago Schist belt which is thought to be 'mirror image' of the Macraes gold mine geology. These applications mark the first step in NAE's strategy to build a portfolio of gold assets and several other advance stage projects in New Zealand are continuing to be assessed by NAE.

The Board has continued its focus on reducing costs and, as of 23 September 2016, NAE consolidated cash is A$1.12 million.

Yours faithfully,

Alan Broome AM
Non-executive Chairman


UNITED KINGDOM
Lochinvar
Coking Coal
Redmoor
Tin-Tungsten
AUSTRALIA
Melbourne
Head Office
NEW ZEALAND
Otago
Gold

OUR YEAR IN REVIEW

The Company focused its activities this year on repositioning itself following a period of low commodity prices. This has resulted in identification of value adding opportunities for the Company within the existing assets and the development of exciting new opportunities for future growth.

Significant advancement of the Redmoor project has been a highlight, with completion of an updated resource statement, a preliminary mining, processing and economic study and a joint venture agreement. An upfront payment by the JV partner has enabled pre-drilling works to be recently started at Redmoor with drilling expected to commence in the first half of 2017.

The Company remains optimistic of the quality of the Lochinvar Coking Coal project and this optimism is supported by the significant rebound in coking coal prices which commenced since year-end.

In August 2016, the Company completed 2 Prospecting Permit applications over gold exploration targets in Otago, New Zealand.

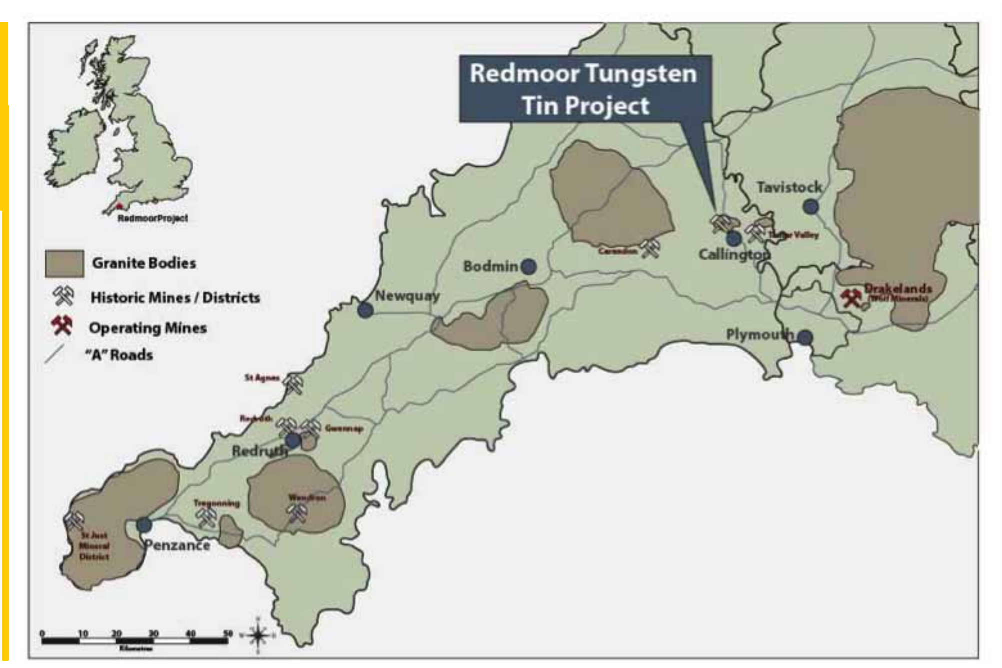
KEY MILESTONES

Dec 2015	Completion of Redmoor Resource Update
Mar 2016	Completion of Redmoor Mining, Processing and Economic Studies
May 2016	Redmoor JV Agreement and £104,999 Initial Payment Received
Dec 2015 - Feb 2016	Ongoing funding support from RCF with A$589,982 raised
Jul 2016	£456,729 net cash payment from UK Government for Research and Development Tax Relief
Aug 2016	Otago Gold Prospecting Permit applications
Sep 2016	£101,700 received from JV Partner for Pre-Drilling works at Redmoor

REDMOOR TIN-TUNGSTEN PROJECT, UK

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

NAE holds a 15-year exploration licence over the Redmoor Tin and Tungsten project in the historic mining district of Cornwall, United Kingdom. The licence is in good standing and is 84% owned by NAE as at the date of this report.

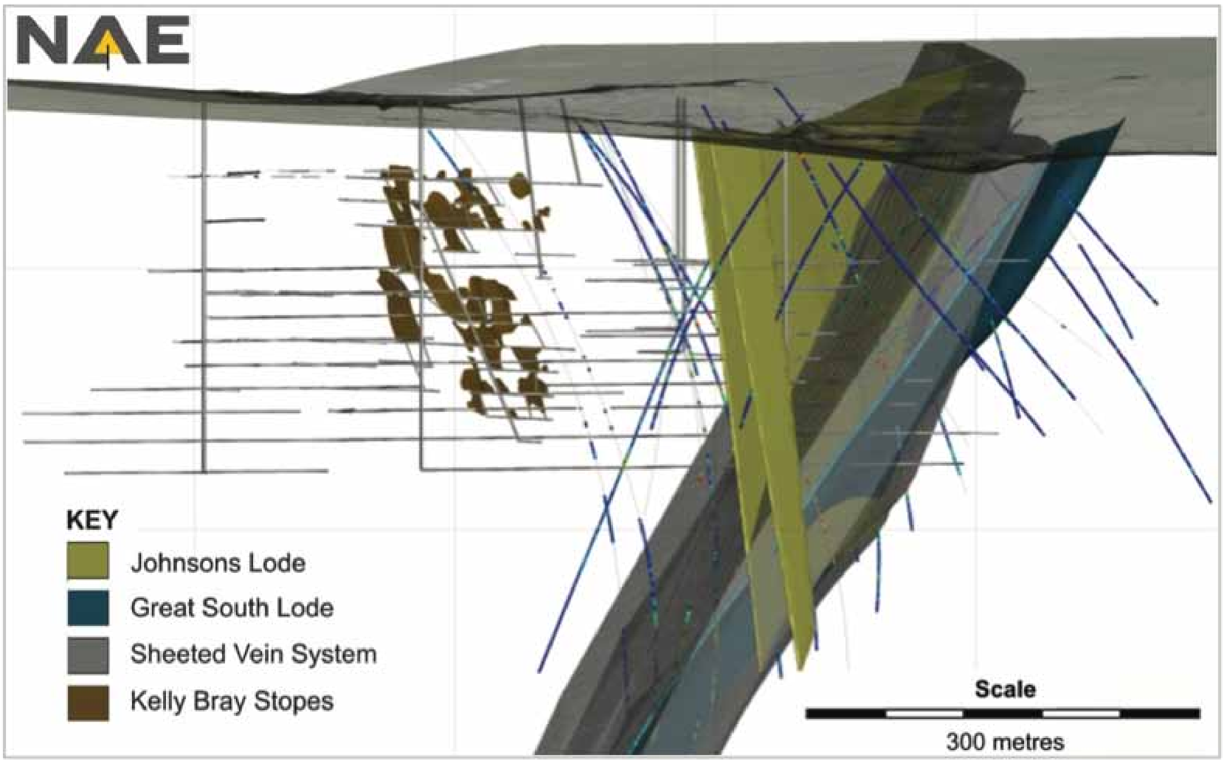


Redmoor Location

Inferred Mineral Resource Update

A number of high grade tin-tungsten lodes were identified at Redmoor in November 2015 and an updated Mineral Resource statement was completed in December 2015.

DESCRIPTION	Tonnage (Mt)	WO_3 %	Sn %	Cu %	WO_3Eq %	SnEq %
Johnsons Lode	0.8	0.36	0.55	0.78	0.91	1.37
Great South Lode	1.5	0.33	0.50	0.32	0.74	1.10
Sub Total - High Grade	**2.3**	**0.34**	**0.52**	**0.48**	**0.80**	**1.19**
Sheeted Vein System	11.0	0.12	0.14	0.28	0.28	0.42
TOTAL	**13.3**	**0.16**	**0.21**	**0.32**	**0.37**	**0.56**



Redmoor 3D View from the West

Exploration Target Update

A High Grade Exploration Target of **4Mt to 6Mt with an estimated grade of between 0.6% WO_3Eq (0.9% SnEq) and 1.0% WO_3Eq (1.5% SnEq)** was also identified in December 2015 in addition to the Inferred Mineral Resource. The High Grade Exploration Target is 2 to 3 times the size of the High Grade Resource at a similar expected grade, highlighting the exciting exploration potential of the project.

An Exploration Target for lateral extensions to the Sheeted Vein System of **3Mt to 4Mt with an estimated grade of between 0.2% WO_3Eq (0.3% SnEq) and 0.4% WO_3Eq (0.6% SnEq)** was also identified in December 2015 in addition to the Inferred Mineral Resource.

It should be noted that this estimate is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Preliminary Mining Study

The preliminary mining study included stope optimisation, high level underground mine design and high level capital and operating costs estimates for a bulk mining option and a high grade mining option.

Bulk Mining Option

The bulk mining option targeted some 8.1Mt of the Inferred Mineral Resource with a mean grade of 0.67% SnEq[1] before stope optimization and application of mining dilution and recovery

High Grade Mining Option

The high grade mining option targeted some 3.5Mt of the Inferred Mineral Resource with a mean grade of 0.99% SnEq[1] before stope optimization and application of mining dilution and recovery factors.

[1] *NAE Announcement, 15 December 2015, Redmoor Resource Update, Table 2*

Preliminary Mineral Processing Study

A preliminary mineral processing study was completed and included a preliminary metallurgical flowsheet design, capital and operating cost estimates.

The processing study provided confidence that Redmoor could produce a saleable tin and tungsten concentrate with an expected overall process recovery of 68% for tin and 72% for tungsten. The coarse grained nature of the Redmoor mineralisation results in a potential for a low cost processing flowsheet with high recoveries.

Redmoor Tungsten Mineralisation

Exploration Program

An exploration program has been designed primarily aimed at converting a portion of the Exploration Target to Inferred Mineral Resource status and also at improving confidence in the Inferred Mineral Resource and upgrading a portion of this to Indicated status. The JV exploration program will focus on the initial phase of drilling planned.

Joint Venture Agreement – Strategic Minerals

NAE completed an agreement with AIM-listed Company, Strategic Minerals Plc ("SML"). SML will earn a 50% interest in the Redmoor Project for a total consideration of £1.05M.

The £1,050,348 total consideration is made up of:

- £104,999 Initial Subscription cash payment for a 9.1% interest in the Redmoor Project, which was paid in May 2016 and July 2016.
- £945,349 Option Payment payable in cash by SML before 15 February 2017 in order to increase SML's interest in the Redmoor Project to 50%.

As part of an amendment to the JV agreement, SML made a £101,700 part-payment of the SML Option Payment in September 2016 which will be used primarily for advancing pre-drilling works aimed at commencing drilling at Redmoor in the first half of 2017. The remaining funds from the SML Option Payment will be used to complete the exploration drilling program at Redmoor.

The agreement with SML enables NAE shareholders to retain exposure to 50% of the Redmoor Project upside with the next stage of drilling to be fully funded by SML with the proceeds from the Option Payment upon its completion.

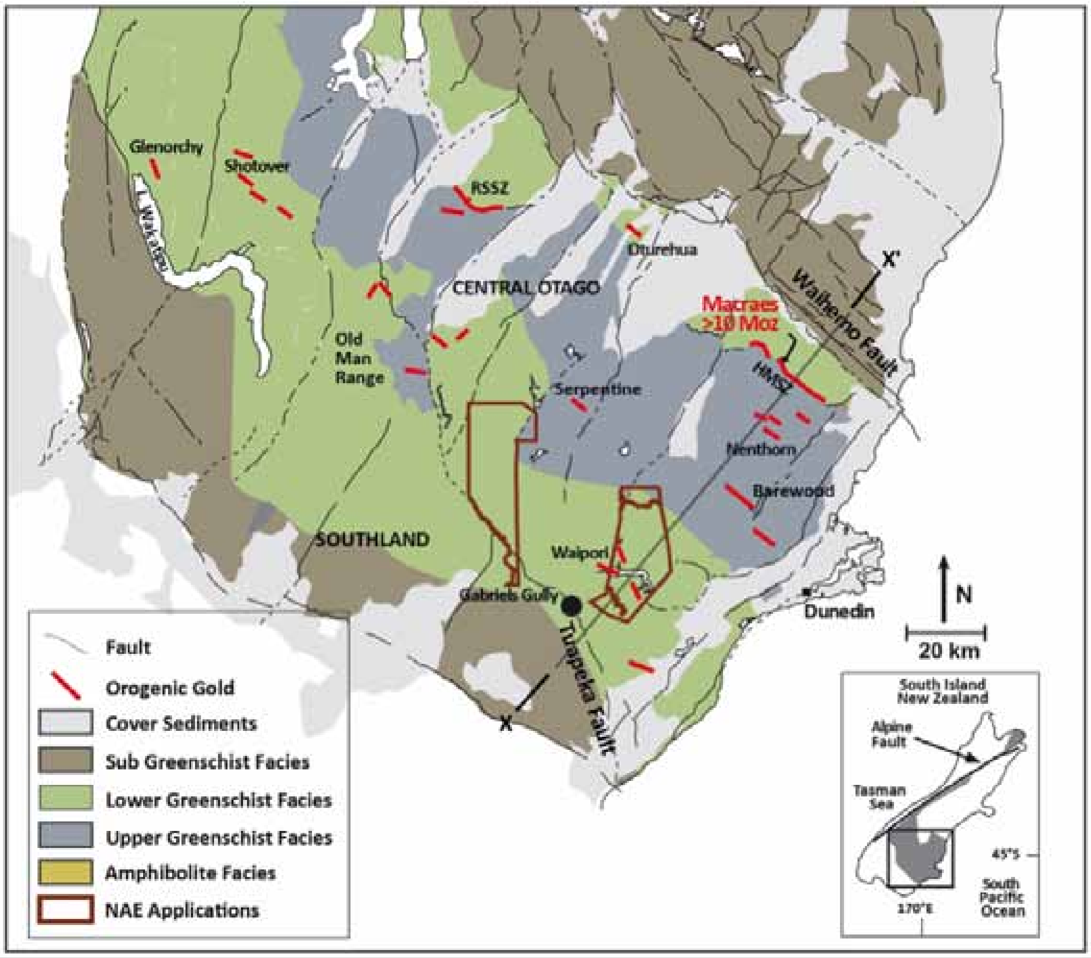
OTAGO GOLD EXPLORATION PROJECT, NZ

Two Prospecting Permit applications for gold and other minerals over a total area of 876 km^2 were accepted by New Zealand Petroleum & Minerals on 11 August 2016. NAE has 'first applicant' priority over these 2 applications which will now be evaluated by New Zealand Petroleum & Minerals with a decision on grant of the permits expected in around 80 business days from the date of application.

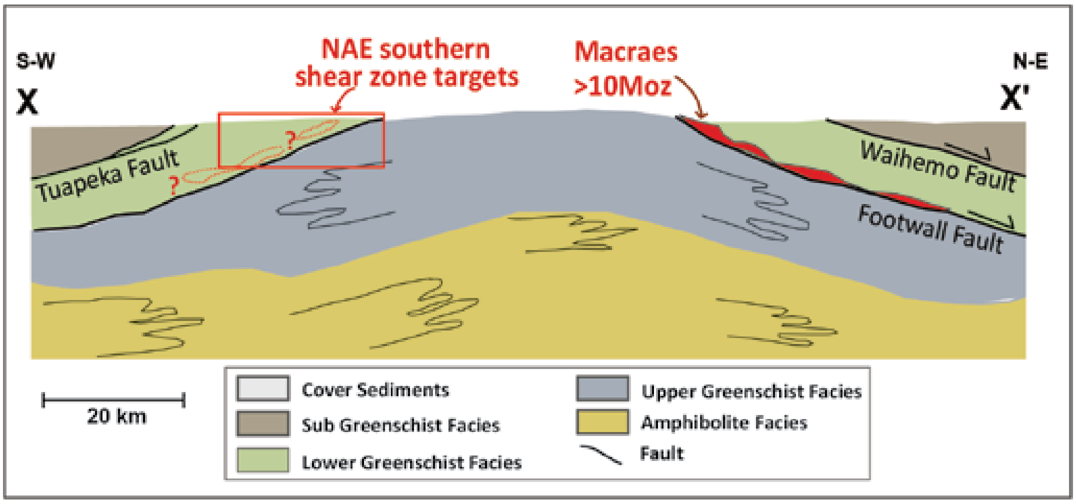
The NAE application areas are prospective for Macraes style gold deposits based on recent research by leading experts in Otago Schist-hosted gold deposits. This research has identified a 'mirror image' geological setting in the south of the Otago Schist belt (within NAE's application areas) to that present at the Hyde Macraes Shear Zone which hosts the Macraes Gold Mine (>10 Moz) located 60km to the north, which is currently owned and operated by Oceana Gold Corporation.

Subject to the applications being granted, NAE will be in an exciting position of being the first to explore these new targets which can be prospected rapidly and cost effectively.

These applications mark the first step in NAE's strategy to build a portfolio of gold assets.



Geological Map - Shear Zone Hosted Gold Mineralisation with the Otago Schist Belt



Geological Cross Section - Otago Schist Belt & Southern Shear Zone Gold Exploration Targets

LOCHINVAR COKING COAL PROJECT, UK

Activities on the Lochinvar Coking Coal Project located on the Scottish/English border remain curtailed as a result of recent low coking coal prices and market conditions.

All licences are in good standing and are 100% owned by NAE and the licences are being maintained along with the strong community and stakeholder relationships established for the project.

Lochinvar currently has an Indicated Resource of 49Mt and an Inferred Resource of 62Mt. In 2014, a scoping study was completed on a 1.9Mtpa longwall operation with an NPV_9 of US$263M and an IRR of 20%, based on a hard coking coal price of US$165/t.

Premium Hard Coking Coal Prices 2015 – 2016 (weekly averages)

Coking coal prices have risen sharply recently to approximately US$206/t in September 2016 which represents an increase of over 100% since the start of the year. Exchange rate movements have also been favourable with costs now expected to be lower in US$ terms with lowest quartile US$70/t scoping study costs now expected to be less than US$65/t.

Lochinvar is extremely well positioned to take advantage of a sustained market upturn and it remains the Company's intention to re-commence activity at Lochinvar when coking coal prices improve sufficiently on a sustained basis.

COLOMBIA

All activities in Colombia have ceased and the JV companies have been closed.

CORPORATE

RCF Loan and Placement of Shares

A capital raising was completed on 7 December 2015 with Resource Capital Fund V L.P ("RCF"), with the Company raising A$237,310 via the placement of 15,820,646 fully paid ordinary shares at a subscription price of 1.5 cents per share. The placement was made under the US$600,000 funding facility in place with RCF announced on 18 May 2015.

On 29 February 2016, NAE received A$352,672 proceeds from its funding facility in place with RCF. This unsecured loan represented the remaining undrawn portion of US$252,498 of the US$600,000 funding facility agreement entered into with RCF in May 2015.

On 5 July 2016, 15,700,000 fully paid ordinary shares in NAE were placed to RCF at a subscription price of 1.5 cents per share to repay US$174,882 of the unsecured loan to RCF. As a result, the RCF loan balance has now reduced to US$77,616.

A further 925,914 fully paid ordinary shares in the Company were also placed to RCF on 5 July 2016 at a subscription price of 0.99 cents per share to repay US$6,807.08 interest accrued on the loan.

Research and Development Tax Relief Payment

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

Resignation of Mr Gavan Rice

Mr. Gavan Rice resigned as a Director of the Company on 2 March 2016.

Cost Reductions

During the period, the Company has continued to rigorously focus on cost reductions in order to preserve cash including further reductions in directors' fees and senior management remuneration commencing 1 April 2016.

Other Activities

The Company continues to pursue additional project opportunities.

BOARD OF DIRECTORS

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

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

Mr Gary Fietz
(BSc (Hons), AusIMM)

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

Mr Michael John Amundsen
(FAICD, M.AusIMM)

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

The Directors present their report, together with the consolidated financial statements of the Group comprising of New Age Exploration Limited (the Company) and its subsidiaries, for the financial year ended 30 June 2016 and the auditor's report thereon.

Directors

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

Mr A Broome AM (Non-Executive Chairman)
Mr G Fietz (Managing Director)
Mr G L Rice (Non-Executive Director) – resigned 2 March 2016
Mr M Amundsen (Non-Executive Director)

Company Secretary

Mr A Wing (B.Bus, CPA) was the company secretary of the Company during the whole of the financial year and up to the date of this report. Mr Wing is CPA qualified. He practised in the audit and corporate divisions of a chartered accounting firm before working with a number of public companies listed on the Australian Securities Exchange as a corporate/accounting consultant and company secretary

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Held	**Attended**	**Held**	**Attended**
Mr A Broome AM	9	8	2	1
Mr G Fietz	9	9	2	2
Mr G L Rice	7	7	1	1
Mr M J Amundsen	9	9	2	2

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

Information on directors as at 30 June 2016

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

Name:	**Mr Gary Fietz (BSc (Hons), AusIMM)**
Title:	Managing Director
Experience and expertise:	Mr Fietz holds a degree in geology and is a senior resources industry executive with over 29 years' experience in all aspects of exploration, business development and project evaluation. His extensive international experience includes 21 years with BHP Billiton, primarily working in the iron ore business group. Mr Fietz has also worked on coal, base metals and gold projects. He held the position of Project Director, West Africa for BHP Billiton Iron Ore where he was responsible for the direction of exploration programs and project development of an advanced tier one project within the region. He was also the Vice President, Iron Ore Business Development with responsibility for assessing global iron ore business development opportunities for BHP Billiton.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Managing Director
Interests in shares:	445,000 ordinary shares
Interests in options:	Nil
First appointed to the Board:	6 May 2010

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

Name:	**Mr Gavan Leonard Rice (LL.B, B.Juris)**
Title:	Non-Executive Director – resigned 2 March 2016
Experience and expertise:	Mr Gavan Rice is a practising barrister at law for the Supreme Court of Victoria for over 30 years and a nationally-accredited Mediator. Mr Rice has had considerable previous experience as a director of public companies listed on the Australian Securities Exchange.

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

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

Principal activities

During the financial year, the Group focused its activities on repositioning itself following a period of low commodity prices. This has resulted in identification of value adding opportunities within the existing assets and the development of exciting new opportunities for future growth.

Significant advancement of the Redmoor project has been a highlight and an evaluation of other project opportunities which may provide sustainable returns to shareholders.

Dividends

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

Review of operations

The loss for the Group after providing for income tax and non-controlling interests amounted to $10,856 (2015: $3,068,524). During the year, $936,200 was recorded for a Research and Development Tax Relief claim ("R&D claim") on the Lochinvar Project. The R&D claim proceeds were received on 1 July 2016.

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

Significant changes in the state of affairs

On 7 December 2015, the Company issued 15,820,646 shares to its largest shareholder, Resource Capital Fund V L.P ("RCF") and received $237,310. Further, on 29 February 2016, the Company received $352,672 (or US$252,498) loan proceeds from RCF. These are in accordance with the binding agreement signed with RCF on 18 May 2015 to raise up to a total of US$600,000 in funding for the Company. Additional information is included in the detailed Activities Report preceding this Directors' report.

On 26 May 2016, NAE completed an agreement with AIM-listed company, Strategic Minerals Plc ("SML"), whereby SML will earn up to 50% interest in the Redmoor Project for a total consideration of £1.05M, payable in tranches. The agreement enables NAE shareholders to retain exposure to 50% of the Redmoor Project upside with the next stage of drilling to be fully funded by SML. As at year-end, SML has a 6.7% interest in Redmoor.

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

Matters subsequent to the end of the financial year

On 5 July 2016, 15,700,000 fully paid ordinary shares in NAE were placed to RCF at a subscription price of 1.5 cents per share to repay US$174,882 of the unsecured loan to RCF. As a result, the RCF loan balance was reduced to US$77,616. A further 925,914 fully paid ordinary shares in the Company was issued to RCF at a subscription price of 0.99 cents per share to repay US$6,807 interest accrued on the loan.

SML increased its interest in the Redmoor Project to 9.1% in July 2016 in accordance with the joint venture ("JV") agreement signed in May 2016. In September 2016, the JV agreement was amended such that SML made a part-payment of £101,700 of the SML Option Payment. The remaining funds of £843,649 from the SML Option Payment is payable in cash before 15 February 2017.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

NAE recently announced a Joint Venture Agreement with AIM listed Strategic Minerals Plc for the Redmoor Tin Tungsten project. An upfront payment by the JV partner has enabled pre-drilling works to be started at Redmoor. This will lead to the key activity in the forecast period of drilling, expected to commence in the first half of 2017. The exploration program has been designed primarily at converting a portion of the Exploration Target to Inferred Mineral Resource status and also at improving confidence in the Inferred Mineral Resource and upgrading a portion of this to Indicated status.

The Company has applied for two Prospecting Permits for gold and other minerals over a total area of 876 km^2 in the Otago District of the South Island of New Zealand. Subject to the applications being granted, NAE will be in position to commence initial field exploration over the application area. The initial exploration work under the Prospecting Permit will focus on mapping and soil sampling for Arsenic (a pathfinder mineral for gold within the Otago Schist) using a portable hand held XRF device. The Company continues to assess opportunities in NZ and several other more advanced stage NZ gold projects are currently being targeted.

Work on the Lochinvar Coking Coal project has been curtailed due to poor market conditions and low coking coal prices. However, all licences are being maintained in good standing and the Company will continue to have a locally-based part-time Community Liaison Officer and focus on maintaining strong community and stakeholder relationships. Hard Coking coal (HCC) prices have risen sharply during 2016. Should HCC prices be sustainable at around current high levels, then NAE will re-consider its decision made in 2015 to put activities at Lochinvar on hold.

Environmental regulation

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

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

Remuneration report (audited)

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

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

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

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

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

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

Executive Director Remuneration

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

Remuneration is periodically compared to relevant external market conditions. This is done based on surveys of peer companies' Managing Director remuneration and also taking into account the increase in consumer price index. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

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

Non-Executive Director Remuneration

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

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

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

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

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and other key management personnel through successfully achieving its primary objectives. During exploration project development phase, these objectives are not linked to earnings. Instead, the successful discovery or acquisition of mineral resources and progress with project development are the primary means of value creation and thus, are the primary objectives of the Company. The achievement of this aim has been through the issue of options to Directors to encourage the alignment of personal and shareholder interests. The recipients of the options are responsible for growing the Group and increasing shareholder value. If they achieve this goal, the value of the options granted to them will also increase. Therefore, the options provide an incentive to the recipients to remain with the Group and to continue to work to enhance the Group's value.

B Details of remuneration

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

	Short-term benefits		Post-employment benefits			Performance
	Salary/Fees	Bonus	Superannuation	Options	Total	Related
2016	$	$	$	$	$	%
Non-Executive Directors:						
Mr A Broome AM	47,500	-	-	-	47,500	-
Mr G L Rice (2)	20,000	-	-	-	20,000	-
Mr M Amundsen	27,525	-	-	-	27,525	-
Executive Director						
Mr G Fietz (1)	270,662	-	23,444	-	294,106	-
Company Secretary:						
Mr A M Wing	27,525	-	-	-	27,525	-
	393,212	-	23,444	-	416,656	-
2015						
Non-Executive Directors:						
Mr A Broome AM	58,500	-	-	-	58,500	-
Mr G L Rice	30,000	-	-	-	30,000	-
Mr M Amundsen	30,000	-	-	-	30,000	-
Executive Director						
Mr G Fietz (1)	295,000	-	25,000	-	320,000	-
Company Secretary:						
Mr A M Wing	60,504	-	-	-	60,504	-
	474,004	-	25,000	-	499,004	-

(1) Gary Fietz's wife was also paid $27,156 (2015: $41,479) for administrative and investor relations support services. Refer to Note 19 of the financial statements.
(2) Mr Rice resigned as a director on 2 March 2016.

Cost reductions

In January 2015, as part of a cost reduction program, the Directors agreed to a reduction in their fees/remuneration as follows:

- Chairman - reduced from $67,000 p.a. to $50,000 p.a.
- Non-executive Directors – reduced from $44,000 p.a. to $30,000 p.a.
- Company Secretary - reduced from $82,000 p.a. to $30,000 p.a.

In April 2016, the Directors agreed to further reductions as follows:

- Chairman - reduced from $50,000 p.a. to $40,000 p.a.
- Non-executive Directors – reduced from $30,000 p.a. to $20,100 p.a.
- Company Secretary - reduced from $30,000 p.a. to $20,100 p.a.
- Managing Director - reduced from $320,000 p.a. to $270,533 p.a. (including superannuation)

C Service agreements

NAE has an Executive Service Agreement (ESA) with its Managing Director, Mr Gary Fietz, which commenced on 11 March 2010. The agreement stipulates an annual remuneration of $290,000 plus superannuation of $30,000 per annum. The ESA allows for Mr Fietz to receive a one-off cash bonus equivalent to one year's annual remuneration upon the Group successfully completing the acquisition of a Material Project. The Group may terminate the ESA without cause at any time by the payment of 6 months annual remuneration.

On 20 September 2012, the Board resolved to increase Mr Fietz annual remuneration to $325,000 plus $25,000 superannuation per annum.

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

In May 2013, 13 million options were granted to Mr Fietz as part of his remuneration (refer to the Share-based compensation disclosure which follows for the option terms). The Board believes that options are an effective remuneration and incentive tool which is aligned with increasing shareholder value while preserving the cash reserves of the Group. These options expired during the year without being exercised.

On 14 April 2014, as part of NAE's cost reduction program, Mr Fietz agreed to an adjustment to his remuneration, with his annual salary reduced to $295,000 plus superannuation of $25,000. A further reduction to $247,062 annual salary plus 9.5% superannuation was effected beginning 1 April 2016.

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

D Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Shareholding

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

2016	**Balance at the start of the year**	**Received as part of remuneration**	**Additions**	**Disposals/ Other**	**Balance at the end of the year**
Ordinary shares					
Alan Broome AM	475,000	-	-	-	475,000
Gary Fietz	445,000	-	-	-	445,000
Gavan Rice (i)	400,000	-	-	(400,000)	-
Michael Amundsen	450,000	-	-	-	450,000
Adrien Wing	750,000	-	-	-	750,000
	2,520,000	-	-	(400,000)	2,120,000
2015					
Ordinary shares					
Alan Broome AM	475,000	-	-	-	475,000
Gary Fietz	445,000	-	-	-	445,000
Gavan Rice	400,000	-	-	-	400,000
Michael Amundsen	450,000	-	-	-	450,000
Adrien Wing	750,000	-	-	-	750,000
	2,520,000	-	-	-	2,520,000

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

Options

There were no options issued to Directors or other key management personnel as part of compensation during the year ended 30 June 2016.

Options holdings

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

2016	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year	Vested and exercisable
Options over ordinary shares						
Alan Broome AM	1,250,000	-	-	(1,250,000)	-	-
Adrien Wing	1,250,000	-	-	(1,250,000)	-	-
Gavan Rice	1,250,000	-	-	(1,250,000)	-	-
Gary Fietz	13,000,000	-	-	(13,000,000)	-	-
Michael Amundsen	1,250,000	-	-	(1,250,000)	-	-
	18,000,000	-	-	(18,000,000)	-	-
2015						
Options over ordinary shares						
Alan Broome AM (1)	1,250,000	-	-	-	1,250,000	1,250,000
Adrien Wing (1)	1,250,000	-	-	-	1,250,000	1,250,000
Gavan Rice (1)	1,250,000	-	-	-	1,250,000	1,250,000
Gary Fietz (2)	13,000,000	-	-	-	13,000,000	3,000,000
Michael Amundsen (1) (3)	2,000,000	-	-	(750,000)	1,250,000	1,250,000
	18,750,000	-	-	(750,000)	18,000,000	8,000,000

(1) 5,000,000 options granted as part of remuneration on 28 May 2013, vesting immediately and exercisable at 10 cents on or before 27 May 2016. Each director received 1,250,000 options.

(2) 13,000,000 options granted as part of remuneration on 28 May 2013, exercisable at 10 cents on or before 27 May 2016, with 3,000,000 vesting immediately, 3,333,333 options vesting upon the Company's share price reaching 10 cents for more than 15 days from any consecutive 20 business days, 3,333,333 vesting upon the Company's share price reaching 12 cents for more than 15 days from any consecutive 20 business days and 3,333,334 vesting upon the Company's share price reaching 18 cents for more than 15 days from any consecutive 20 business days.

(3) 750,000 expired options were exercisable at 14 cents on or before 6 February 2015.

E Additional information

The earnings of the Group for the five years to 30 June 2016 are summarised below:

	2012 $	2013 $	2014 $	2015 $	2016 $
Revenue	1,248,747	114,110	97,155	23,014	944,794
Net profit/(loss) before tax	(1,465,990)	(5,943,761)	(4,052,230)	(3,074,884)	(10,944)
Net profit/(loss) after tax	(1,465,990)	(5,943,761)	(4,052,230)	(3,074,884)	(10,944)

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

	2012	2013	2014	2015	2016
Share price at start of year ($)	0.12	0.08	0.03	0.02	0.004
Share price at end of year ($)	0.08	0.03	0.02	0.004	0.009
Basic earnings/(loss) per share (cents per share)	(1.20)	(2.97)	(1.42)	(0.98)	(0.003)
Diluted earnings/(loss) per share (cents per share)	(1.20)	(2.97)	(1.42)	(0.98)	(0.003)

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 August 2014	26 June 2017	$0.045	1,050,000
			1,050,000

All options are unlisted.

Shares issued on the exercise of options

No shares of the Company were issued during the year ended 30 June 2016 on the exercise of options granted.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Group

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

Auditor's independence declaration

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

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

On behalf of the directors

Alan Broome AM
Chairman

29 September 2016
Melbourne

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Melbourne Victoria 3000
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DECLARATION OF INDEPENDENCE BY MICHAEL PORT TO THE DIRECTORS OF NEW AGE EXPLORATION LIMITED

As lead auditor for the audit of the financial report of New Age Exploration Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

M L Port
Partner

DFK Kidsons Partnership
Chartered Accountants

29 September 2016
Melbourne

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Revenue	4	944,794	23,014
Expenses			
Corporate expenses		(321,887)	(177,705)
Occupancy expenses		(21,674)	(75,910)
Employee benefits expenses	5	(520,126)	(887,953)
Impairment of exploration and evaluation assets	10	-	(1,759,920)
Administrative expenses		(62,896)	(154,167)
Legal expenses		(17,533)	(578)
Impairment of plant and equipment	9	-	(3,950)
Travel and accommodation		(11,622)	(37,715)
Loss before income tax expense		(10,944)	(3,074,884)
Income tax expense	6	-	-
Loss after income tax expense		(10,944)	(3,074,884)
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translation of foreign operations		(53,923)	728,190
Other comprehensive income/(loss) for the year net of tax		(53,923)	728,190
Total comprehensive loss for the year		(64,867)	(2,346,694)
Loss for the year attributable to:			
Non-controlling interests		(88)	(6,360)
Owners of New Age Exploration Limited		(10,856)	(3,068,524)
		(10,944)	(3,074,884)
Total comprehensive income/(loss) for the year attributable to:			
Non-controlling interests		1,317	(6,762)
Owners of New Age Exploration Limited		(66,184)	(2,339,932)
		(64,867)	(2,346,694)
Earnings/(Loss) per share from continuing operations attributable to the owners of New Age Exploration Limited			
		Cents	**Cents**
Basic earnings/(loss) per share	22	(0.003)	(0.98)
Diluted earnings/(loss) per share	22	(0.003)	(0.98)

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

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Current assets			
Cash and cash equivalents	7	199,231	531,748
Trade and other receivables	8	973,044	19,931
Prepayments		13,979	19,833
Other financial assets	11	119,101	-
Total current assets		1,305,355	571,512
Non–current assets			
Property, plant and equipment	9	-	19,771
Exploration and evaluation assets	10	4,763,400	4,653,037
Total non-current assets		4,763,400	4,672,808
Total assets		6,068,755	5,244,320
Current liabilities			
Trade and other payables		249,795	105,863
Provisions	12	25,339	30,696
Convertible loan	15	361,838	-
Total current liabilities		636,972	136,559
Total liabilities		636,972	136,559
Net assets		5,431,783	5,107,761
Equity			
Equity attributable to members of the parent:			
Contributed equity	13	23,641,688	23,404,378
Reserves	14	1,207,553	1,612,481
Accumulated losses		(19,449,311)	(19,909,483)
Total parent entity interest		5,399,930	5,107,376
Non-controlling interests		31,853	385
Total equity		5,431,783	5,107,761

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

Consolidated	**Attributable to owners of New Age Exploration Limited**				
	Contributed Equity $	**Reserves $**	**Accumulated Losses $**	**Non- Controlling Interests $**	**Total $**
At 1 July 2015	23,404,378	1,612,481	(19,909,483)	385	5,107,761
Loss for the period	-	-	(10,856)	(88)	(10,944)
Other comprehensive income	-	(55,328)	-	1,405	(53,923)
Total comprehensive loss for the period	-	(55,328)	(10,856)	1,317	(64,867)
Transactions with owners in their capacity as owners:					
Issue of shares	237,310	-	-	-	237,310
Expiry of options	-	(349,600)	349,600	-	-
Non-controlling interest in exploration projects	-	-	774	(774)	-
Dilution in ownership of controlled entity (refer to Note 19 for details)	-	-	120,654	30,925	151,579
As at 30 June 2016	23,641,688	1,207,553	(19,449,311)	31,853	5,431,783
At 1 July 2014	23,168,682	969,539	(16,946,018)	11,856	7,204,059
Loss for the period	-	-	(3,068,524)	(6,360)	(3,074,884)
Other comprehensive income	-	728,592	-	(402)	728,190
Total comprehensive loss for the period	-	728,592	(3,068,524)	(6,762)	(2,346,694)
Transactions with owners in their capacity as owners:					
Issue of shares	216,412	-	-	-	216,412
Reversal of issue costs	19,284	-	-	-	19,284
Share-based payments	-	14,700	-	-	14,700
Expiry of options	-	(100,350)	100,350	-	-
Non-controlling interest in exploration projects	-	-	4,709	(4,709)	-
As at 30 June 2015	23,404,378	1,612,481	(19,909,483)	385	5,107,761

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

	Note	Consolidated 30 June 2016 $	Consolidated 30 June 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(811,841)	(1,248,310)
Interest received		3,641	27,374
Net cash flows used in operating activities	21	(808,200)	(1,220,936)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	8,282
Payments for other financial assets		(143,987)	-
Proceeds from sale of other financial assets		20,642	-
Payments for exploration and evaluation assets		(131,949)	(877,360)
Net cash flows used in investing activities		(255,294)	(869,078)
Cash flows from financing activities			
Proceeds from issue of shares		237,310	216,412
Proceeds from issue of shares by controlled entity		148,954	-
Share issue costs		-	(27,500)
Proceeds from convertible loan		352,672	-
Net cash flows provided by financing activities		738,936	188,912
Net (decrease)/increase in cash and cash equivalents held		(324,558)	(1,901,102)
Cash and cash equivalents at beginning of the year		531,748	2,416,554
Effects of foreign exchange rate changes on cash		(7,959)	16,296
Cash and cash equivalents at the end of the year	7	199,231	531,748

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

General information

The consolidated financial report of New Age Exploration Limited as at and for the year ended 30 June 2016 comprises the Company and its subsidiaries (together referred to as the "Group").

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

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

Level 3
480 Collins Street
Melbourne VIC 3000

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

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

Note 1 Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. There has been no material impact on the Group.

New Accounting Standards and Interpretations not yet mandatory or early adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

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

Note 1 Significant accounting policies (cont'd)

Basis of preparation

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

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

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

Going Concern

The Group has incurred a loss after tax of $10,944 for the year ended 30 June 2016 (2015: $3,074,884) and had cash outflows from operating and investing activities of $1,063,494 (30 June 2015: $2,090,014). As at the reporting date, the Group had working capital, being current assets less current liabilities, of $668,383 (30 June 2015: $434,953). While the directors are satisfied that there is sufficient working capital to enable the Group to continue to meet its operational costs and financial obligations in a timely manner over the next 12 months, they are also aware that to continue to advance the exploration projects, significant capital expenditure will be required.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- At 30 June 2016, the Group had cash and cash equivalents of $199,231;
- Subsequent to year-end, the Group received £456,729 (A$936,200), in Research and Development Tax Relief claim (this amount is recorded on the statement of financial position as a receivable balance at 30 June 2016);
- The convertible loan of $361,838 is able to be satisfied by the issue of shares (thereby increasing working capital);
- The Group has prepared cash flow budgets which include cash outflows which can be deferred, wholly or in part, if insufficient capital is raised to fund that activity; and
- The Board is of the opinion that the Company will be able to access equity capital markets for working capital, as has been demonstrated in the past via share issues.

Note 1 Significant accounting policies (cont'd)

Principles of Consolidation

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

Control is achieved when the Company:

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

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

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

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

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

Foreign Currency

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

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

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

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

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

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

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

Note 1 Significant accounting policies (cont'd)

Revenue recognition

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

Interest Revenue
Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

Income tax

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

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

Note 1 Significant accounting policies (cont'd)

Other Financial Assets

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and the asset falls within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

Loans and receivables

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

De-recognition

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

Property, Plant and Equipment

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

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

- Plant and equipment: 3-5 years

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

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

Note 1 Significant accounting policies (cont'd)

Exploration and Evaluation Assets

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

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

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

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

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

Provisions

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

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

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

Trade and other payables

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

Employee benefits

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

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

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

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

Note 1 Significant accounting policies (cont'd)

Employee benefits (cont'd)

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

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

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

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

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

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

Contributed equity

Ordinary shares are classified as equity.

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

Convertible loan

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible loan. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Earnings per share

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

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

Note 1 Significant accounting policies (cont'd)

Goods and Services Tax (GST) and other similar taxes

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

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

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

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

Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Note 2 Critical accounting judgements, estimates and assumptions

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

Exploration and evaluation

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

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

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

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

Note 3 Operating segments

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

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

Note 4 Revenues

	Consolidated 2016 $	Consolidated 2015 $
Other revenue		
Research and Development Tax Relief claim	936,200	-
Interest	3,518	23,014
Other income	5,076	-
Revenues	944,794	23,014

Note 5 Expenses

	Note	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax includes the following expenses:			
Employee Benefits			
Wages and salaries – key management		270,662	295,000
Wages and salaries – others		99,904	340,602
Directors and company secretary fees		122,550	179,004
Superannuation expense (defined contribution)		32,467	53,895
Share based payments	14	-	14,700
Other employee benefits and taxes		(5,457)	4,752
		520,126	887,953
Depreciation	9	19,771	19,691

Note 6 Income tax expense

	Consolidated 2016 $	Consolidated 2015 $
(a) Components of Tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(10,944)	(3,074,884)
Tax at the Australian tax rate of 30%	(3,283)	(922,465)
Share-based payments	-	4,410
Non-assessable items	(280,860)	-
Non-deductible items	6,792	186
	(277,351)	(917,869)
Current year tax losses not recognised	277,351	917,869
Income tax expense	-	-
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	2,666,372	3,062,135
Temporary differences	41,982	63,766
Total deferred tax assets not recognised	2,708,354	3,125,901

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

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

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the Group continues to comply with the conditions for deductibility imposed by law; and
(iii) no change in tax legislation adversely affects the Group in realising the benefits from deducting the losses.

Note 7 Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	165,209	115,296
Short-term deposits	34,022	416,452
	199,231	531,748

Note 8 Current assets - trade and other receivables

	Consolidated 2016 $	Consolidated 2015 $
Interest receivable	66	188
GST and VAT receivable	32,729	11,254
Research and Development Tax Relief claim receivable (i)	936,200	-
Other receivables	4,049	8,489
	973,044	19,931

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

(i) This amount was received on 1 July 2016

Note 9 Non-current assets - property, plant and equipment

	Consolidated 2016 $	Consolidated 2015 $
Plant and equipment - at cost	63,498	63,498
Less: Accumulated depreciation	(63,498)	(43,727)
Total property, plant and equipment	-	19,771

Reconciliations
Reconciliations of the written down values are set out below:

	Plant and Equipment $	Total $
Balance at 1 July 2014	60,740	60,740
Depreciation expense	(19,691)	(19,691)
Disposals	(17,328)	(17,328)
Impairment expense	(3,950)	(3,950)
Balance at 30 June 2015	19,771	19,771
Depreciation expense	(19,771)	(19,771)
Balance at 30 June 2016	-	-

Note 10 Non-current assets - exploration and evaluation assets

	Consolidated 2016 $	Consolidated 2015 $
Exploration and evaluation assets	4,763,400	4,653,037

Reconciliations

Reconciliations of the written down values are set out below:

	Exploration and evaluation $	Total $
Balance at 1 July 2014	5,179,145	5,179,145
Additions	560,945	560,945
Effect of foreign currency movements	672,867	672,867
Impairment of exploration costs (Lochinvar)	(1,759,920)	(1,759,920)
Balance at 30 June 2015	4,653,037	4,653,037
Additions	131,949	131,949
Effect of foreign currency movements	(21,586)	(21,586)
Balance at 30 June 2016	4,763,400	4,763,400

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

In the prior year, the Directors conducted a review of the capitalised exploration and evaluation assets and determined that, in light of market conditions, there were indications of impairment relevant to the carrying value of the Lochinvar exploration asset. An independent asset valuation was undertaken by Palaris Australia Pty Ltd ("Palaris") in September 2015 in accordance with the Valmin Code 2005. To determine the asset value, Palaris used the Yardstick Methods approach which is a market-based valuation technique and considered appropriate for the project's current stage. Inputs under level 2 of the fair value hierarchy within Accounting Standard AASB 13 'Fair Value Measurement' were used for the valuation whereby observed similar market transaction multiples were considered. The valuation supported a fair value of $4,500,000 and, as a result, an impairment expense of $1,759,920 was incurred in the prior year. During the current year, following an assessment by an external consultant on a similar basis to the prior year methodology, the Directors determined that $4,500,000 reflects the fair value of the Lochinvar exploration asset at year-end. The remaining balance of $263,400 relates to exploration and evaluation costs on the Redmoor project.

Note 11 Current assets - other financial assets

	Consolidated 2016 $	Consolidated 2015 $
Other financial assets	119,101	-

Other financial assets comprise shares held in Strategic Minerals Ltd, an AIM-listed company in the United Kingdom.

Note 12 Current liabilities – provisions

	Consolidated 2016 $	Consolidated 2015 $
Employee benefits	25,339	30,696

Note 13 Equity - contributed

	Consolidated 2016 Number	Consolidated 2015 Number	Consolidated 2016 $	Consolidated 2015 $
Ordinary shares – fully paid	343,498,083	327,677,437	23,641,688	23,404,378

Movements in Ordinary Share Capital

	No. of Shares	Issue Price	$
Balance 1 July 2014	313,249,943		23,168,682
Issue of shares – funding facility	14,427,494	$0.015	216,412
Reversal of issue costs			19,284
Balance 30 June 2015	327,677,437		23,404,378
Issue of shares – funding facility	15,820,646	$0.015	237,310
Balance 30 June 2016	343,498,083		23,641,688

Ordinary shares

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

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

Capital risk management

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

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

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Funding facility

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

Options

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

Note 14 Equity - reserves

	Consolidated 2016 $	Consolidated 2015 $
Share-based payments reserve (a)	14,700	364,300
Foreign exchange reserve (b)	1,192,853	1,248,181
	1,207,553	1,612,481

(a) Share-based payments reserve

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

Movements in reserve

	Number	$
Balance 1 July 2014	22,600,000	449,950
Options issued to employees	1,050,000	14,700
Expiry of options – transfer to accumulated losses	(1,550,000)	(100,350)
Balance 30 June 2015	22,100,000	364,300
Expiry of options – transfer to accumulated losses	(21,050,000)	(349,600)
Balance 30 June 2016	1,050,000	14,700

(b) Foreign exchange reserve

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

Movements in reserve

	Consolidated 2016 $	Consolidated 2015 $
Balance at beginning of the year	1,248,181	519,589
Foreign currency translation differences for foreign operations	(55,328)	728,592
Balance at end of the year	1,192,853	1,248,181

Note 15 Convertible loan

	Consolidated 2016 $	Consolidated 2015 $
Loan from Resource Capital Funds V L.P	361,838	-

The Company received $352,672 (US$252,498) from an unsecured convertible loan issued to its major shareholder, Resource Capital Fund V L.P ("RCF") during the year. Interest accrues daily on the loan at the rate of 8% per annum on principal outstanding and amounted to $9,166 at 30 June 2016. The Company may elect to pay interest in cash or NAE shares at an issue price equal to the lower of $0.015 per share or the volume weighted average price for the 30 days prior to the relevant interest payment date. The Company may direct RCF to subscribe for NAE shares at $0.015 per share under the funding facility and apply all or part of the consideration towards repayment of the loan.

Note 16 Financial instruments

Financial risk management objectives

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

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

Market risk

Interest rate risk
The Group's main exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

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

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	199,231	531,748

An increase/decrease in interest rate of 1 percent would have a favourable/adverse effect on loss before tax of $1,992 per annum (2015: $5,317). The percentage change is added on the expected volatility of interest rates using market data and analysts forecasts.

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

Foreign Currency Risk
As a result of operations in Colombia and the United Kingdom, the Group's Statement of Financial Position can be affected significantly by movements in the Colombian Peso (COP)/Australian Dollar (AU$) exchange rate as well as British Pound (GBP)/AU$ exchange rate. Additionally, the Company holds assets in Spain, and is therefore impacted by the Euro (EUR)/AU$ exchange rate. The Group does not have a formal policy or strategy implemented to mitigate the effects of its foreign currency exposure. As the majority of the Group's operations occur within subsidiaries located in foreign countries, foreign currency risk is considered to be an inherent risk of the Group.

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

	Assets		Liabilities		Net Exposure	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
GBP	73,707	136,840	(167,968)	(610)	(94,261)	136,230
COP	-	10,349	-	(17,616)	-	(7,267)
EUR	-	3,659	-	(13,240)	-	(9,581)

Note 17 Remuneration of auditors

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

	Consolidated 2016 $	Consolidated 2015 $
Audit or review of the financial reports		
DFK Collins	-	16,000
DFK Kidsons Partnership	37,000	22,000
	37,000	38,000

Note 18 Commitments for expenditure

	Consolidated 2016 $	Consolidated 2015 $
Operating lease commitments as at the reporting date but not recognised as liabilities for its office premises:		
Within one year	20,178	15,849
	20,178	15,849

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

Note 19 Related party disclosures

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

	Consolidated 2016 $	Consolidated 2015 $
Short-term employee benefits	393,212	474,004
Post-employment benefits	23,444	25,000
	416,656	499,004

Controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding % 2016	Equity holding % 2015
NAE Resources NL (2)	Spain	Ordinary	-	100
NAE Aurora JV Cesar SAS (1) (2)	Colombia	Ordinary	-	90
NAE Aurora JV Subachoque SAS (1) (2)	Colombia	Ordinary	-	90
NAE Resources (UK) Ltd (3)	United Kingdom	Ordinary	93.3	100
Lochinvar Coal Limited	United Kingdom	Ordinary	100	100

(1) The Colombian subsidiaries were owned 90% by New Age Exploration Limited with Aurora Energy S.A. owning 10% of the companies.
(2) All activities have ceased and the companies have been closed.
(3) In May 2016, Strategic Minerals Plc acquired 6.7% for £75,000 resulting in an initial non-controlling interest of $30,925 and a gain (premium on the net assets of the controlled entity carrying values) of $120,654 recorded in the Statement of Changes in Equity.

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

Note 19 Related party disclosures (cont'd)

Transactions with related parties

	Consolidated 2016 $	Consolidated 2015 $
Services provided to the Group made on normal commercial terms and conditions and at market rates:		
Gary Fietz's wife, for administrative and investor relations support services	27,156	41,479
Payments to Aurora Energy S.A., for consultancy services (1)	-	25,484

(1) Aurora Energy S.A. owned 10% of NAE Aurora JV Cesar SAS and NAE Aurora JV Subachoque SAS.

Receivable from and payable to related parties

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

Note 20 Events occurring after the reporting date

On 5 July 2016, 15,700,000 fully paid ordinary shares in NAE were placed to Resource Capital Funds V L.P ("RCF") at a subscription price of 1.5 cents per share to repay US$174,882 (or $235,500) of the unsecured loan to RCF, reducing the loan balance to US$77,616 (or $101,000). A further 925,914 fully paid ordinary shares in the Company was issued to RCF at a subscription price of 0.99 cents per share to repay US$6,807 (or $9,167) interest accrued on the loan.

Strategic Minerals Ltd ("SML"), which owned 6.7% interest in NAE Resources (UK) Ltd at reporting date, increased its interest to 9.1% in July 2016 in accordance with the joint venture ("JV") agreement signed in May 2016. In September 2016, the JV agreement was amended such that SML made a part-payment of £101,700 (or $178,000) of the SML Option Payment. The remaining £843,649 (or $1.48 million) of the SML Option Payment is payable in cash before 15 February 2017.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Note 21 Reconciliation of income/(loss) after income tax to net cash used in operating activities

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax expense for the year	(10,944)	(3,074,884)
Adjustments for:		
Depreciation and amortisation	19,771	19,691
Unrealised foreign exchange (gains)/losses	(12,435)	8,654
Share-based payments	-	14,700
Impairment of fixed assets	-	3,950
Loss on sale of fixed assets	-	9,046
Interest expense	9,167	-
Gain on sale of other financial assets	(5,076)	-
Revaluation of exploration assets	-	1,759,920
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(953,113)	162,183
Decrease in prepayments	5,854	63,822
Increase/(decrease) in trade and other payables	143,933	(154,033)
Increase/(decrease) in deferred lease liability	-	(12,617)
Increase/(decrease) in employee benefits	(5,357)	(21,368)
Net cash used in operating activities	(808,200)	(1,220,936)

Note 19 Related party disclosures (cont'd)

Transactions with related parties

	Consolidated 2016 $	Consolidated 2015 $
Services provided to the Group made on normal commercial terms and conditions and at market rates:		
Gary Fietz's wife, for administrative and investor relations support services	27,156	41,479
Payments to Aurora Energy S.A., for consultancy services (1)	-	25,484

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Revaluation of exploration assets	-	1,759,920
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Decrease in prepayments	5,854	63,822
Increase/(decrease) in trade and other payables	143,933	(154,033)
Increase/(decrease) in deferred lease liability	-	(12,617)
Increase/(decrease) in employee benefits	(5,357)	(21,368)
Net cash used in operating activities	(808,200)	(1,220,936)

Note 22 Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
Profit/(Loss) after income tax attributable to the owners of New Age Exploration Limited	(10,856)	(3,068,524)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	336,779,726	314,238,128
Weighted average number of ordinary shares used in calculating diluted earnings per share	336,779,726	314,238,128
	Cents	**Cents**
Basic earnings/(loss) per share	(0.003)	(0.98)
Diluted earnings/(loss) per share	(0.003)	(0.98)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS due to being non-dilutive as the Group is loss generating.

Note 23 Parent entity information

	2016 $	2015 $
Financial position		
Current assets	175,180	412,378
Non–current assets	5,372,887	4,804,350
Total assets	5,548,067	5,216,728
Current liabilities	96,824	105,093
Convertible loan	361,838	-
Total liabilities	458,662	105,093
Net assets	5,089,405	5,111,635
Contributed equity	23,641,688	23,404,378
Reserves	14,700	364,300
Accumulated losses	(18,566,983)	(18,657,043)
Total equity	5,089,405	5,111,635
Financial performance		
Profit/(Loss) for the year	(259,539)	(2,351,560)
Comprehensive profit/(loss) for the year	(259,539)	(2,351,560)

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

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

Finance Leases
There are no commitments in relation to finance leases.

Note 24 Share-based payments

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

Set out below are summaries of options on issue as at 30 June 2016.

Grant Date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/other	Balance at the end of the year	Vested and exercisable
01/07/12	01/07/15	$0.12	2,000,000	-	-	(2,000,000)	-	-
01/09/12	31/08/15	$0.10	500,000	-	-	(500,000)	-	-
28/05/13	27/05/16	$0.045	550,000	-	-	(550,000)	-	-
28/05/13	27/05/16	$0.10	18,000,000	-	-	(18,000,000)	-	-
01/08/14	26/06/17	$0.045	1,050,000	-	-	-	1,050,000	1,050,000
			22,100,000	-	-	(21,050,000)	1,050,000	1,050,000
Weighted average exercise price			$0.10	-	-	$0.10	$0.045	$0.045
Weighted average contractual life							1 year	

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

Note 25 Contingent Liabilities

NAE has received notice from the Mining authority in Colombia for unpaid exploration licence payments in relation to NAE Aurora JV Cesar SAS (liquidated in the commercial registry of the Chamber of Commerce of Bogotá on 17 December 2015). Although liability is not admitted and no legal proceeding has been filed against any entity in the Group, total costs and penalties could amount to $160,436 (or US$119,000).

Based on legal advice, management believes that any payment on this matter is unlikely. No liability has been recorded in the statement of financial position for this contingency. In the directors' opinion, disclosure of any further information would be prejudicial to the interests of the Group.

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors

Alan Broome AM
Chairman

29 September 2016
Melbourne

dfkkidsons
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NEW AGE EXPLORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of New Age Exploration Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory information and the directors' declaration for the consolidated entity. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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 Standard AASB 101: *Presentation of Financial Statements* that the consolidated 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NEW AGE EXPLORATION LIMITED (CONT'D)

Auditor's Opinion

In our opinion:

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

   (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial 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 the directors' report for the year ended 30 June 2016. 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 New Age Exploration Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

DFK Kidsons Partnership

DFK Kidsons Partnership
Chartered Accountants

M L Port
Partner

29 September 2016
Melbourne

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in the annual report are set out below. The information was applicable as at 26 September 2016.

1. Shareholdings – Ordinary Shares

a. Distribution of Shareholders
Analysis of number of equitable security holders by size of holding:

	Number of holders
1 to 1,000	355
1,001 to 5,000	45
5,001 to 10,000	88
10,001 to 100,000	232
100,001 and over	193
	913
Holdings less than a marketable parcel	610

b. Substantial Shareholders
Substantial holders in the Group are set out below.

	Number held	% of total shares issued
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	146,834,229	40.77%
MR CHEE SIEW YAW	40,816,667	11.33%

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

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

d. Restricted Securities
There are no restricted securities at 26 September 2016.

1. Shareholdings – Ordinary Shares (cont'd)

e. Twenty largest quoted equity security holders

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

	Number held	% of total shares issued
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	146,834,229	40.77
MR CHEE SIEW YAW	40,816,667	11.33
GEARED INVESTMENTS PTY LTD	14,000,000	3.89
PAND JR PTY LTD	9,889,283	2.75
SML CONTRACTING PTY LTD	8,599,749	2.39
RETZOS EXECUTIVE PTY LTD	6,500,000	1.80
STOYLE HOLDINGS PTY LTD	4,628,000	1.29
PS CONSULTING PTY LTD	4,000,000	1.11
MR PAUL DOMINIC HILLMAN	3,348,266	0.93
COAL INDUSTRY SERVICES PTY LTD	3,093,352	0.86
MR CLARKE BARNETT DUDLEY	2,999,940	0.83
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,693,674	0.75
MR BRETT JOHN HARRIS	2,602,491	0.72
I E PROPERTIES PTY LTD	2,597,576	0.72
MR GLENN THOMAS CONNOR & MRS ANNETTE MARGARET CONNOR	2,500,000	0.69
RETZOS FAMILY PTY LTD	2,292,352	0.64
MR J MATTHEW FIFIELD & MRS ELIZABETH NORWOOD	2,211,044	0.61
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,188,000	0.61
SANLIRRA PTY LTD	2,140,000	0.59
AFRICAN IRON LIMITED	2,136,824	0.59
	266,071,447	73.88

2. Unquoted Securities

a. Distribution of Option Holders

	26/07/17 options
1 to 1,000	-
1,001 to 5,000	-
5,001 to 10,000	-
10,001 to 100,000	-
100,001 and over	2
Total holders	2

b. Voting rights

Holders of options have no voting rights.

3. Other

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

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

Licence No.	**Project**	**Country**	**Area (km^2)**	**Licence Type**	**NAE Group % Interest**
CA11/EXP/0515/N	Lochinvar	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0176/N	Lochinvar	United Kingdom	67.5	Conditional Underground Licence and Option Agreement	100%
CA11/EXP/0545/N	Lochinvar	United Kingdom	51.0	Exploration Licence	100%
CA11/UND/0182/N	Lochinvar	United Kingdom	51.0	Conditional Underground Licence and Option Agreement	100%
CL132803	Redmoor	United Kingdom	23.0	Mineral Rights	93.3% [a]

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