

NEWERA URANIUM LIMITED
ABN 27 118 554 359

Annual Report 2010

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Table of Contents

Corporate Directory	1
Chairman's Letter	2
Directors' Report	4
Corporate Governance Statement	19
Auditors' Independence Declaration	23
Statement of Comprehensive Income	24
Statement of Financial Position	25
Statement of Cash Flows	26
Statement of Changes in Equity	27
Notes to Financial Statements	28
Directors' Declaration	51
Independent Auditor's Report	52
Shareholder Information	54

Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

Mr Winton Willesee

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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CONTACT DETAILS

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SUBIACO WA 6904

SOLICITORS TO THE COMPANY

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PERTH WA 6000

SHARE REGISTRY

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AUDITORS

Bentleys
Level 1
12 Kings Park Road
WEST PERTH WA 6005

STOCK EXCHANGE

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000

(ASX: NRU)



Chairman's Letter

Dear Shareholder.

Following the Global Financial Crisis (which lingered through the first and second quarters of 2009), your Board quickly put in place, measures designed to ensure that Newera Uranium Limited (Newera) would not become a victim of the circumstances.

Contract management fees were voluntarily reduced, permanent staff were made redundant by agreement and the Company went back to basics, but continued to plan for future exploration of its projects with an emphasis on using contract personnel for the short periods of in-house planning and field execution of the programs.

An in-house assessment of Newera's project areas and the tenements within, enabled Newera to reduce the number of tenements within its portfolio down to project areas considered to have the highest prospectively for success. By so doing, Newera dramatically reduced the gross figure of required statutory expenditures going forward.

Despite these austerity measures, Newera continued to plan exploration programs on tenements where management considered there was a reasonable chance of exploration success.

Newera was aware of the previously outlined Jailor Bore Uranium resource (375t U₃O₈) which sits within a small tenement which is surrounded by the Newera J/V held E09/1194. Newera's own exploration had highlighted and advanced to Exploration Target status the "Giant" uranium prospect (Exploration Target 900,000 – 1,100,000 lbs grading 120-150 PPM U₃O₈ uranium), within the option held E09/1298. E09/1194 and E09/1298 have a contiguous boundary and so are spatially and geologically related.

Combined with the above, Newera had been aware for some time of work being undertaken by Energia Minerals Ltd, to advance their Carley Bore prospect which sits approximately two kilometres to the west of the boundary of Newera's E09/1298. The Carley Bore prospect had known uranium drill intersections from previous exploration. Infill drilling by Energia had continued to produce solid uranium intersections over time.

Armed with this knowledge of considerable local uranium endowment, it was determined that Newera should concentrate its exploration efforts on the Jailor Bore project area.

Commencing in July of 2009, a review was undertaken of the previously flown VTEM geophysical survey results and this review highlighted nine deeper conductivity targets considered worthy of drill testing. A drill program was planned, all approvals obtained and the plan was executed in March of 2010.

The targets were deposits of deeper, structurally hosted uranium and base metals. The results of that program did not encourage further exploration for that deeper style of uranium target within those tenements although a modest base metal anomaly was discovered at depth in hole JBRC01.

Given the strong local surface endowment of uranium, it is still considered that Jailor Bore has the potential to produce a moderate scale uranium deposit and this concept has been strengthened recently with the announcement of Energia's 7.5 million pound uranium resource at Carley Bore.

The Company will continue to concentrate its near term exploration efforts on Jailor Bore and work to advance the Exploration Target at the Giant prospect towards a JORC resource category.

Concurrently with the Company's exploration efforts, your Board has actively sought advanced new projects within the energy and base metals sectors. A number of offshore projects have been reviewed during the 2009/10 financial year, with several advancing to serious discussion of terms before falling over largely due to inflated valuations. The Company will continue its search for a suitable project or projects.

Financially, Newera finished the 2009/10 financial year in a reasonable position with low overheads and sufficient funds to apply to targeted exploration programs. The Company retains the ability to raise equity funds through the ongoing support of its brokers.

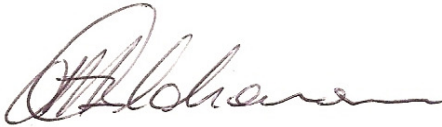


Chairman's Letter

Your Board and management continue to work hard to add value to the Company, and having survived difficult times, is looking forward to future success.

We acknowledge and are grateful for the continuing support of our shareholders.

Yours sincerely,



Martin Blakeman

Executive Chairman

Directors' Report

Your Directors present their report on Newera Uranium Limited ("Newera" or "the Company") for the year ended 30 June 2010.

DIRECTORS

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

Mr Martin Blakeman

Mr Eric de Mori

Mr Winton Willesee

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

COMPANY SECRETARY

Mr Winton Willesee

PRINCIPAL ACTIVITIES

The Company is a minerals exploration company.

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

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

OPERATING RESULTS

The loss of the Company after providing for income tax amounted to \$734,286 (2009: \$5,229,671).

DIVIDENDS PAID OR RECOMMENDED

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



Directors' Report

REVIEW OF OPERATIONS

Western Australia

Jailor Bore Prospect

During the 2009/10 operational year, Newera gained all the approvals and completed a drilling program at the Jailor Bore Prospect.

Following a review of the image data generated from a Variable Time Electro Magnetic (VTEM) Survey, previously flown over a large area of Newera's Jailor Bore project tenements E09/1194 and E09/1298, Newera identified seven (7) moderate to strong, sub-surface conductors as being potentially prospective for both uranium and base metals. Newera considered some of these deeper conductor targets worthy of immediate investigation.

Newera had previously successfully tested the obvious near surface radiometric uranium targets at Jailor Bore and confirmed the presence of significant uranium mineralisation at the Giant prospect (900,000 – 1,100,000 pound Exploration Target). Newera then determined that it should prioritise and drill those deeper VTEM targets considered prospective for both uranium and base metals (copper/lead/zinc).

This drill program was designed, firstly, to identify the prospect areas potentially capable of adding significantly to the uranium inventory already held within the Giant prospect area and secondly, to make a new base metals discovery. These conductors were subsequently modelled and prioritised by Geophysicists Southern Geoscience Consultants Pty Ltd.

Newera lodged a Program of Work (POW) with the Department of Industry and Resources (DIOR) for a 2,000 metre drill program to test these deeper conductor targets for both base metals and uranium. Also, an application was made to the appropriate Indigenous Council for heritage clearance of those drill hole sites.

The latter part of 2009 was a period spent planning and seeking approvals for the commencement of drilling at Jailor Bore. During that time, the Program of Work (POW) was refined and an amended POW and a re-drafted Radiation Safety Manual were lodged with the Department. Heritage site clearances were conducted, an application for Beds and Banks clearance was lodged, and a section 41s application for two crossings over the Dampier to Bunbury gas pipeline was also lodged.

By December 2009, the comprehensively revised Radiation Safety Manual had been approved. Also, the Heritage matters with regard to possible drill hole sites were resolved and the Yamatji Land and Sea Council consented to the drilling program with minor conditions. As well, the Beds and Banks application was cleared. However, the approvals of the POW and consent to cross the gas pipeline were pending. So the frustrating process in gaining approvals had delayed the proposed drilling commencement date further, into the heat of mid January, 2010. Drilling commenced on 21st January 2010, soon after all approvals were granted.

Planned drill hole depths varied from 30m to +200m – seeking to test two conductor variants:

1. a) A very large, flat lying conductor (+1,500m x 500m x ~ 20m width) situated at ~ 180 - 200m depth, at/or just above the unconformity (Figures 1. and 2.) and,
b) A very large, flat lying conductor (1,400m x 1,000m x ~ 20m width) situated at between 20 and 40 metres depth with no surface expression.
2. A number of stratigraphically and/or structurally controlled conductors dipping at ~ 25 degrees to the west from 20m to depths in excess of 200m.

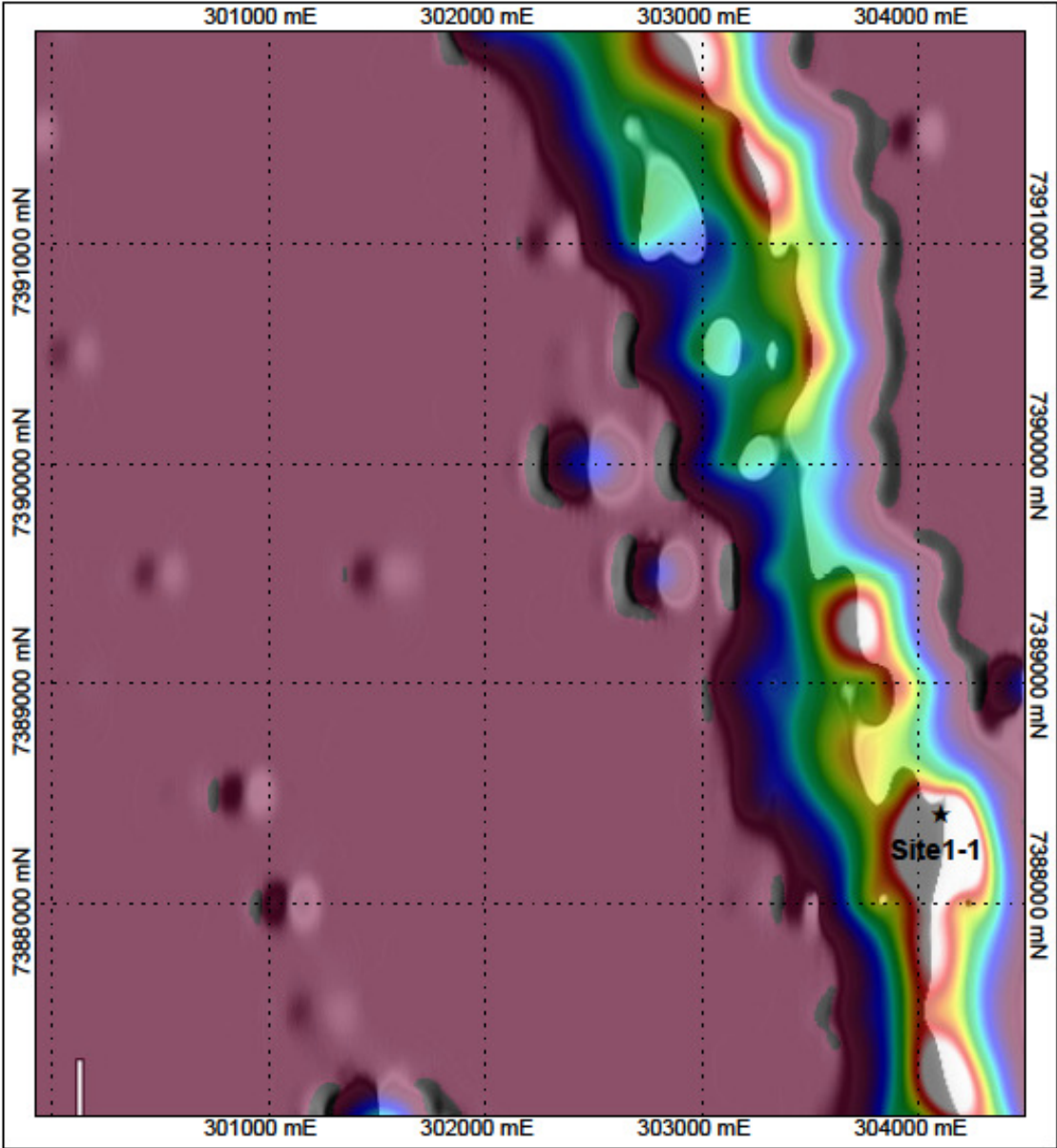


Figure 2. Drill hole site 1-1 over 180m VTEM conductor slice, showing large, flat lying conductor at ~ 180 – 200m depth.

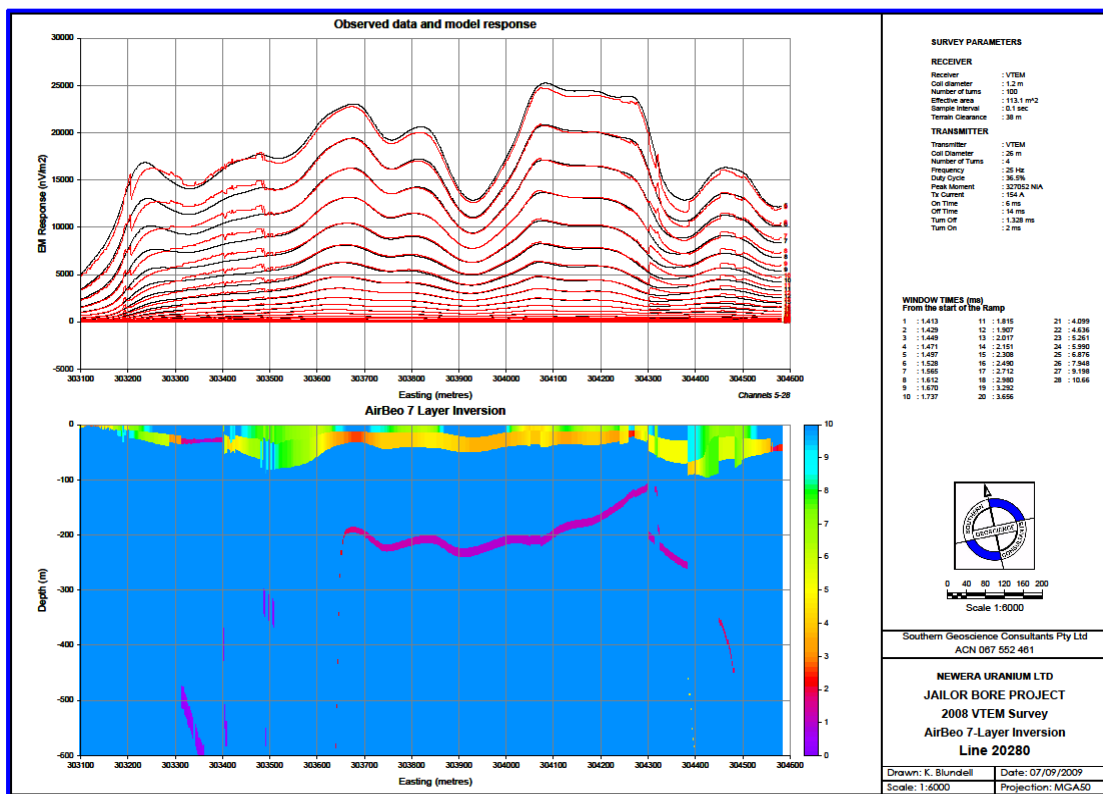


Figure 3. Drill Hole 1.1 target – Interpretation of Airbeo 7- layer inversion showing +600m wide x ~ 20m thick, flat lying conductor at 180m to 200m depth.

Note: VTEM is a variant of an airborne electromagnetic technique which is used to detect deeper (up to 500m depth) conductive sub-surface zones which may be related to accumulations of sulphide minerals. Where sulphide minerals exist in these zones they can potentially host base metals and/or uranium.

This exploration technique has been highly successful in the Canadian Athabaskan Basin in assisting the discovery of very large and very high grade deposits of uranium associated with sulphides and situated at the unconformity and along structure at the base of the Basin - at depths of up to 500 metres.

The size and amplitude of any anomalies generated using this technique does not necessarily directly relate to the size of their source. Anomaly size may reflect a combination of the conductance, geometry and depth of the source, the electrical and physical properties of the surrounding host rock, the depth and nature of weathering, and the presence and nature of any groundwater.

It should be noted that conductive responses produced by VTEM can also be caused by barren sulphides and other conductive materials such as graphite, carbonaceous shales or super saline ground water.

Jailor Bore Drilling Program

Newera contracted the services of Kalgoorlie-based Union Drilling to undertake the targeted reverse circulation (RC) drilling program at Jailor Bore. A total of 1890 metres, from 16 drill holes ranging in depth from 30 to 199 metres, testing seven (7) separate Variable Time Electromagnetic (VTEM) anomalies were completed (see Table 2).

Whilst access to some sites proved difficult due to environmental and gas pipeline constraints, no major drilling problems were encountered.

Directors' Report

Table 2

Completed Drill Holes Within E09/1298, E09/1194 & E09/1434 February 2010

HOLE ID.	HOLE TYPE	SITE No.	NORTHING GDA94	EASTING GDA94	DEPTH (m)	AZIMUTH (Degrees)	DIP (Degrees)
JBRC 01	RC	Site 1.1	7388398	304098	199	N/A	-90
JBRC 02A	RC	Site 3.1	7375849	313647	6	270	-60
JBRC 02	RC	Site 3.1	7375850	313654	160	270	-60
JBRC 03	RC	Site 3.2	7375837	313979	180	270	-60
JBRC 04	RC	Site 4.1	7374803	315596	80	N/A	-90
JBRC 05	RC	Site 4.2	7374597	315601	50	N/A	-90
JBRC 06	RC	Site 2.1	7369790	321500	30	N/A	-90
JBRC 07	RC	Site 5.1	7370979	315566	100	N/A	-90
JBRC 08	RC	Site 5.2	7371893	316903	61	N/A	-90
JBRC 09	RC	Site 8.5	7352739	317268	150	N/A	-90
JBRC 10	RC	Site 8.4	7352698	317405	150	N/A	-90
JBRC 11	RC	Site 8.1	7350289	317295	140	250	-60
JBRC 12	RC	Site 8.2	7350350	317400	130	N/A	-90
JBRC 13	RC	Site 8.3	7350402	317537	132	N/A	-90
JBRC 14	RC	Site 9.1	7349957	314867	172	N/A	-90
JBRC 15	RC	Site 7.1	7365508	317198	150	N/A	-90
TOTALS		16 holes			1890		

Drilling Results

Investigation of the assay results and correlation with the geological logging, by Newera, revealed that the majority of the VTEM anomalies were adequately explained as the intersection of substantial bands of carbonaceous black/brown shales within reasonable proximity to the target zones of each hole.

From the 2010 Jailor Bore drilling no significant uranium results were generated and the best base metal results occurred in drill hole JBRC01, at approximately the position of the down hole target zone. Within hole JBRC01, mildly elevated copper, lead and zinc values were recorded from four, eight-metre composite samples from 160 metres to 192 metres (see Table 3).

Drill hole JBRC01 produced the highest base metal result of 880ppm Lead (Pb) from a single, eight-metre composite sample between 176 metres and 184 metres.

Directors' Report

Table 3

Jailor Bore Drill Hole JBRC01 – Assay Results February 2010

JAILOR BORE COMPOSITE SAMPLES, 100213

				NEWERA URANIUM LTD	As	Cu	Pb	Zn	U	Th	eU	eTh
SAMPLE No	DEPTH			METHOD	IMS40 Q	IMS40 Q	IMS40 Q	IMS40 Q	IMS40 Q	IMS40 Q		
	FROM	TO	INTERVA L	LDETECTIO N	1	2	1	5	0.05	0.05		
				UDETECTIO N	1000	2000	2000	5000	1000.00	1000.00		
				UNITS	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM
HOLE JBRC 01												
N001313	0	8	8	N001313	8	34	30	50	2.25	19.20		
N001314	8	16	8	N001314	4	27	19	101	3.07	13.00		
N001315	16	24	8	N001315	6	19	15	64	2.70	12.70		
N001316	24	32	8	N001316	6	8	9	45	1.61	6.05		
N001317	32	40	8	N001317	3	11	10	33	1.62	8.35		
N001318	40	48	8	N001318	4	15	12	38	2.07	8.10		
N001319	48	56	8	N001319	2	12	10	62	2.10	8.12		
N001320	56	64	8	N001320	3	14	9	32	1.81	9.79		
N001321	64	72	8	N001321	2	13	9	34	1.40	7.64		
N001322	72	80	8	N001322	3	11	8	40	2.01	8.25		
N001323	80	88	8	N001323	3	10	8	32	1.28	6.64		
N001324	88	96	8	N001324	2	10	7	32	1.22	7.46		
N001325	96	104	8	N001325	1	9	9	31	1.16	6.61		
N001326	104	112	8	N001326	2	10	7	27	1.12	7.11		
N001327	112	120	8	N001327	4	17	13	53	1.57	10.50		
N001328	120	128	8	N001328	3	22	13	73	1.93	17.00		
N001329	128	136	8	N001329	2	14	12	70	1.38	8.58		
N001330	136	144	8	N001330	2	18	13	56	1.62	11.80		
N001331	144	152	8	N001331	2	22	16	84	1.89	14.30		
N001332	152	160	8	N001332	3	20	28	68	2.52	11.80		
N001333	160	168	8	N001333	6	147	18	42	1.63	7.99		
N001334	168	176	8	N001334	8	29	25	52	1.07	8.88		
N001335	176	184	8	N001335	24	84	884	197	1.49	4.92		
N001336	184	192	8	N001336	13	23	214	103	1.09	6.54		
N001337	192	199	7	N001337	2	14	18	26	1.01	7.08		
				AVERAGE	4.73	24.57	56.83	57.96	1.71	9.55	2.71	10.09
				MAX VALUE	24	147	884	197	3.07	19.20	8.64	20.95

Following the program, Newera undertook a field trip to complete rehabilitation of the 15 drill hole sites disturbed during the March quarter drill program. To fulfil regulatory conditions and to remain a good corporate citizen, all drill holes were capped below ground level and covered, sample material buried within deepened sumps and the general area levelled.

Planning is currently underway for the next phase of exploration at Jailor Bore.

Directors' Report

Northern Territory

White Lady Project

The White Lady Project (EL 25169) lies within the Harts Range province of the eastern Arunta block in the Northern Territory, approximately 100km northeast of Alice Springs.

Historical exploration within EL 25169 has primarily been for copper, with several outcrops of Malachite (a copper carbonate mineral) having been tested and assayed in the past. Based on research from historical reports covering this area, the tenement appears to be prospective for gold, silver, copper, lead, zinc, chromium and possibly nickel.

Planning has been completed to undertake a field inspection of a previously identified VTEM conductive anomaly located within EL 25169 during the coming months. As part of the field inspection, rock chip samples will be collected and analysed for various elements including base metals.

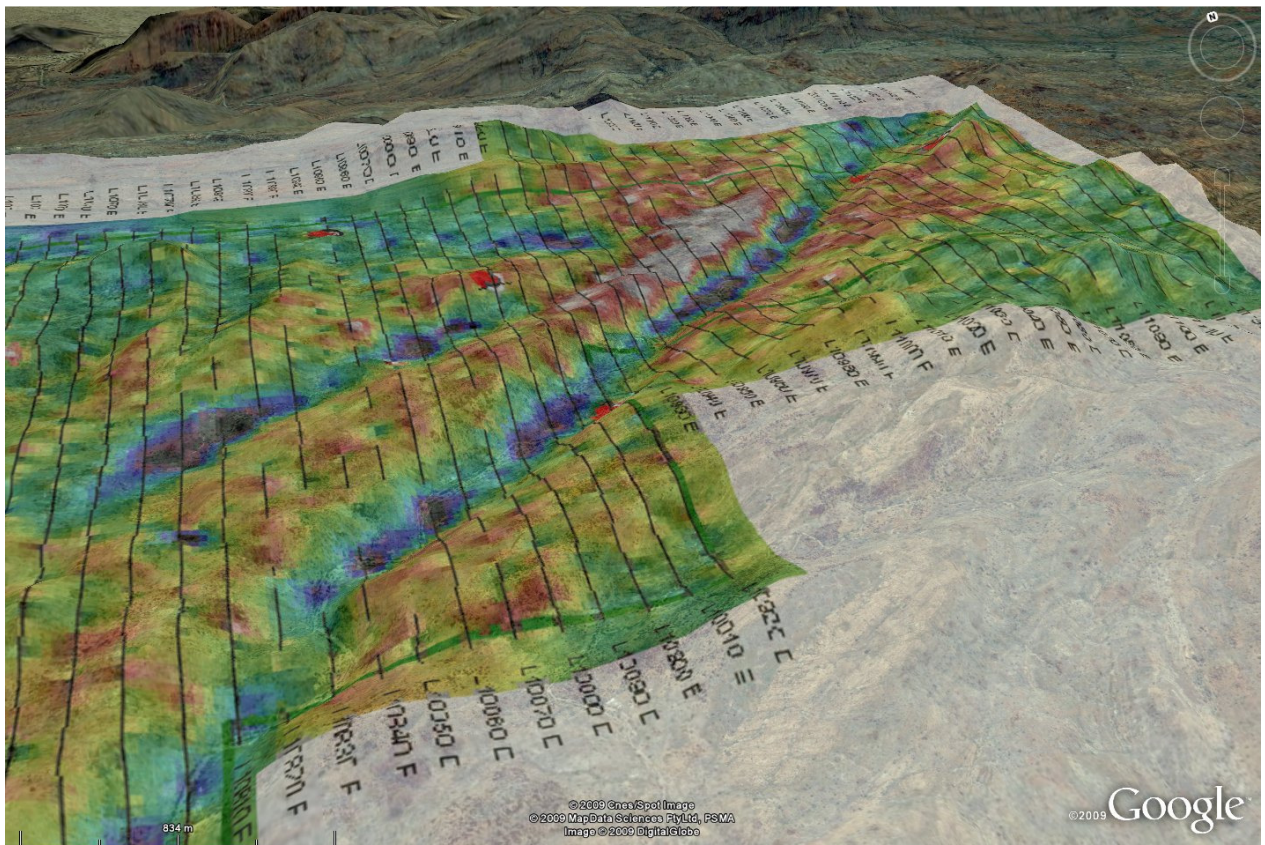


Figure 4. White Lady EL 25169 VTEM survey data image draped over topographic plan showing VTEM anomaly – white over red.

Directors' Report

Newera Tenement Rationalisation

Newera has in place a policy of ground consolidation – where possible, around its key project areas.

Late in the reporting period, Newera was able to lodge applications for a single tenement with contiguous boundaries to tenements held within the Jailor Bore project area. This new application area with a total of 126 Block's, will be held 100% by Newera.

The area held under application E09/1788 is considered prospective for both uranium and base metals.

During the past year, Newera has also reviewed the perceived prospectivity within its entire tenement portfolio. The onset of the world financial crisis and the subsequent need to conserve financial reserves accelerated that review. As a consequence of the review, Newera withdrew its six applications previously lodged in the Canning Basin of Western Australia, and also withdrew from both the Amadeus and Brumby option agreements in the Northern Territory.

Newera also decided to reduce expenditure related to other tenements that were considered less prospective for discovery of mineral resources in the short to medium term. As a result, Newera withdrew from the Quartz Hill and Lakeway joint venture agreements. These tenements were held under joint venture agreements between Cazaly Resources Ltd and Cazaly Iron Pty Ltd and Newera Uranium Limited.

The Northern Territory tenements underlying the Quartz Hill joint venture area, included exploration licences EL24838 and EL25296. As part of that process Newera also relinquished the following small 100% held tenements abutting the Quartz Hill joint venture area – EL25674, EL26046, EL26047 and EL26048.

The Western Australian tenements underlying the Lakeway Joint Venture area, included E53/1178, E53/1180, E53/1193 and E53/1194.

New Project Reviews

During the past year, Newera undertook serious pre due diligence reviews of many significant Australian and offshore projects. Although those reviews and negotiations were unrewarded, Newera will continue to review new mineral exploration /development projects where it is believed the acquisition of that new project would add significant value to Newera.

Corporate

In February, the Company completed the placement of 14,344,844 shares at 3.3 cents per share to raise \$473,379. Following the end of the financial year, in July, Newera entered into a Mandate Agreement to raise \$990,000 by way of a placement of 55,000,000 shares at 1.8 cents per share (along with one free attaching option (3.6c, 30 June 2010) for every two shares allotted). The placement was done in two tranches with the second being completed on 20 August 2010. As consideration for the capital raising, the Company issued 25,000,000 options at 3.6 cents, exercisable on or before 30 June

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Anderton, Consultant Geologist to Newera Uranium Ltd who is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Anderton has sufficient experience, which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Anderton consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Directors' Report

FINANCIAL POSITION

The net assets of the Company are \$1,937,406 (2009: \$2,229,802).

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

AFTER BALANCE DATE EVENTS

Since the date of this report, the Company has issued 55,000,000 shares at 1.8 cents along with one free attaching option for every two shares. The placement was done in two tranches with the second being completed on 20 August 2010. As consideration for the capital raising, the Company issued 25,000,000 options (3.6c, 30 June 2012). In addition, the Directors participated in the placement for 5,000,000 shares and 2,500,000 options.

On 1st of September 2010, the Company entered into an option agreement with Coccinella Pty Ltd over the E09/1298 tenement. Under this agreement the option fee of \$20,000 the Company paid pursuant to the previous option agreement between the parties over the same tenement has been deemed to carry over and represent the option fee payable on this agreement. The Company is also required to pay a further \$500,000 mining commencement fee which is conditional on the exercise of the option and the commencement of mining operations. The option expires on 4 April 2011 (or at the sole election of the grantee on 4 April 2012)

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

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL ISSUES

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

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

INFORMATION ON DIRECTORS

Mr Martin Blakeman Executive Chairman

Qualifications: B Ec.

Appointed 19 April 2006

Martin completed his tertiary studies at the University of WA graduating as a Bachelor of Economics in 1976. Since graduation Martin has applied his skills in management and economics to the rural and mining industries. Martin's professional career in the mining industry has included over 25 years experience at board level in junior resource companies, commencing with his appointment in 1983 as a founding Director of Harmark Pty Ltd (the founder and former controlling shareholder of Forrestania Gold NL, one of Australia's more successful resource investment companies of the time), and Kagara Ltd (now Kagara Zinc Ltd), retiring from Harmark and Kagara in 1999 after 16 years continuous service.



Directors' Report

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

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

Other than disclosed above, over the past three years Martin has held directorships with the following ASX Listed companies – Metex Limited (now Carbon Energy Limited).

Interests in Shares and Options: 13,994,841 ordinary shares and 916,667 options.

Mr Eric de Mori Non-Executive Director

Qualifications: BA, Dip Fin Services

Appointed 18 March 2009

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

Eric has specialist skills in mergers and acquisitions, valuations, capital raisings, Initial Public Offerings, backdoor listings, project screening, due diligence investigations, and early stage project management. Eric is also currently a Non Executive Director of Alcyone Resources Limited (appointed 27 May 2009).

Other than disclosed above, over the past three years Eric has held directorships with the following ASX Listed companies – Incitive Limited (now Hawkley Oil and Gas Limited) and Coventry Resources Ltd.

Interests in Shares and Options: 1,666,667 ordinary shares and 833,333 options

Mr Winton Willesee Non-Executive Director and Company Secretary

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

Appointed 31 March 2007

Winton is an experienced Director and Company Secretary in the small capitalisation sector of the ASX and brings to Newera a broad range of experience in company administration, corporate governance and corporate finance.

Winton has a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Diploma in Education and a Bachelor of Business. Winton is a Fellow of the Financial Services Institute of Australasia and a Member of CPA Australia.

Winton is also Director of Base Resources Limited (appointed 23 May 2007) and Future Corporation Australia Limited (appointed 18 January 2008). He is also currently the Company Secretary of listed companies Base Resources Limited, Boss Energy Limited, Future Corporation Australia Limited, Greenvale Mining NL, and Mantle Mining Corporation Ltd as well as Joint Company Secretary of Uran Limited and Tawana Resources NL along with a number of private and unlisted public companies.

Other than disclosed above, over the three years Winton has previously held directorships of the following ASX Listed companies – Hawk Resources Limited (now New Standard Energy Limited), Boss Energy Limited, and Incitive Limited (now Hawkley Oil and Gas).

Interests in Shares and Options: 2,300,000 ordinary shares and 750,000 options.



Directors' Report

REMUNERATION REPORT

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

Remuneration Policy

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

General Director Remuneration

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

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

Executive Remuneration

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

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

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

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

- a. reward reflects the competitive market in which the Company operates;
- b. individual reward should be linked to performance criteria; and
- c. executives should be rewarded for both financial and non-financial performance.

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

- a. salary - executive directors and senior managers receive a sum payable monthly in cash;
- b. bonus - executive directors and nominated senior managers are eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c. long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- d. other benefits - executive directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Directors' Report

Remuneration of other executives consists of the following:

- a. salary - senior executives receive a sum payable monthly in cash;
- b. bonus - each executive is eligible to participate in a bonus or profit participation plan if deemed appropriate;
- c. long term incentives - each senior executive may, where appropriate, participate in share option schemes which have been approved by shareholders; and
- d. other benefits – senior executive are eligible to participate in superannuation schemes and other appropriate additional benefits.

Non-executive Remuneration

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

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

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

Bonus or Profit Participation Plan

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

Directors' Report

Details of remuneration for year ended 30 June 2010

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

2010

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$			
Martin Blakeman	144,530	-	-	-	-	-	-	-	144,530	0%	0%
Winton Willesee*	78,000*	-	-	-	-	-	-	-	78,000*	0%	0%
Eric de Mori	25,000	-	-	-	-	-	-	-	25,000	0%	0%
	247,530	-	-	-	-	-	-	-	247,530		

*includes amounts paid for Company Secretarial services

2009

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$			
Martin Blakeman	180,263	-	-	-	-	-	-	-	180,263	0%	0%
Winton Willesee*	78,000*	-	-	-	-	-	-	-	78,000	0%	0%
Greg Miles**	27,500	-	-	-	-	-	-	-	27,500	0%	0%
Eric de Mori	4,166	-	-	-	-	-	-	-	4,166	0%	0%
	289,929	-	-	-	-	-	-	-	289,929		

*includes amounts paid for Company Secretarial services

** resigned 6 March 2009

Options issued as part of remuneration

No options were granted as remuneration during the year ended 30 June 2010 or the year ended 30 June 2009.

Shares Issued on Exercise of Compensation Options

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

Employment contracts of directors and senior executives

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

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

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



Directors' Report

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	Number Attended
Directors		
Martin Blakeman	14	14
Eric de Mori	14	14
Winton Willesee	14	14

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

Indemnifying Officers or Auditor

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

Options

During the year ended 30 June 2010 nil shares were issued on the exercise of options.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

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

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

Non-audit Services

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

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

Directors' Report

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

	2010	2009
	\$	\$
Taxation services	3,400	2,200
Corporate services	-	3,630
	<u>3,400</u>	<u>5,830</u>

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 23 of this annual report.

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



WINTON WILLESEE
Director

DATED this 8th day of September 2010

Corporate Governance Statement

CORPORATE GOVERNANCE STATEMENT

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

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2010.

BOARD COMPOSITION

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

The names of independent directors of the Company are:

- Mr Winton Willesee
- Mr Eric de Mori

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

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

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



Corporate Governance Statement

RECOMMENDATION		NEWERA URANIUM LIMITED CURRENT PRACTICE
2.4	The board should establish a nomination committee.	Not satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.nru.com.au in the Corporate Governance Statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Satisfied. Whilst the performance of the Board is appraised on an ongoing basis, during the year no formal appraisal was conducted.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> ▪ The practices necessary to maintain confidence in the company's integrity ▪ The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ The responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Satisfied. The Code of conduct is available at www.nru.com.au in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied. The Trading Policy is available at www.nru.com.au in the Corporate Governance statement.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Satisfied.
4.1	The board should establish an audit committee.	Not satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved with full board participation. Accordingly, the Board has not established an audit committee.
4.2	The board committee should be structured so that it: <ul style="list-style-type: none"> ▪ Consists only of non-executive directors ▪ Consists of a majority of independent directors ▪ Is chaired by an independent chair, who is not chair of the board ▪ Has at least three members 	Not satisfied. The full board fulfils the role of the audit committee and accordingly the Company has adopted a policy which includes Executive Directors acting as audit committee members.
4.3	The audit committee should have a formal charter.	Satisfied. Audit Committee charter is available at www.nru.com.au in the Corporate Governance statement.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Satisfied.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure	Satisfied. Continuous disclosure policy is available at www.nru.com.au in the Corporate Governance statement.



Corporate Governance Statement

RECOMMENDATION		NEWERA URANIUM LIMITED CURRENT PRACTICE
	requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Satisfied.
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.nru.com.au in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Satisfied.
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management program is available at www.nru.com.au in the Corporate Governance statement.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. The Board, including the Executive Chairman, routinely consider risk management matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2010 financial year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Satisfied.
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board consider that given the current size of the board (3), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a remuneration committee.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of directors' remuneration is disclosed in the remuneration report of the annual report.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Remuneration committee charter is available at www.nru.com.au in the Corporate Governance statement.

Corporate Governance Statement

Other Information

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



To The Board of Directors

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

This declaration is made in connection with our audit of the financial report of Newera Uranium Limited for the year ended 30 June 2010 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



RANKO MATIĆ
Director

DATED at PERTH 8th day of September 2010

Statement of Comprehensive Income

for the year ending 30 June 2010

	Note	2010 \$	2009 \$
Interest revenue		31,557	66,728
Research and Development tax concession		250,559	-
Realised gains on financial assets		60,581	-
Unrealised gain/(loss) on financial assets		(18,733)	-
Administrative expenses		(114,932)	(108,362)
Consultancy and legal expenses		(62,004)	(136,140)
Compliance and regulatory expenses		(21,756)	(25,268)
Communication expenses		(6,081)	(11,569)
Depreciation and amortisation		(13,928)	(19,578)
Director and employee related expenses		(190,224)	(234,283)
Occupancy related expenses		(39,871)	(44,879)
Tenement management fees		(18,734)	(7,864)
Exploration administration fees		(35,121)	-
Travel and accommodation related expenses		(3,581)	(6,446)
Diminution of tenements		(552,018)	(4,702,010)
Loss before income tax expense		(734,286)	(5,229,671)
Income tax expense	4	-	-
Loss for the year		(734,286)	(5,229,671)
Other comprehensive income		-	-
Comprehensive loss for the year		(734,286)	(5,229,671)
Earnings per share			
Basic loss per share (cents)	5	(0.72)	(9.77)

The accompanying notes form part of these financial statements.



Statement of Financial Position

as at 30 June 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	6	541,506	1,278,693
Financial assets	7	180,150	-
Trade and other receivables	8	282,881	22,411
TOTAL CURRENT ASSETS		1,004,537	1,301,104
NON CURRENT ASSETS			
Property, plant and equipment	9	-	13,928
Exploration costs	10	1,052,172	941,844
TOTAL NON CURRENT ASSETS		1,052,172	955,772
TOTAL ASSETS		2,056,709	2,256,876
CURRENT LIABILITIES			
Trade and other payables	11	119,303	23,341
Provisions	12	-	3,733
TOTAL CURRENT LIABILITIES		119,303	27,074
TOTAL LIABILITIES		119,303	27,074
NET ASSETS		1,937,406	2,229,802
EQUITY			
Issued capital	13	8,875,203	8,433,313
Reserves	14	1,879	255,649
Accumulated losses		(6,939,676)	(6,459,160)
TOTAL EQUITY		1,937,406	2,229,802

The accompanying notes form part of these financial accounts



Statement of Cash Flows

for the year ending 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(362,593)	(541,409)
Interest received		31,557	66,728
Payment for exploration expenditure		(709,739)	(1,173,796)
Net cash used in operating activities	17(b)	<u>(1,040,775)</u>	<u>(1,648,477)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of financial assets		(258,416)	-
Proceeds from disposal of financial assets		120,114	-
Payment for property, plant and equipment		-	(2,100)
Net cash used in investing activities		<u>(138,302)</u>	<u>(2,100)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		441,890	815,386
Net cash provided by financing activities		<u>441,890</u>	<u>815,386</u>
Net increase/(decrease) in cash held		(737,187)	(835,191)
Cash and cash equivalents at the beginning of the financial year		1,278,693	2,113,884
Cash and cash equivalents at the end of the financial year	17(a)	<u>541,506</u>	<u>1,278,693</u>

The accompanying notes form part of these financial accounts



Statement of Changes in Equity

for the year ending 30 June 2010

		Issued Capital	Accumulated Losses	Option Reserve	Total
	Note	\$	\$	\$	\$
Balance at 1 July 2008		7,617,928	(1,229,489)	255,649	6,644,088
Loss for the year		-	(5,229,671)	-	(5,229,671)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	(5,229,671)	-	(5,229,671)
Transactions with owners					
Shares issued during the year	13	815,385	-	-	815,385
Balance at 30 June 2009		8,433,313	(6,459,160)	255,649	2,229,802
Balance at 1 July 2009					
		8,433,313	(6,459,160)	255,649	2,229,802
Loss for the year		-	(734,286)	-	(734,286)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	(734,286)	-	(734,286)
Transactions with owners					
Shares issued during the year (net of capital raising costs)	13	441,890	-	-	441,890
Options expired during the year		-	253,770	(253,770)	-
Balance at 30 June 2010		8,875,203	(6,939,676)	1,879	1,937,406

The accompanying notes form part of these financial accounts



Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Newera Uranium Limited, a Company domiciled and incorporated in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

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

a. Income Tax

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

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

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

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

Notes to the Financial Statements

for the year ending 30 June 2010

b. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

c. Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve.

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

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

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

d. Leases

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



Notes to the Financial Statements

for the year ending 30 June 2010

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

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

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

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

e. Financial Instruments

Initial Recognition and Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the year in which they arise.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Notes to the Financial Statements

for the year ending 30 June 2010

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

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

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

f. Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

g. Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

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

h. Provisions

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

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet

j. Revenue

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



Notes to the Financial Statements

for the year ending 30 June 2010

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

k. Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

l. Comparative Figures

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

m. Critical Accounting Estimates and Judgments

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

Environmental Issues

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

Taxation

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

Key Judgements – Deferred exploration and evaluation expenditure

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

Key Judgements – Share based payment transactions

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

n. Operating segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the

Notes to the Financial Statements

for the year ending 30 June 2010

impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Company's financial statements.

Measurement of impact

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered. The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reporting for each segment rather than in aggregate for total company operations, as this is how they are reviewed by the chief operating decision maker.

o. AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required only that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

30 June 2010

Number of Shares Held by Key Management Personnel

Key Management Person	Balance 1.7.2009	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2010
Martin Blakeman	12,161,508	-	-	-	-	12,161,508
Winton Willesee	800,000	-	-	-	-	800,000
Eric de Mori	-	-	-	-	-	-
	12,961,508	-	-	-	-	12,961,508

30 June 2009

Key Management Person	Balance 1.7.2008	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2009
Martin Blakeman	3,580,754	-	-	8,580,754	-	12,161,508
Winton Willesee	400,000	-	-	400,000	-	800,000
Greg Miles	127,500	-	-	50,000	177,500	-
Eric de Mori	-	-	-	-	-	-
	4,108,254	-	-	9,030,754	177,500	12,961,508

30 June 2010

Number of Options Held by Key Management Personnel

Key Management Person	Balance 30.6.2009	Granted as compensation	Options Exercised	Net Change Other	Balance 30.6.2010	Total Vested 30.6.2010	Total Exercisable 30.6.2010	Total Unexercisable 30.6.2010
Martin Blakeman	2,000,000	-	-	(2,000,000)	-	-	-	-
Winton Willesee	900,000	-	-	(900,000)	-	-	-	-
	2,900,000	-	-	(2,900,000)	-	-	-	-

30 June 2009

Key Management Person	Balance 30.6.2008	Granted as compensation	Options Exercised	Net Change Other	Balance 30.6.2009	Total Vested 30.6.2009	Total Exercisable 30.6.2009	Total Unexercisable 30.6.2009
Martin Blakeman	3,000,000	-	-	(1,000,000)	2,000,000	2,000,000	2,000,000	-
Winton Willesee	1,400,000	-	-	(500,000)	900,000	900,000	900,000	-
Greg Miles ^{1&2}	1,300,000	-	-	(1,300,000)	-	-	-	-
	5,700,000	-	-	(2,800,000)	2,900,000	2,900,000	2,900,000	-

¹ Resigned 6 March 2009

² Balance on resignation



Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 2. KEY MANAGEMENT PERSONNEL COMPENSATION

2010

2009

\$

\$

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

Short-term employee benefits	247,530	289,929
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<hr/>	<hr/>
	247,530	289,929
	<hr/>	<hr/>

NOTE 3. AUDITORS' REMUNERATION

2010

2009

\$

\$

Remuneration of the auditor for:

- Auditing or reviewing the financial report	30,350	25,500
- Taxation services and corporate services	3,400	5,830
	<hr/>	<hr/>
	33,750	31,330
	<hr/>	<hr/>

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 4. INCOME TAX	Note	2010	2009
		\$	\$
a) Income tax expense			
Current tax		-	-
Deferred tax		-	-
		-	-
Deferred income tax expense included in income tax expense comprises:			
(a) (Increase) in deferred tax assets		(265,483)	(26,770)
(b) Increase in deferred tax liabilities		265,483	26,770
		-	-
b) Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on operating profit at 30% (2009:30%)		(220,285)	(1,568,901)
Add / (Less)			
Tax effect of:			
Deferred tax asset not brought to account		220,285	1,568,901
Income tax attributable to operating loss		-	-
The applicable weighted average effective tax rates are as follows:			
		Nil%	Nil%
Balance of franking account at year end		Nil	Nil
c) Deferred tax assets			
Tax Losses		-	-
Provisions		1,119	1,804
Other		264,346	24,966
		265,483	26,770
Set-off deferred tax liabilities	4(d)	(265,483)	(26,770)
Net deferred tax assets		-	-
d) Deferred tax liabilities			
Exploration expenditure		265,483	26,770
		265,483	26,770
Set-off deferred tax assets	4(c)	(265,483)	(26,770)
Net deferred tax liabilities		-	-

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 4. INCOME TAX	Note	2010	2009
		\$	\$
e) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		1,547,276	1,418,801
<p>Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2010 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:</p> <p>i. the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;</p> <p>ii. the Company continues to comply with conditions for deductibility imposed by law; and</p> <p>iii. no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.</p>			
NOTE 5. EARNINGS PER SHARE			
a) Loss used to calculate basic EPS		(734,286)	(5,229,671)
		Number of Shares	Number of Shares
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		101,645,336	53,547,064
		2010	2009
		\$	\$
NOTE 6. CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		541,506	1,278,693
NOTE 7. FINANCIAL ASSETS			
<i>Financial assets at fair value through profit and loss</i>			
Held for trading listed shares		180,150	-
NOTE 8. TRADE AND OTHER RECEIVABLES			
Research and Development tax concession*		250,559	-
Prepayments		3,799	-
Other		28,523	22,411
		282,881	22,411

* Included in revenue and receivables is an amount of \$250,559 (2009: \$nil) in respect of a benefit arising from the Research and Development expenditure tax concession. The amount represents the claim in respect of expenditure incurred in the 2009 financial year. The Company has elected to receive this benefit as an immediate cash payment rather than increasing tax losses for a future benefit.



Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 9. PROPERTY, PLANT & EQUIPMENT

	2010 \$	2009 \$
PLANT AND EQUIPMENT		
Plant and equipment – at cost	25,767	25,767
Accumulated depreciation	(25,767)	(18,150)
	-	7,617
Office equipment – at cost	33,574	33,574
Accumulated depreciation	(33,574)	(27,263)
	-	6,311
Total property, plant and equipment	-	13,928

a) Movements in Carrying Amounts

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

	Plant and equipment \$	Office Equipment \$	Total \$
Opening balance at 1 July 2009	7,617	6,311	13,928
Additions	-	-	-
Depreciation expense	(7,617)	(6,311)	(13,928)
Balance at 30 June 2010	-	-	-

NOTE 10. EXPLORATION EXPENDITURE

	2010 \$	2009 \$
Exploration expenditure capitalised	1,052,172	941,844

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

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

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

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 11. TRADE AND OTHER PAYABLES

	2010	2009
	\$	\$
Trade creditors	51,071	-
Other payables and accruals	68,232	23,341
Other payables and accruals	119,303	23,341

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

NOTE 12. PROVISIONS

Provisions	-	3,733
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Provision for employee benefits

A provision is recognised for employee benefits relating to statutory leave for employees. The measurement and recognition criteria for employee benefits have been included in Note 1. No employees have an entitlement at 30 June 2010.

NOTE 13. ISSUED CAPITAL

	2010	2009
	\$	\$
109,977,136 (2009: 95,632,292) Fully paid ordinary shares	8,875,203	8,433,313

The Company has issued capital amounting to 109,977,136 (2009: 95,632,292) with no par value.

a) Ordinary Shares

	Number of Shares	Number of Shares
At the beginning of the reporting year	95,632,292	45,316,146
Shares issued during the year		
- 1 May 2009	-	45,316,146
- 14 May 2009	-	5,000,000
- 29 January 2010	14,344,844	-
At reporting date	109,977,136	95,632,292

b) Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view



Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 13. ISSUED CAPITAL

2010
\$

2009
\$

to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2010 and 30 June 2009 are as follows:

Cash and cash equivalents	541,506	1,278,693
Financial assets	180,150	-
Trade and other receivables	282,881	22,411
Trade and other payables	(119,303)	(23,341)
Working capital position	885,234	1,277,763

NOTE 14. RESERVES

a) Option Reserve

The option reserve records items recognised as expenses on valuation of share options.

NOTE 15. COMMITMENTS

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

Payable:

- not later than 12 months	530,129	724,400
- between 12 months and 5 years	742,795	1,435,587
- greater than 5 years	-	-
	1,272,924	2,159,987

b) Operating Lease

The Company has an office equipment lease due to expire in the next 12 months. The Company has a non cancellable premises lease through to 31 December 2011.

Payable:

- not later than 12 months	40,113	15,000
- between 12 months and 5 years	19,119	-
	59,232	15,000

NOTE 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets.

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 17. CASH FLOW INFORMATION

a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash	541,506	1,278,693
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b) Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax

Operating loss after income tax	(734,286)	(5,229,671)
Non-cash flows in profit from ordinary activities		
Share-based payment	-	-
Diminution of tenements	552,018	4,702,010
Depreciation and amortisation	13,928	19,578
Net loss/(gain) on sale of financial assets	(60,581)	-
Unrealised loss/(gain) on sale of financial assets	18,733	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(260,470)	28,069
(Increase)/decrease in other assets	(662,346)	(1,173,799)
Increase/(decrease) in trade and other payables	95,962	10,943
Increase/(decrease) in provisions	(3,733)	(5,607)
<i>Net Cash Flow from/(used in) Operating Activities</i>	<u>(1,040,775)</u>	<u>(1,648,477)</u>

NOTE 18. RELATED PARTY TRANSACTIONS

Other than remuneration disclosed in note 2 and the remuneration report section of the Directors report, there has been no related party transactions during the financial year.

NOTE 19. FINANCIAL INSTRUMENTS

a) Financial Risk Management

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

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

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

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

	Note	2010 \$	2009 \$
Financial Assets			
Cash and cash equivalents	6	541,506	1,278,693
Financial assets at fair value through profit or loss			



Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 19. FINANCIAL INSTRUMENTS

- Held for trading	7	180,150	-
Loans and receivables	8	282,881	22,411
Total Financial Assets		1,004,537	1,301,104
Financial Liabilities			
Trade and other payables	11	119,303	23,241
Total Financial Liabilities		119,303	23,241

i. Treasury Risk Management

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

ii. Financial Risks

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

Interest rate risk

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

Sensitivity analysis

At 30 June 2010, if interest rates had changed by +/- 75 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been \$4,061 lower/higher (2009 - \$9,590 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

Liquidity risk

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

Credit risk

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

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

	Note	2010	2009
		\$	\$
Cash and cash equivalents			
— AA Rated	6	541,506	1,278,693
		541,506	1,278,693



Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 19. FINANCIAL INSTRUMENTS

Market Risk – Equity/Securities Price Risk

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

b) Fair value estimation

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

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

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

The following table represents a fair value hierarchy:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2010				
Financial Assets				
Financials assets at fair value through profit or loss:				
- Investments – held for trading	180,150	-	-	180,150

There were no investments held for trading for the 2009 financial year.

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

c) Interest Rate Risk

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

	Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing		Total		Weight Effective Interest Rate	
	2010 \$	2009 \$	1 Year or Less		1 to 5 Years		2010 \$	2009 \$	2010 \$	2009 \$	2010 %	2009 %
			2010 \$	2009 \$	2010 \$	2009 \$						
Financial Assets												
Cash	541,506	1,278,693	-	-	-	-	-	-	541,506	1,278,693	3.44	4.77
Investments held for trading	-	-	-	-	-	-	180,150	-	180,150	-	N/A	N/A
Trade and other receivables	-	-	-	-	-	-	282,881	22,411	282,881	22,411	N/A	N/A
Total Financial Assets	541,506	1,278,693	-	-	-	-	463,031	22,411	1,004,537	1,301,104		
Financial Liabilities												
Trade and other payables	-	-	-	-	-	-	119,303	23,341	119,303	23,341	N/A	N/A
Total Financial Liabilities	-	-	-	-	-	-	119,303	23,341	119,303	23,341		

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 20. OPERATING SEGMENTS

Identification of reportable segments

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

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

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

Accounting policies adopted

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

Inter-segment transactions

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

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

Segment assets

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

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

Segment liabilities

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

Unallocated items

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

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

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 20. OPERATING SEGMENTS

	Exploration	Total
	\$	\$
(i) Segment performance		
30 June 2010		
Total segment revenue	250,559	250,559
Total segment expenses	(605,873)	(605,873)
Segment net profit/(loss) before tax	<u>(355,314)</u>	<u>(355,314)</u>
<i>Reconciliation of segment result to company net loss</i>		
Unallocated items		
Other revenue		92,138
Other expenses		(474,110)
Net loss before tax from continuing operations		<u><u>(734,286)</u></u>

	Exploration	Total
	\$	\$
30 June 2009		
Total segment revenue	-	-
Total segment expenses	(4,709,874)	(4,709,874)
Segment net profit/(loss) before tax	<u>(4,709,874)</u>	<u>(4,709,874)</u>
<i>Reconciliation of segment result to company net loss</i>		
Unallocated items		
Other revenue		66,728
Other expenses		(586,525)
Net loss before tax from continuing operations		<u><u>(5,229,671)</u></u>

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 20. OPERATING SEGMENTS (ii)

Segment assets

	Exploration	Total
30 June 2010	\$	\$
Segment assets	1,052,172	1,052,172
Total segment assets	<u>1,052,172</u>	<u>1,052,172</u>
<i>Unallocated Assets</i>		
Cash and cash equivalents		541,506
Financial assets		180,150
Trade and other receivables		<u>282,881</u>
Total company assets		<u>2,056,709</u>

	Exploration	Total
30 June 2009	\$	\$
Segment assets	941,844	941,844
Total segment assets	<u>941,844</u>	<u>941,844</u>
<i>Unallocated Assets</i>		
Cash and cash equivalents		1,278,693
Trade and other receivables		22,411
Property, plant, and equipment		<u>13,928</u>
Total company assets		<u>2,256,876</u>

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 20. OPERATING SEGMENTS (iii)

(iii) Segment liabilities

	Exploration	Total
30 June 2010	\$	\$
Segment liabilities	6,461	6,461
Total segment liabilities	<u>6,461</u>	<u>6,461</u>
<i>Unallocated liabilities</i>		
Trade and other payables		<u>112,842</u>
Total company liabilities		<u>119,303</u>

	Exploration	Total
30 June 2009	\$	\$
Segment liabilities	-	-
Total segment liabilities	<u>-</u>	<u>-</u>
<i>Unallocated liabilities</i>		
Trade and other payables		23,341
Provisions		<u>3,733</u>
Total company liabilities		<u>27,074</u>

(iv) Revenue by geographical region

There is no revenue attributable to external customers.

(v) Assets by geographical region

All reportable segment assets are located in one location, Australia.

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 21. SHARE-BASED PAYMENTS

During the year nil (2009: nil) options were issued.

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

		2010		2009
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	5,000,000	38	5,000,000	38
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(5,000,000)	-	-	-
Outstanding at year-end	-	-	5,000,000	38
Exercisable at year-end	-	-	5,000,000	38

There were nil share options outstanding at the end of the financial year and accordingly no share based payment expense has been recognised.

a) Expenses arising from share-based payment transactions

There were \$nil (2009: \$100,000) expenses arising from share-based payment transactions recognised during the year.

NOTE 22. CHANGE IN ACCOUNTING POLICY

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 22. CHANGE IN ACCOUNTING POLICY

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.
- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.

- AASB 2009-9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Company.

- AASB 2009-10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Company.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single

Notes to the Financial Statements

for the year ending 30 June 2010

NOTE 22. CHANGE IN ACCOUNTING POLICY

customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Company.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

NOTE 23. EVENTS SUBSEQUENT TO REPORTING DATE

Since the date of this report, the Company has issued 55,000,000 shares at 1.8 cents along with one free attaching option for every two shares. The placement was done in two tranches with the second being completed on 20 August 2010. As consideration for the capital raising, the Company issued 25,000,000 options (3.6c, 30 June 2012). In addition, the Directors participated in the placement for 5,000,000 shares and 2,500,000 options.

On 1st of September 2010, the Company entered into an option agreement with Coccinella Pty Ltd over the E09/1298 tenement. Under this agreement the option fee of \$20,000 the Company paid pursuant to the previous option agreement between the parties over the same tenement has been deemed to carry over and represent the option fee payable on this agreement. The Company is also required to pay a further \$500,000 mining commencement fee which is conditional on the exercise of the option and the commencement of mining operations. The option expires on 4 April 2011 (or at the sole election of the grantee on 4 April 2012)

Between the end of the financial year and the date of this report there are no other items, transactions or events of a material or unusual nature likely, in the opinion of the Directors, to affect significantly, the results of those operations, or the state of affairs of the Company in future financial years that require disclosure.

NOTE 24. COMPANY DETAILS

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

Suite 5 / 2 Centro Avenue
SUBIACO, WA 6008



Directors' Declaration

The Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 24 to 50, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
 - c) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Company and economic entity;

- 2) the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view;

- 3) In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors



WINTON WILLESEE
Director

DATED this 8th day of September 2010

Independent Auditor's Report

To the Members of Newera Uranium Limited

We have audited the accompanying financial report of Newera Uranium Limited (the company), which comprises the balance sheet as at 30 June 2010, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

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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. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

- a. The financial report of Newera Uranium Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b. The financial 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 within the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Newera Uranium Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



BENTLEYS
Chartered Accountants



RANKO MATIĆ
Director

DATED at PERTH this 8th day of September 2010

Shareholder Information

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

SHAREHOLDINGS

At the date of this report the following shareholders had lodged substantial shareholder notices with the Company.

1. On 23 August 2010 a substantial shareholder notice was received by the Company notifying the Company that Deck Chair Holdings Pty Ltd was a substantial shareholder holding a relevant interest in 13,700,002 shares representing 8.30% of the voting power.
2. On 6 July 2009 a substantial shareholder notice was received by the Company notifying the Company that Mahsor Holdings Pty Ltd was a substantial shareholder holding a relevant interest in 8,330,882 shares representing 8.71% of the voting power.

CLASS OF SHARES AND VOTING RIGHTS

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

1. At a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
2. On a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

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

DISTRIBUTION OF SHAREHOLDERS (as at 6 September 2010)

Shares Range	No of Holders	Units	%
1 – 1000	95	34,603	.02
1001 – 5000	264	759,807	.46
5001 – 10000	390	3,157,720	1.91
10001 – 100000	467	15,424,023	9.35
100001 –	142	145,600,983	88.26
Total	1358	164,977,136	100.00

There are 931 holders of unmarketable parcels comprising a total of 6,706,232 ordinary shares.

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

There are currently no restricted securities on issue.

At the date of this report there are 32 holders of unlisted options (3.6c, 30 June 2012), all of which hold greater than 100,000 options. No holder holds greater than 20% of the options except Cygnet Capital Pty Ltd which holds 12,500,000 and Subiaco Capital Pty Ltd which holds 14,309,000

Shareholder Information

TWENTY LARGEST SHAREHOLDERS (as at 6 September 2010)

	Name	Number of Shares	%
1.	MAHSOR HOLDINGS PTY LIMITED <ROSHAM FAMILY SUPER A/C>	14,166,961	8.59
2.	DECK CHAIR HOLDINGS PTY LIMITED	13,700,002	8.30
3.	MARTIN + MISTY BLAKEMAN <JAKESSI S/F A/C>	9,266,848	5.62
4.	BARDI HOLDINGS PTY LTD	5,533,333	3.35
5.	GRASMERE NOMINEES PTY LTD	5,268,000	3.19
6.	EKIRTSOON NOMINEES PTY LTD	4,320,000	2.62
7.	SUBIACO CAP PL	3,618,000	2.19
8.	TONKA TRADING PTY LTD	3,430,660	2.08
9.	ST BARNABAS INV PL < ST BARNABAS S/F A/C>	3,054,000	1.85
10.	MARK DAVIES	3,000,000	1.82
11.	CORBENIC INV PL < CORBENIC INV A/C>	2,770,000	1.68
12.	KEA HOLDINGS PTY LIMITED <IOS HOLDING A/C>	2,500,000	1.52
13.	NEW HORIZON INVESTMENTS PTY LIMITED	2,500,000	1.52
14.	AZALEA FAMILY HOLDINGS PTY LTD < NO 2 A/C>	2,300,000	1.39
15.	CRAIG IAN BURTON <C I BURTON FAMILY A/C>	2,106,576	1.28
16.	522 INV PTY LTD	1,945,000	1.18
17.	WESTERNSTAR LTD	1,943,000	1.18
18.	JOHN HENRY MCMAHAON	1,786,084	1.08
19.	JAMES HENRY MOULLIN	1,670,000	1.01
20.	GLAMOUR DIVISION PL <HAMMER A/C>	1,666,667	1.01
		86,545,131	52.46%

TENEMENT SCHEDULE

Lease	Project	Lease Status
WA		
E09/1575	Jailor Bore	Granted
E09/1194	Jailor Bore	Granted
E09/1434	Jailor Bore	Granted
E09/1298	Jailor Bore	Granted
E09/1386	Pells Range	Granted
E09/1193	Pells Range	Granted
E09/1748	Jailor Bore	Application
E09/1749	Jailor Bore	Application
E09/1783	Jailor Bore	Application
E09/1788	Jailor Bore	Application
E80/4308	Cummins Range	Application
NT		
EL25169	White Lady	Granted