# AGUIA RESOURCES LIMITED

**(Formerly known as Newport Mining Limited)**

# ANNUAL REPORT

# 30 JUNE 2010

**ABN 94 128 256 88**

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## CORPORATE DIRECTORY

| | |
|---|---|
| **DIRECTORS:** | Mr Anthony Wonnacott – Chairman<br>Mr Simon Taylor – Managing Director<br>Mr Mark Pearce – Non-Executive Director<br>Mr Fernando Tallarico – Non-Executive Director |
| **COMPANY SECRETARY:** | Mr Andrew Bursill |
| **REGISTERED AND PRINCIPAL OFFICE:** | Level 9, BGC Centre<br>28 The Esplanade<br>Perth WA 6000<br><br>Tel: +61 8 9322 6322<br>Fax: +61 8 9322 6558 |
| **SHARE REGISTER:** | Computershare Investor Services Pty Ltd<br>Level 2<br>45 St Georges Terrace<br>PERTH WA 6000<br><br>Tel: 1300 55 70 10<br>Int: +61 8 9321 2000<br>Fax: +61 8 9321 2033 |
| **STOCK EXCHANGE LISTING:** | Australian Securities Exchange<br>Home Branch – Adelaide<br>Level 1<br>89 King William Street<br>Adelaide SA 5000 |
| **ASX CODE:** | AGR – Fully paid ordinary shares |
| **BANKERS:** | Australia and New Zealand Banking Group Limited |
| **SOLICITORS:** | Hardy Bowen Lawyers |
| **AUDITOR:** | Deloitte Touche Tohmatsu |

## CHAIRMANS REPORT

Dear Shareholder,

I am pleased to present to you the 2010 Annual Report of Aguia Resources Limited ("Aguia' or "Company").

Aguia has had a year of significant developments and changes.

More recently the Company resolved to change its name from Newport Mining Limited to Aguia Resources Limited following a general meeting held on 6 October 2010.

In June 2010 the Company completed the acquisition of Aguia Metais Ltda, which holds two highly prospective and potentially large-scale phosphate project located in Brazil, the Mata da Corda Phosphate Project ("MCPP") and the Lucena Phosphate Project ("LPP").

Brazil imports 49% of its phosphate needs and both projects are located near potential domestic primary customers and major fertiliser blenders and are close to existing infrastructure including roads, water, power and ports.

The MCPP has shown early positive results with encouraging surface sampling reporting grades of up to 23% $P_2O_5$. In June 2010, the Company embarked on a major ground acquisition strategy and staked an additional 300,000 hectares in the Mata da Corda region. Early stage mineralogical characterisation results are also very encouraging and have confirmed that the dominant phosphate mineral reports to apatite (97%). This has a positive impact for the development opportunities for the project in that mineralisation is amenable to beneficiation and subsequent downstream production of fertilisers. An aggressive exploration phase of sampling and drilling has commenced to test the Mata da Corda region as we pursue our quest to outline phosphate resources before moving into scoping and subsequent feasibility studies.

At the LPP, desktop studies of previous work completed by the Brazilian Geological Survey (including drilling) has highlighted exceptional potential to compile JORC resources at both Lucena North and Lucena South in early 2011. Drilling programs are being finalised to test both projects.

The Company's board has also been strengthened by the appointment of Technical Director, Dr Fernando Tallarico who joined the Company on 23 June 2010. Dr Tallarico brings over 19 years experience in exploration to the team and has played an integral part in acquiring the phosphate projects. He has previously held senior roles including Exploration Manager for BHP Diamond South America and completed project generation in Brazil for Noranda, Falconbridge, and was with CVRD for over 9 years working throughout Brazil.

As part of the Aguia Metais transaction I was also very pleased to join the Board as Chairman and look forward to the continued growth of the Company as we actively advance our portfolio of projects and continue to increase shareholder value.

It is the Board's current intention that the Company will focus on maximising the value of the exploration assets by conducting further exploration activities on the MCPP and LPP. In addition the Company will continue to examine new business opportunities in the resources sector.

On behalf of the Board I would like take this opportunity to sincerely thank all our shareholders for their support.

Mr Anthony Wonnacott
Chairman

## REVIEW OF OPERATIONS

During the year the Company completed the acquisition of Aguia Metais Ltda ("**Aguia**"), which holds two highly prospective and potentially large-scale phosphate projects ("**Projects**") located in Brazil:

1. The Mata da Corda Phosphate Project ("**MCPP**") has outcropping mineralisation with historical rock chip results of up to 23.2% $P_2O_5$.

2. The Lucena Phosphate Project ("**LPP**") has an initial exploration target of 40 to 50 million tonnes at an average grade of 10% to 14% $P_2O_5$ based on a compilation of historical drilling by CPRM[1].

Previous exploration activities including drilling and rock chip sampling completed by the National Bureau of Mines ("**DNPM**") in association with the Brazilian Geological Survey ("**CPRM**") will provide a solid platform to compile an initial Mineral Resource estimate that can be reported in accordance with the JORC Code in 2011.

Brazil imports 49% of its phosphate needs and both projects are located near potential domestic primary customers and major fertiliser blenders and are close to existing infrastructure including roads, water, power and ports.

Recent acquisitions have increased the MCPP ground position to approximately 300,000 hectares (from approximately 10,000 hectares) to create a large "province" style holding in the highly prospective Mata da Corda region.

In addition, Mr Simon Taylor was appointed Managing Director of Newport. Mr Taylor is a geologist and a founding Director of Newport. Most recently Mr Taylor was a resource analyst with a major focus on the phosphate sector. The Board has also been strengthened with the appointment of Mr Anthony Wonnacott as Chairman and Dr Fernando Tallarico as a Technical Director.

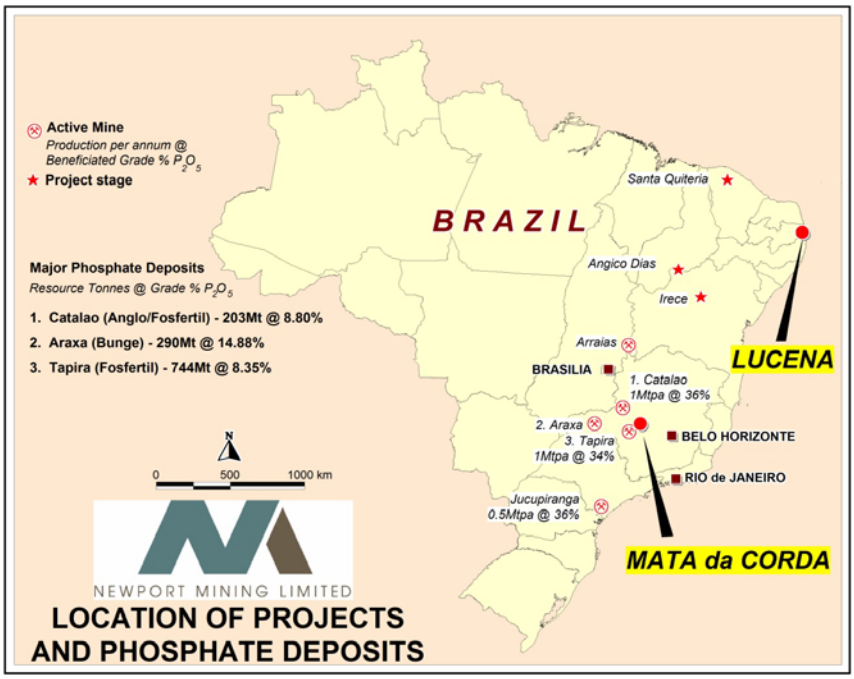



***Figure 1: Location of LPP and MCPP***

[1] *The statement referring to the potential quantity and grade of the target is based on the results of historical exploration activities undertaken by CPRM during the 1960's to 1980's, including 47 drill holes of which 22 drill holes within the project and immediate surrounds returned mineralisation. The potential tonnage range and average grade is conceptual in nature and insufficient work has been completed to report a Mineral Resource in accordance with the JORC Code (2004). It is uncertain if further exploration work will result in the determination of a Mineral Resource.*

## Mata da Corda Phosphate Project

The MCPP is located within 150km of the three largest phosphate mines in Brazil; Araxá – Vale (290Mt @ 14.88% $P_2O_5$), Tapira – Vale (744Mt @ 8.35% $P_2O_5$) and Catalão – Anglo/Vale (203Mt @ 8.80% $P_2O_5$). These three mines account for 95% of the phosphate rock production in Brazil. Within this existing transportation corridor there are 32 major bulk fertilizer blenders.

The MCPP now covers approximately 300,000 hectares and sits in the middle of the agricultural and industrialized heartland of the southeast region of Brazil in the state of Minas Gerais (English Translation = General Mining State) some 250km to the west of Belo Horizonte.

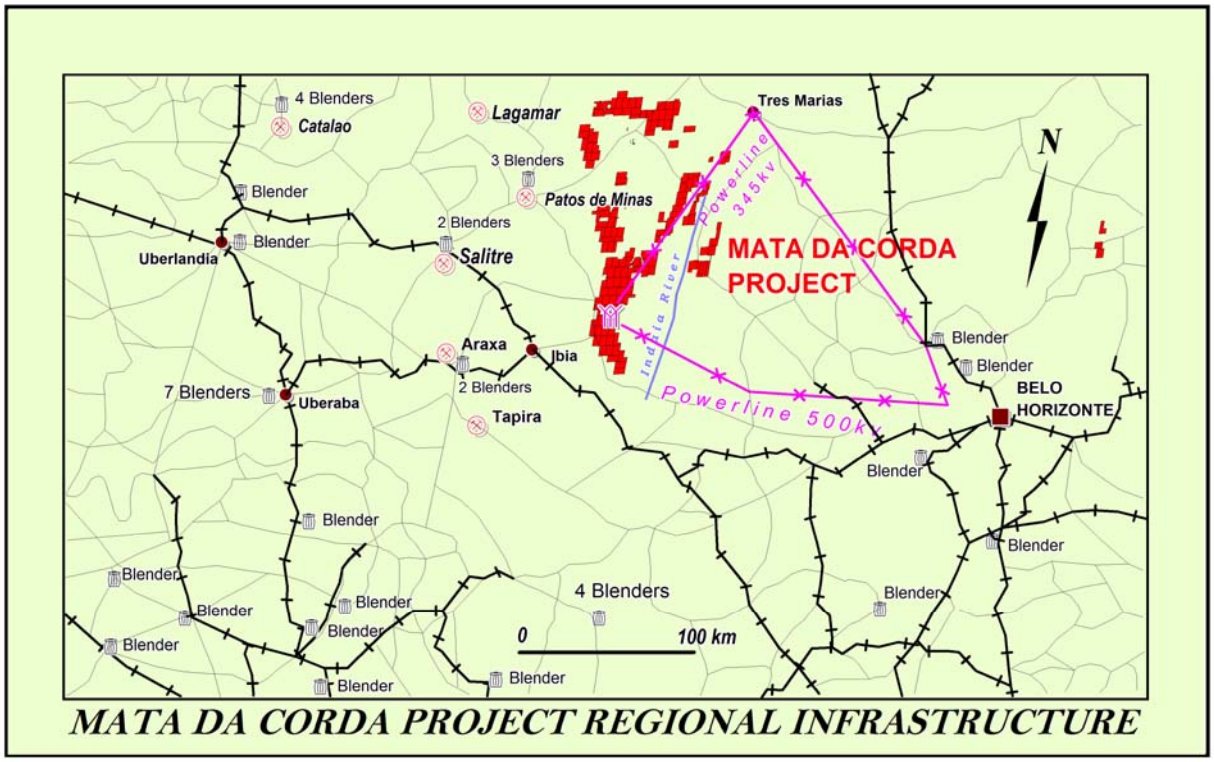



***Figure 2: Location of the Mata da Corda Project relative to operating phosphate mines, major fertilizer bulk blenders and infrastructure including roads, railways, power and water.***

The property was identified as potentially attractive to Aguia because of the historical phosphate occurrences reported by CPRM in the late 1960's and early 1970's. After an initial analysis of these occurrences, the geology and its distribution, Aguia staked the MCPP in August 2008. This triggered a staking rush in the area with Amazon Mining Ltd (late August 2008) and Vale (September 2008) staking to the north, south and west.

Work by Newport including rock chip sampling has returned some outstanding results with high-grade phosphate returned from surface including best grades of 20.0% and 18.15% $P_2O_5$.

Soil sampling results and mapping has delineated an open ended phosphate-in-soil anomaly extending for over 2.7 kilometres that is up to 300 metres wide and includes peak values up to 1.86% $P_2O_5$.

## REVIEW OF OPERATIONS
**(continued)**

### Lucena Phosphate Project

The LPP covers 73,361 hectares (733km$^2$) all located within a 50km radius around the city of João Pessoa, capital of the Paraiba state in north eastern Brazil.

The Property was identified based on historical phosphate occurrences reported by the CPRM (Brazilian Geological Survey). After initial analysis of the occurrences, geology and distribution the available areas were staked along the northern sector of the Paraiba Belt within the same geological setting that hosts several phosphate deposits discovered by CPRM. No systematic exploration work has been conducted since the historical government program.

The property hosts excellent logistic and infrastructure including roads, water, railways, energy and is located near fertilizer blenders and transportation hubs including the Cabedelo port facilities which can be accessed via 65km of paved roads.

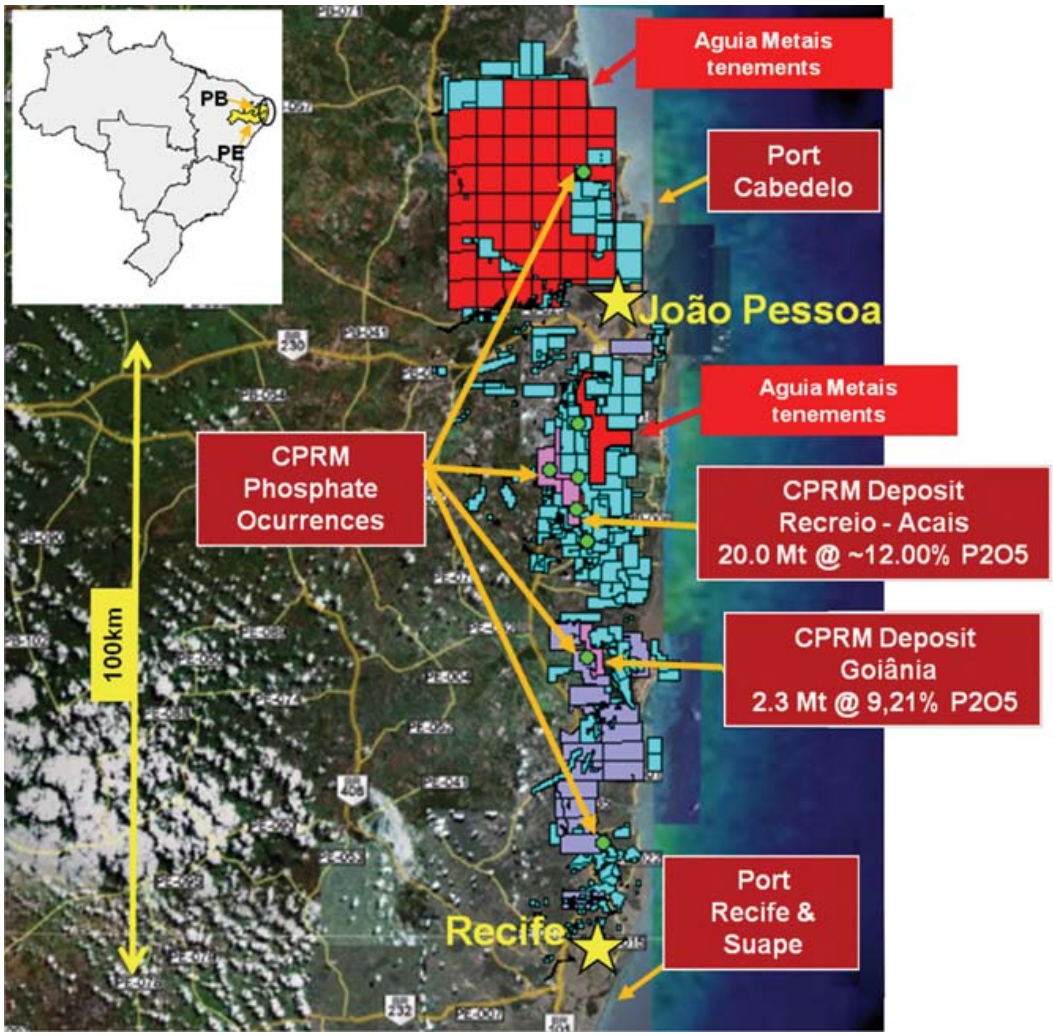



***Figure 3: Location of the Lucena Phosphate Project relative to CPRM phosphate occurrences.***

The LPP area was first investigated by the CPRM in the late seventies to early eighties where several intercepts containing $P_2O_5$ were defined during the drilling exploration program. This program also identified the Recreio - Acais Deposit located further south (25km) from the Project area and Goiania deposit located 50km northward from Olinda.

From the 47 holes drilled, 22 drill holes within the project area and immediate surrounds intercepted significant phosphate ($P_2O_5$) mineralisation. The main mineralized interval is located at the bottom of the Gramame Formation (limestone) near the top of the Itamaraca Formation (sandstone). The depth of the mineralization varies from 15 to 94 meters depth with thickness in the range of 0.5 to 7.0 metres. The grades found vary from 3.1% to 21.85% $P_2O_5$.

### Pathfinder Project

The Pathfinder Project covers an extensive area of over 2,310 square kilometres. Geologically the Project is located at the southern end of the Fowler Domain on the western side of the Gawler Craton in a similar setting to the Thompson Nickel Belt in Canada, which contains some of the world's largest nickel deposits.

The Project is prospective for nickel sulphides, iron oxide associated copper gold mineralisation and heavy mineral sands.

### Norwest Claim

The claim previously made against the Company by Norwest Holding Pte Ltd ("**Norwest**") for not completing the acquisition of a phosphate project located in the Sichuan Province of China was dismissed by the Singapore High Court ("**Court**") in November 2009.

In addition, the Court allowed the Company's counterclaim relating to the recovery of a deposit of S$102,500 paid by the Company to Norwest upon lodging its bid for the acquisition of the project. The Court also ordered Norwest to pay the Company's costs in relation to the matter, the quantum of which will be fixed at a later date by an Assistant Registrar of the Court.

Norwest has since appealed this decision. The appeal process is now progressing, with both parties lodging submissions with the appeals court in July. The appeal is expected to be heard by the appeals court in November 2010. The Company will make further announcements to the market as the appeal progresses.

# DIRECTORS' REPORT

The Directors of Newport Mining Limited present their report on Newport Mining Limited ("**Company**" or "**Newport**") and the entities it controlled at the end of, or during, the year ended 30 June 2010 ("**Consolidated Entity**" or "**Group**").

## DIRECTORS

The names and details of the Company's directors in office at any time during the financial year or since the end of the financial year are:

| | |
|---|---|
| Mr Anthony Wonnacott | Chairman (appointed 23 June 2010) |
| Mr Simon Taylor | Managing Director and Chief Executive Officer |
| Dr Fernando Tallarico | Technical Director (appointed 23 June 2010) |
| Mr Mark Pearce | Non-Executive Director |
| Mr Ian Middlemas | Chairman (resigned 30 August 2010) |
| Mr Stephen Evans | Non-Executive Director (resigned 22 June 2010) |

Unless otherwise stated, Directors held their office from 1 July 2009 until the date of this report.

## CURRENT DIRECTORS AND OFFICERS

### Mr Anthony Wonnacott *B.Comm, LL.B*
*Chairman*

Mr Wonnacott is a corporate securities lawyer in Toronto, Ontario, Canada with over 15 years of experience. He is a member of the Law Society of Upper Canada and holds a B. Comm. (cum laude) from Saint Mary's University and a LL. B. from Dalhousie University. He began his career working at a major Toronto law firm in the banking and securities field before moving to work as a legal consultant to a number of companies, primarily in the mining and resource industry. As a consultant and officer of several of these companies, Mr Wonnacott has been involved with the successful listings of private companies, the outright sale of a company for approximately CAD$750 Million and capital raisings in excess of CAD$3 Billion.

Mr Wonnacott was appointed a Director of the Company on 23 June 2010 and Chairman of the Company on 30 August 2010. During the three year period to the end of the financial year, Mr Wonnacott has held directorships in Allana Potash Corp. (formerly Allana Resources Inc.) (December 2007 – October 2008), Alexis Minerals Corporation (August 2003 – present), Castillian Resources Corp. (April 2005 – October 2010), Explorator Resources Inc. (May 2007 – November 2009), G4G Resources Ltd. (March 2008 – November 2008), New Sage Energy Corp. (August 2007 to June 2008), Rodinia Lithium Inc. (July 2007 – present) and Stetson Oil and Gas Ltd. (April 2006 – present).

### Mr Simon Taylor *B.Sc (Geology), MAIG, GCERTAppFin (Finsia)*
*Managing Director*

Mr Taylor is a geologist with 19 years experience throughout Australia and overseas having held senior geologist and exploration manager positions for numerous ASX listed resource companies. He has gained considerable experience in exploration, project assessment and joint venture negotiations. His experience includes providing consulting services to resource companies and financial corporations as a resource analyst where he had a major interest in the phosphate sector. Mr Taylor's corporate experience includes project appraisal, advice on placements and fundraising. Mr Taylor is a member of the Australian Institute of Geoscientists.

Mr Taylor was appointed a Director of the Company on 27 November 2007 and Managing Director of the Company on 25 February 2010. During the three year period to the end of the financial year, Mr Taylor has held directorships in Bondi Mining Limited (July 2006 – March 2010), Chesser Resources Limited (March 2007 – present) and Probiomics Limited (July 2008 – present).

**Dr Fernando Tallarico** ***BSc (Geology), MSc (Economic Geology), PhD (Economic Geology), PGeo***
*Technical Director*

Dr Tallarico brings over 19 years experience in exploration to the team and has played an integral part in acquiring the phosphate projects. He has previously held senior roles with BHP and Noranda/Falconbridge, and was with CVRD for over 9 years working throughout South America. Most recently as Exploration Director of Falcon Metais was focused on the exploration of fertilizer raw materials.

Dr Tallarico was appointed a Director of the Company on 23 June 2010. During the three year period to the end of the financial year, Mr Tallarico held no other directorships in publicly listed companies.

**Mr Mark Pearce** ***B.Bus, CA, FCIS, FFin***
*Non-Executive Director*

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Institute of Chartered Secretaries and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of the Company on 16 September 2008. During the three year period to the end of the financial year, Mr Pearce has held directorships in Coalspur Mines Limited (March 2007 – present), Equatorial Resources Limited (November 2009 – present), Odyssey Energy Limited (September 2005 – present), Pacific Ore Limited (April 2010 – present), Sovereign Metals Limited (July 2006 – present), WCP Resources Limited (September 2009 – present), Fusion Resources Limited (May 2002 – February 2009), Syngas Limited (May 2007 – January 2008), Mantra Resources Limited (September 2005 – February 2010), Mavuzi Resources Limited (January 2007 – March 2008) and QED Occtech Limited (November 2004 – February 2010).

**Mr Andrew Bursill** ***B.Agr. Ec., CA***
*Company Secretary*

Mr Bursill has been employed by Franks & Associates for over 10 years, where he has specialised in the provision of outsourced Company Secretary and finance services. During this time Mr Bursill has been a Director and Company Secretary of numerous listed and unlisted public companies. Mr Bursill is a member of the Institute of Chartered Accountants in Australia.

Mr Bursill was appointed as Company Secretary on 28 September 2010. In addition, Mr Bursill is a Director and Company Secretary of Argonaut Resources NL and Australia Oriental Minerals NL and Company Secretary of for MOKO.Mobi Limited, Cellmid Limited, and Acuvax Limited.

## PRINCIPAL ACTIVITIES

The principal activities during the year of the Consolidated Entity were the continued exploration and development of resource projects by the Consolidated Entity, and investment in the resources sector. No significant change in the nature of these activities occurred during the year.

## EMPLOYEES

The Consolidated Entity had 1 employee as at 30 June 2010 (2009: Nil).

## EARNINGS PER SHARE

| | 2010 Cents | 2009 Cents |
|---|---|---|
| Basic earnings per share | **(4.62)** | (1.91) |

## DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

## REVIEW AND RESULTS OF OPERATIONS

A review of the Company's operations during the year ended 30 June 2010 is contained in the Review of Operations on page 1 to 2 and forms part of this Director's Report.

The net loss of the Consolidated Entity for the year ended 30 June 2010 was $1,533,770 (2009: $613,200). This loss is partly attributable to:

- The Consolidated Entity expensing all litigation costs associated with the Norwest Claim. During the year, litigation costs in respect of the Norwest Claim totalled $403,049 (2009: $184,243); and
- The Consolidated Entity expensing the value (determined using the Black-Scholes option pricing model) of share options granted to Directors and consultants. The value is measured at grant date and recognised over the period during which the option holders become unconditionally entitled to the options. During the year, non-cash share-based payments expenses totalled $378,909 (2009: $94,434).

## CORPORATE AND FINANCIAL POSITION

The Consolidated Entity continues to examine other new business opportunities that are focused primarily on the resources sector.

At 30 June 2010, the Consolidated Entity had cash reserves of over $4.9 million and is well placed to conduct its current activities and to pursue new business opportunities.

## BUSINESS STRATEGIES AND PROSPECTS

The Consolidated Entity currently has the following business strategies and prospects over the medium to long term:

- seek to advance the development of the Projects through the completion of scoping and feasibility studies;
- continue to actively assess new domestic and overseas business opportunities in the resources sector.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

(i) On 25 February 2010, the Company announced that it had entered into a conditional agreement to acquire Aguia Metais Ltda, which holds the Lucena Phosphate Project and Mata da Corda Phosphate Project located in Brazil;

(ii) On 25 February 2010, Mr Simon Taylor was appointed Managing Director of Newport. Mr Taylor was granted the following Incentive Options following shareholder approval received at a General Meeting held on 24 May 2010:

- 500,000 Options at an exercise price of $0.15 each that expire on 30 June 2012, vesting after six months service;
- 500,000 Options at an exercise price of $0.20 each that expire on 30 June 2013, vesting after twelve months service; and
- 1,000,000 Options at an exercise price of $0.30 each that expire on 31 December 2013, vesting after twenty four months service;

(iii) On 22 June 2010, Mr Stephen Evans resigned as a Director of the Company;

(iv) On 23 June 2010, the Company completed a placement of 10,000,000 ordinary shares each at an issue price of $0.15 to raise $1,500,000 to fund initial working capital on the Brazilian phosphate projects;

(v) On 23 June 2010, the Company completed the acquisition of Aguia Metais Ltda for consideration as follows:

- 10,000,000 ordinary shares;
- 20,000,000 A class performance shares, which convert into 20,000,000 ordinary shares upon the satisfaction, prior to the Expiry Date, of an independently calculated Mineral Resource of not less than 30,000,000 tonnes with a grade of not less than 10% $P_2O_5$, or an Equivalent Total Amount of $P_2O_5$, being determined within either or both of the MCPP or LPP; and
- 20,000,000 B class performance shares, which convert into 20,000,000 ordinary shares upon the satisfaction, prior to the Expiry Date, of an independently calculated Mineral Resource of not less than 70,000,000 tonnes with a grade of not less than 10% $P_2O_5$, or an Equivalent Total Amount of $P_2O_5$, being determined within either or both of the MCPP or LPP; and

(vi) On 23 June 2010, Mr Anthony Wonnacott was appointed as Non-Executive Director and Dr Fernando Tallarico was appointed as a Technical Director.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

(i) On 30 August 2010, Mr Anthony Wonnacott was appointed as Chairman of the Company, following the resignation of Mr Ian Middlemas;

(ii) On 6 September 2010, the Company dispatched a Notice of Meeting for a General Meeting of Shareholders to be held on 6 October 2010. The meeting has been called for Shareholders to approve a change of the name of the Company to “Aguia Resources Limited”, to adopt a new constitution, to issue Incentive Options to Dr Fernando Tallarico, and to issue Incentive Options to key employees and consultants of the Company;

(iii) On 10 September 2010, the Company appointed Deloitte Touche Tohmatsu as auditor of the Company. The appointment is valid until the Company’s next Annual General Meeting at which it will be subject to shareholder approval; and

(iv) On 28 September 2010, Mr Andrew Bursill was appointed Company Secretary of the Company following Mr Pearce’s resignation as Company Secretary.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2010, of the Consolidated Entity.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Board's current intention that the Consolidated Entity will focus on maximising the value of the Consolidated Entity's exploration assets by conducting further exploration activities or finding a joint venture partner to assist and/or undertake these activities on these projects and continuing to examine new business opportunities in the resources sector.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Consolidated Entity and accordingly, has not been disclosed.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Consolidated Entity during the financial year.

## DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

| | Interest in securities at the date of the report | | |
|---|---|---|---|
| | Ordinary Shares [1] | Performance Shares[2] | Options [3] |
| Anthony Wonnacott | 895,803 | 3,626,199 | - |
| Fernando Tallarico | 476,304 | 192,342 | - |
| Simon Taylor | 550,001 | - | 2,600,000[4] |
| Mark Pearce | - | - | - |

**Notes:**

1 "Shares" means fully paid ordinary shares in the capital of the Company.

2 "Performance Shares" means unlisted performance shares, each of which is convertible into one Ordinary Share for no additional consideration on the occurrence of certain milestone events

3 "Options" means an unlisted option to subscribe for one Share in the capital of the Company.

4 Following shareholder approval at a General Meeting held 24 May 2010, Mr Taylor was granted the following Incentive Options:

- 500,000 Options at an exercise price of $0.15 each that expire on 30 June 2012, vesting after six months service;
- 500,000 Options at an exercise price of $0.20 each that expire on 30 June 2013, vesting after twelve months service; and
- 1,000,000 Options at an exercise price of $0.30 each that expire on 31 December 2013, vesting after twenty four months service.

## SHARE OPTIONS

At the date of this report the following options have been issued over unissued capital:

- 1,600,000 Options at an exercise price of $0.25 each that expire on 31 December 2011;
- 1,200,000 Options at an exercise price of $0.35 each that expire on 31 December 2011;
- 3,000,000 Options at an exercise price of $0.25 each that expire on 31 January 2012;
- 1,000,000 Options at an exercise price of $0.25 each that expire on 31 January 2012;
- 500,000 Options at an exercise price of $0.15 each that expire on 30 June 2012;
- 500,000 Options at an exercise price of $0.20 each that expire on 30 June 2013; and
- 1,000,000 Options at an exercise price of $0.30 each that expire on 31 December 2013.

During the year ended 30 June 2010 and up to the date of this report, no Shares have been issued as a result of the exercise of options.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During or since the end of the financial year, the Consolidated Entity has not paid, or agreed pay, a premium in respect of a contract insuring against a liability incurred by a person who is or has been a director, officer or auditor of the Consolidated Entity (2009: Nil).

## REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("**KMP**") of the Consolidated Entity.

### Details of Key Management Personnel

The KMP of the Consolidated Entity during or since the end of the financial year were as follows:

| | |
|---|---|
| Mr Anthony Wonnacott | Chairman (appointed 23 June 2010) |
| Mr Simon Taylor | Managing Director and Chief Executive Officer |
| Dr Fernando Tallarico | Technical Director (appointed 23 June 2010) |
| Mr Mark Pearce | Non-Executive Director |
| Mr Ian Middlemas | Chairman (resigned 30 August 2010) |
| Mr Stephen Evans | Non-Executive Director (resigned 22 June 2010) |
| Mr Andrew Bursill | Company Secretary (appointed 28 September 2010) |

Unless otherwise disclosed, the KMP held their position from 1 July 2009 until the date of this report.

### Remuneration Policy

The Consolidated Entity's remuneration policy for its KMP has been developed by the Board taking into account the size of the Consolidated Entity, the size of the management team for the Consolidated Entity, the nature and stage of development of the Consolidated Entity's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

- the Consolidated Entity is currently focused on undertaking exploration, appraisal and development activities;
- the risks associated with small cap resource companies whilst exploring and developing projects; and
- other than profit which may be generated from asset sales, the Consolidated Entity does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

### Executive Remuneration

The Consolidated Entity's remuneration policy is to provide a fixed remuneration component and a performance based component. The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

## REMUNERATION REPORT (AUDITED) (Continued)

*Fixed Remuneration*

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

*Performance Based Remuneration – Short Term Incentive*

Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("**KPI's**"), as set by the Board. The Board has focused the Consolidated Entity's efforts on finding and completing new business opportunities. The Board considers that the prospects of the Consolidated Entity and resulting impact on shareholder wealth are largely linked to the success of this approach, rather than by referring to current or prior year earnings.

Accordingly, the Board may pay a bonus to executive KMP's based on the success in generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition. No bonuses were paid during the current financial year.

*Performance Based Remuneration – Long Term Incentive*

The Board has chosen to issue incentive options to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Consolidated Entity. The Board considers that each executive's experience in the resources industry will greatly assist the Consolidated Entity in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options granted to executives is commensurate to their value to the Consolidated Entity.

The Board has a policy of granting incentive options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Consolidated Entity increases sufficiently to warrant exercising the incentive options granted.

Other than service-based vesting conditions, there are no additional performance criteria on the incentive options granted to executives, as given the speculative nature of the Consolidated Entity's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Consolidated Entity are closely related.

The Company does not currently have a policy regarding executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

### Non-Executive Director Remuneration

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Consolidated Entity, incentive options have been used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Total directors' fees paid to all non-executive directors is not to exceed $200,000 per annum. Director's fees paid to Non Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Consolidated Entity and Non-Executive Directors may in limited circumstances receive incentive options in order to secure their services.

Effective from 1 July 2009, fees for the Chairman have been set at $36,000 per annum and fees for Non-Executive Directors' have been set at a maximum of $20,000 per annum. These fees cover main board

activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Consolidated Entity, including but not limited to, membership of committees.

The Board may pay bonuses to KMP's based on the success in generating suitable new business opportunities. A further bonus may also be paid upon the successful completion of a new business acquisition. No bonuses were paid during the current financial year.

### Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. However, as noted above, a number of KMP have received Incentive Options which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the Incentive Options.

### Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

### Emoluments of Directors and Executives

Details of the nature and amount of each element of the emoluments of each Director of Newport Mining Limited are as follows:

| | Salary & fees $ | Post-employment benefits $ | Share-based payments $ | Total $ | Percentage performance related % |
|---|---|---|---|---|---|
| **2010** | | | | | |
| Anthony Wonnacott | **-** | **-** | **-** | **-** | **-** |
| Simon Taylor | **88,342** | **7,951** | **347,848** | **444,141** | **78.32%** |
| Fernando Tallarico | **-** | **-** | **-** | **-** | **-** |
| Mark Pearce[5] | **20,000** | **1,800** | **-** | **21,800** | **-** |
| Ian Middlemas | **36,000** | **3,240** | **-** | **39,240** | **-** |
| Stephen Evans[1] | **13,333** | **1,200** | **5,060** | **19,593** | **25.82%** |
| | **157,675** | **14,191** | **352,908** | **524,774** | **-** |
| **2009** | | | | | |
| Ian Middlemas[2] | 28,500 | - | - | 28,500 | - |
| Stephen Evans | 30,000 | 2,700 | 10,741 | 43,441 | 24.73% |
| Simon Taylor | 30,000 | - | 10,741 | 40,741 | 26.36% |
| Mark Pearce[3] | 11,875 | - | - | 11,875 | - |
| John Wellington[4] | 6,250 | - | 10,533 | 16,783 | 62.76% |
| | 106,625 | 2,700 | 32,015 | 141,340 | - |

## REMUNERATION REPORT (AUDITED) (Continued)

**Notes:**
[1] Mr Evans resigned as Director on 22 June 2010.
[2] Mr Middlemas was appointed Director on 16 September 2008.
[3] Mr Pearce was appointed Director on 16 September 2008.
[4] Mr Wellington resigned as Director on 15 September 2008.
[5] In addition, Apollo Group Pty Ltd, a company controlled by Mr Pearce, receives a monthly retainer. Refer note 21(g).

### Options Granted to Key Management Personnel as Compensation

2,000,000 Options were granted to KMP of the Consolidated Entity as compensation during the year ended 30 June 2010. Details are as follows:

| Director | Number | Grant Date | Expiry Date | Exercise Price $ | Grant Date Fair Value $ | Number Vested |
|---|---|---|---|---|---|---|
| Simon Taylor | 500,000 | 23 Jun 10 | 30 Jun 12 | $0.15 | $0.498 | - |
| Simon Taylor | 500,000 | 23 Jun 10 | 30 Jun 13 | $0.20 | $0.502 | - |
| Simon Taylor | 1,000,000 | 23 Jun 10 | 31 Dec 13 | $0.30 | $0.488 | - |

No Options were granted to KMP of the Consolidated Entity as compensation during the year ended 30 June 2009.

Details of the value of options granted, exercised or lapsed for each KMP of the Consolidated Entity during the years ended 30 June 2010 and 30 June 2009 are as follows:

| 2010 | Value of Options Granted During the Year [2] $ | Value of Options Exercised During the Year $ | Value of Options Lapsed During the Year $ | Value of Options Included in Remuneration for the Year [2] $ | Percentage of Remuneration for the Year that Consists of Options % |
|---|---|---|---|---|---|
| **Director** | | | | | |
| Simon Taylor | 988,000 | - | - | 347,848 | 78.32% |
| Stephen Evans | - | - | - | 5,060 | 25.83% |

| 2009 | Value of Options Granted During the Year [2] $ | Value of Options Exercised During the Year $ | Value of Options Lapsed During the Year $ | Value of Options Included in Remuneration for the Year [2] $ | Percentage of Remuneration for the Year that Consists of Options % |
|---|---|---|---|---|---|
| **Director** | | | | | |
| Stephen Evans | - | - | - | 10,741 | 24.73% |
| Simon Taylor | - | - | - | 10,741 | 26.36% |
| John Wellington | - | - | - | 10,533 | 62.76% |

**Notes:**
[1] For details on the valuation of the Options, including models and assumptions used, please refer to note 22 to the financial statements.
[2] The value of Options granted is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

## Employment Contracts with KMP

Mr Simon Taylor, Managing Director and Chief Executive Officer, has a contract of employment with Newport Mining Limited effective 24 February 2010. The contract specifies the duties and obligations to be fulfilled by the Chief Executive Officer. The contract has a rolling annual term. Mr Taylor receives a fixed remuneration component of $18,000 per month and a discretionary annual bonus of up to $100,000 per annum to be paid upon Mr Taylor achieving key performance indicators, as agreed with by the Board.

Subsequent to shareholder approval, the following incentive options were granted to Mr Taylor in accordance with his contract:

(a) 500,000 incentive options exercisable at A$0.15 each on or before 30 June 2012, vesting after 6 months services;
(b) 500,000 incentive options exercisable at A$0.20 each on or before 30 June 2013, vesting after 12 months services; and
(c) 1,000,000 incentive options exercisable at A$0.30 each on or before 31 December 2013, vesting after 24 months services.

## DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

| | Board Meetings | |
|---|---|---|
| | Number eligible to attend | Number attended |
| Anthony Wonnacott | - | - |
| Simon Taylor | 6 | 6 |
| Fernando Tallarico | - | - |
| Mark Pearce | 6 | 6 |
| Ian Middlemas | 6 | 5 |
| Stephen Evans | 6 | 6 |

The Board considers that the Consolidated Entity is not currently of a size, nor are its affairs of such complexity, to justify separate Board committees. The Board as a whole is able to address the governance aspects of the full scope of the Consolidated Entity's activities and to ensure that it adheres to appropriate ethical standards.

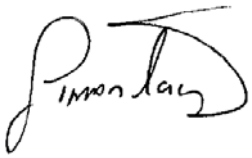
## NON-AUDIT SERVICES

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

## 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 17 of the directors' report.

Signed in accordance with a resolution of the directors.



**SIMON TAYLOR**
**Managing Director**

29 September 2010

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Fernando Tallarico, who is a member of the Association of Professional Geoscientists of Ontario. Dr Tallarico is a full-time employee of Newport Mining Limited. Dr Tallarico has sufficient experience which is relevant to the style of mineralisation and 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 ("JORC Code"). Dr Tallarico consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

Deloitte Touche Tohmatsu
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The Board of Directors
Newport Mining Limited
Level 9, 28 The Esplanade
PERTH WA 6000

29 September 2010

Dear Board Members

**Newport Mining Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Newport Mining Limited.

As lead audit partner for the audit of the financial statements of Newport Mining Limited for the financial year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

**DELOITTE TOUCHE TOHMATSU**

C Manifis

**Conley Manifis**
Partner
Chartered Accountants

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2010

| | Notes | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| **Continuing operations** | | | |
| Interest revenue | 2 | **137,104** | 214,135 |
| Administration costs | | **(207,484)** | (91,396) |
| Corporate costs | | **(716,972)** | (301,654) |
| Exploration costs | | **(98,833)** | (107,093) |
| Business development costs | | **(244,536)** | (142,949) |
| Litigation costs | | **(403,049)** | (184,243) |
| **Loss before income tax** | | **(1,533,770)** | (613,200) |
| Income tax expense | 4 | **-** | - |
| **Loss for the period** | | **(1,533,770)** | (613,200) |
| **Loss attributable to members of Newport Mining Limited** | | **(1,533,770)** | (613,200) |
| **Other comprehensive income** | | | |
| Exchange differences arising on translation of foreign operations | | **(883)** | - |
| Income tax on other comprehensive income | | **-** | - |
| **Other comprehensive income for the period, net of tax** | | **(883)** | - |
| **Total comprehensive loss for the period** | | **(1,534,653)** | (613,200) |
| **Total comprehensive loss attributable to members Newport Mining Limited** | | **(1,534,653)** | (613,200) |
| **Earnings per share** | | | |
| Basic loss per share (cents per share) | 18 | **(4.62)** | (1.91) |
| Diluted loss per share (cents per share) | 18 | **(4.62)** | (1.91) |

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2010

| | Notes | 2010 | 2009 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 16(b) | **4,949,721** | 4,467,041 |
| Trade and other receivables | 6 | **17,582** | 23,194 |
| Other current assets | 7 | **5,046** | 39,657 |
| **TOTAL CURRENT ASSETS** | | **4,972,349** | 4,529,892 |
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | 8 | **87,250** | - |
| Exploration and evaluation assets | 9 | **18,678,996** | 48,316 |
| **TOTAL NON-CURRENT ASSETS** | | **18,766,246** | 48,316 |
| **TOTAL ASSETS** | | **23,738,595** | 4,578,208 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 10 | **983,398** | 154,937 |
| Provisions | 11 | **5,736** | - |
| **TOTAL CURRENT LIABILITIES** | | **989,134** | 154,937 |
| **TOTAL LIABILITIES** | | **989,134** | 154,937 |
| **NET ASSETS** | | **22,749,461** | 4,423,271 |
| **EQUITY** | | | |
| Issued capital | 13 | **24,576,717** | 5,094,783 |
| Reserves | 14 | **526,105** | 148,079 |
| Accumulated losses | 15 | **(2,353,361)** | (819,591) |
| **TOTAL EQUITY** | | **22,749,461** | 4,423,271 |

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2010

| | Ordinary Shares $ | Performance Shares $ | Option Premium Reserve $ | Foreign Currency Translation Reserve | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2008** | 4,690,415 | - | 53,645 | - | (206,391) | 4,537,669 |
| Net loss for the year | - | - | - | - | (613,200) | (613,200) |
| **Total comprehensive loss for the year** | - | - | - | - | (613,200) | (613,200) |
| **Transactions with owners recorded directly in equity** | | | | | | |
| Issue of shares | 450,000 | - | - | - | - | 450,000 |
| Share issue costs | (45,632) | - | - | - | - | (45,632) |
| Share-based payments expense | - | - | 94,434 | - | - | 94,434 |
| **Balance at 30 June 2009** | 5,094,783 | - | 148,079 | - | (819,591) | 4,423,271 |
| **Balance at 1 July 2009** | **5,094,783** | **-** | **148,079** | **-** | **(819,591)** | **4,423,271** |
| Net loss for the year | **-** | **-** | **-** | **-** | **(1,533,770)** | **(1,533,770)** |
| Exchange differences on translation of foreign operations | **-** | **-** | **-** | **(883)** | **-** | **(883)** |
| **Total comprehensive loss for the year** | **-** | **-** | **-** | **(883)** | **(1,533,770)** | **(1,534,653)** |
| **Transactions with owners recorded directly in equity** | | | | | | |
| Issue of ordinary shares | **7,500,000** | **-** | **-** | **-** | **-** | **7,500,000** |
| Issue of performance shares | **-** | **12,000,000** | **-** | **-** | **-** | **12,000,000** |
| Share issue costs | **(18,066)** | **-** | **-** | **-** | **-** | **(18,066)** |
| Share-based payments expense | **-** | **-** | **378,909** | **-** | **-** | **378,909** |
| **Balance at 30 June 2010** | **12,576,717** | **12,000,000** | **526,988** | **(883)** | **(2,353,361)** | **22,749,461** |

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2010

| | Notes | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments to suppliers and employees | | **(1,195,701)** | (533,917) |
| Interest received | | **136,969** | 239,541 |
| **NET CASH FLOWS USED IN OPERATING ACTIVITIES** | 16(a) | **(1,058,732)** | (294,376) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for exploration and evaluation assets | | **(21,518)** | (28,797) |
| Payments for plant and equipment | | **(4,911)** | - |
| Cash acquired as part of business combination | 17 | **24,558** | - |
| **NET CASH FLOWS USED IN INVESTING ACTIVITIES** | | **(1,871)** | (28,797) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | **1,500,000** | 450,000 |
| Payments for share issue costs | | **-** | (45,632) |
| Loan funds received | | **42,966** | - |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | | **1,542,966** | 404,368 |
| Net increase in cash and cash equivalents | | **482,363** | 81,195 |
| Cash and cash equivalents at beginning of year | | **4,467,041** | 4,385,846 |
| Foreign exchange movement on cash and cash equivalents | | **317** | - |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 16(b) | **4,949,721** | 4,467,041 |

The accompanying notes form part of these financial statements.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Newport Mining Limited ("Newport" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2010 are stated to assist in a general understanding of the financial report.

Newport is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report of the Consolidated Entity for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 24 September 2010.

### (a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and other financial assets, which have been measured at fair value.

The financial report is presented in Australian dollars.

### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period, including:

- AASB 3 *Business Combinations (revised 2008)* effective 1 July 2009;
- AASB 127 *Consolidated and Separate Financial Statements (revised 2008)* effective 1 July 2009;
- AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations* effective 1 January 2009;
- AASB 7 *Financial Instruments: Disclosures* effective 1 January 2009;
- AASB 8 *Operating Segments* effective 1 January 2009;
- AASB 101 *Presentation of Financial Statements (revised 2007)* effective 1 January 2009; and
- AASB 123 *Borrowing Costs (revised 2007)* effective 1 January 2009.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods, except for the following:

- *AASB 3 Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised 2008)* **–** AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

  AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

- *AASB 101 Presentation of Financial Statements (revised)* - The revised Standard separates owner and non-owner changes in equity and requires a statement of comprehensive income to be prepared which discloses all changes in equity during a period resulting from non-owner transactions. The Group has elected to present comprehensive income using the single statement approach.

- *AASB 8 Operating Segments* - The Standard replaces AASB114 Segment Reporting and requires a management approach to be used for segment reporting, and also replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. This approach identifies operating segments by reference to internal reports that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance. The Group conclude that the operating segments determined in accordance with AASB8 are the same as the business segments reported under AASB114.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2010. These are outlined in the table below:

| Reference | Title | Summary | Application date of standard | Impact on Consolidated Entity financial report | Application date for Consolidated Entity |
|---|---|---|---|---|---|
| AASB 2009-5 | Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] | The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following:<br><br>The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.<br><br>The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.<br><br>The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes.<br><br>The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges. | 1 January 2010 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2010 |
| AASB 2009-8 | Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] | This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*.<br><br>The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.<br><br>The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. | 1 January 2010 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2010 |

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Statement of Compliance (Continued)

| Reference | Title | Summary | Application date of standard | Impact on Consolidated Entity financial report | Application date for Consolidated Entity |
|---|---|---|---|---|---|
| AASB 2009-9 | Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards.* | The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.<br>Specifically, the amendments:<br>• exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets<br>• exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 *Determining whether an Arrangement contains a Lease* when the application of their national accounting requirements produced the same result. | 1 January 2010 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2010 |
| AASB 2009-10 | Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] | The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. | 1 February 2010 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2010 |
| AABS 9 and AASB 2009-11 | Financial Instruments and 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] | The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:<br>• two categories for financial assets being amortised cost or fair value.<br>• removal of the requirement to separate embedded derivatives in financial assets<br>• strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows.<br>• an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition.<br>• reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes.<br>• changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income. | 1 January 2013 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2013 |

| Reference | Title | Summary | Application date of standard | Impact on Consolidated Entity financial report | Application date for Consolidated Entity |
|---|---|---|---|---|---|
| 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] | This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.<br><br>The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself). | 1 January 2011 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2011 |
| AASB 2009-13 | Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] | This amendment to AASB 1 allows a first-time adopter may apply the transitional provisions in Interpretation 19 as identified in AASB 1048. | 1 July 2010 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2010 |
| AASB 2009-14 | Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement | These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit.<br><br>The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made. | 1 January 2011 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2011 |
| Interpret-ation 19 | Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments | This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.<br><br>The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment. | 1 July 2010 | These amendments are not expected to have any significant impact on the Group's financial report. | 1 July 2010 |

## (c) Principles of Consolidation

The financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2010 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (c) Principles of Consolidation (Continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between group companies, are eliminated. Investments in subsidiaries are accounted for at cost in the statement of financial position of the Company.

### (d) Foreign Currencies

*(i) Functional and presentation currency*

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

*(ii) Transactions and balances*

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

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

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

*(iii) Group companies*

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

### (e) 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 2 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

### (f) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

## (g) Investments and Other Financial Assets

*(i) Classification*

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value though profit of loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Consolidated Entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

**Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Consolidated Entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are indeed to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

**Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

*(ii) Recognition and derecognition*

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

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Investments and Other Financial Assets (Continued)

*(iii) Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available for sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the statement of comprehensive income as gains and losses on disposal of investment securities.

*(iv) Impairment*

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is transferred from equity to the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as held for sale are not reversed through the statement of comprehensive income.

### (h) Interests in Joint Ventures

The Consolidated Entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Consolidated Entity's interests in joint ventures are shown at note 10.

### (i) Property, Plant and Equipment

*(i) Cost and valuation*

All classes of property, plant and equipment are measured at cost.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

*(ii) Depreciation*

Depreciation is provided on a straight line basis on all property, plant and equipment.

| | **2010** | 2009 |
|---|---|---|
| Major depreciation periods are: | | |
| Plant and equipment: | **5 years** | 5 years |

### (j) Exploration and Development Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which is the Australian equivalent of IFRS 6.

Exploration and evaluation expenditure encompasses expenditures incurred by the Consolidated Entity in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Consolidated Entity is accumulated for each area of interest and capitalised provided the rights to tenure of the area of interest are current, and at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

### (k) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

### (l) Provisions

Provisions are recognised when the Consolidated 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.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Revenue Recognition

Revenues are recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

*(i) Sale of Non-current Assets*

Proceeds from the sale of non-current assets are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

*(ii) Interest*

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

### (n) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

### (o) Employee Entitlements

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### (p) Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit/(loss) attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive ordinary shares adjusted for any bonus issue.

### (q) Goods and Services Tax

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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (r) Use and Revision of Accounting Estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 10 – Exploration and Evaluation Assets;
- Note 17 – Business Combinations; and
- Note 22 – Share-Based Payments.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (s) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

### (t) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group’s previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively*;*
- liabilities or equity instruments related to the replacement by the Group of an acquiree's sharebased payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Noncurrent Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

### (u) Impairment of Assets

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

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (v) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

### (w) Issued Capital

Ordinary shares and performance shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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

### (x) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

### (y) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Binomial option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 22.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option premium reserve.

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| **2. REVENUES** | | | |
| Interest revenue | | **137,104** | 214,135 |
| **3. EXPENSES** | | | |
| **(a) Depreciation and amortisation** | | | |
| Depreciation on plant and equipment | | **(818)** | - |
| **(b) Employee benefits expense** | | | |
| Salaries and wages | | **(68,342)** | - |
| Directors fees | | **(89,333)** | (106,625) |
| Defined contribution plans | | **(14,191)** | (2,700) |
| Share-based payments | | **(352,908)** | (32,015) |
| | | **(524,774)** | (141,340) |
| **(c) Other share-based payments** | | | |
| Share-based payments to consultants included in corporate costs and exploration costs | | **(26,001)** | (62,419) |
| **(d) Litigation costs** | | | |
| Litigation costs included in business development costs | | **(403,049)** | (184,243) |
| **(e) Other expenses** | | | |
| Net foreign exchange loss | | **(7,730)** | - |
| Impairment of capitalised exploration expenditure | | **(69,833)** | - |
| Impairment of deposits paid included in business development costs | | **-** | (82,745) |
| | | **(77,563)** | (82,745) |
| **4. INCOME TAX** | | | |
| **(a) Recognised in the statement of comprehensive income** | | | |
| **Current income tax** | | | |
| Current income tax benefit in respect of the current year | | **(170,429)** | (95,764) |
| Adjustments in respect of current income tax of previous years | | **(10,792)** | (3,459) |
| **Deferred income tax** | | | |
| Relating to origination and reversal of temporary differences | | **(19,171)** | 8,976 |
| Deferred tax assets not brought to account | | **200,392** | 90,247 |
| Income tax reported in the statement of comprehensive income | | **-** | - |

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| **4. INCOME TAX (Continued)** | | | |
| **(b) Recognised directly in equity** | | | |
| **Deferred income tax related to items charged/(credited) directly to equity** | | | |
| Relating to origination and reversal of temporary differences | | **29,473** | 15,783 |
| Benefit arising from previously unrecognised temporary differences of a prior period | | **(29,473)** | (15,783) |
| Income tax reported in equity | | **-** | - |
| **(c) Reconciliation between tax expense and accounting profit/(loss) before income tax** | | | |
| Accounting loss before income tax | | **(1,533,770)** | (613,200) |
| At the domestic income tax rate of 30% (2009: 30%) | | **(460,131)** | (183,960) |
| Expenditure not allowable for income tax purposes | | **300,004** | 126,645 |
| Tax concessions (black hole and other allowances) | | **-** | (29,473) |
| Adjustments in respect of current income tax of previous years | | **(10,792)** | (3,459) |
| Deferred tax assets not brought to account | | **170,919** | 90,247 |
| Income tax expense attributable to profit/(loss) | | **-** | - |
| **(d) Deferred tax assets and liabilities** | | | |
| Deferred income tax at 30 June relates to the following: | | | |
| **Deferred Tax Liabilities** | | | |
| Exploration and evaluation assets | | **-** | 14,495 |
| Accrued interest revenue | | **318** | 278 |
| Deferred tax assets used to offset deferred tax liabilities | | **(318)** | (14,773) |
| | | **-** | - |
| **Deferred Tax Assets** | | | |
| Accrued expenditure | | **10,196** | 7,200 |
| Unclaimed equity raising costs | | **61,684** | 91,157 |
| Provisions | | **1,721** | - |
| Tax losses available to offset against future taxable income | | **351,600** | 170,379 |
| Deferred tax assets used to offset deferred tax liabilities | | **(318)** | (14,773) |
| Deferred tax assets not brought to account | | **(424,882)** | (253,963) |
| | | **-** | - |

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

### (e) Tax Consolidation

A decision to consolidate the Company and its wholly-owned Australian resident entities for tax purposes has not yet been made. This position will be reviewed annually going forward.

## 5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid or proposed for the year ended 30 June 2010 (2009: Nil).

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| **(a) Franking credit balance** | | | |
| Franking credits available to shareholders of Newport Mining Limited for subsequent financial years | | **-** | - |

## 6. TRADE AND OTHER RECEIVABLES (CURRENT)

| | | | |
|---|---|---|---|
| GST receivable | | **16,521** | 22,268 |
| Interest receivable | | **1,061** | 926 |
| | | **17,582** | 23,194 |

## 7. OTHER CURRENT ASSETS (CURRENT)

| | | | |
|---|---|---|---|
| Deposits | | **85,618** | 122,402 |
| Less: impairment of deposits [1] | | **(85,618)** | (82,745) |
| Prepayments | | **5,046** | - |
| | | **5,046** | 39,657 |

**Notes:**

[1] In the previous financial year, the Directors impaired a deposit of S$102,500 paid to Norwest in relation to the bid for the acquisition of an asset given that the deposit is unlikely to be repaid unless the Company's counter claim is successful. Refer to Note 26 for further details and current status of the claim.

## 8. PLANT AND EQUIPMENT

### (a) Plant and Equipment

| | | | |
|---|---|---|---|
| At cost | | **90,936** | - |
| Accumulated depreciation and impairment | | **(3,686)** | - |
| Net carrying amount | | **87,250** | - |

### (b) Reconciliation

| | | | |
|---|---|---|---|
| Carrying amount at beginning | | **-** | - |
| Additions | | **4,911** | - |
| Acquired on business combination | | **82,417** | - |
| Depreciation | | **(818)** | - |
| Exchange differences on translation of foreign operations | | **740** | - |
| Carrying amount at end of year, net of accumulated depreciation and impairment | | **87,250** | - |

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| **9. EXPLORATION AND EVALUATION ASSETS (NON-CURRENT)** | | | |
| **(a) Areas of interest** | | | |
| Pathfinder Project – at cost [1] | | **69,833** | 48,316 |
| Provision for impairment – Pathfinder Project | | **(69,833)** | - |
| Brazilian phosphate projects | | **18,678,996** | - |
| | | **18,678,996** | 48,316 |
| **(b) Reconciliation** | | | |
| Carrying amount at beginning | | **48,316** | 17,959 |
| Additions | | **35,773** | 30,357 |
| Acquired on acquisition of controlled entity | 17 | **570,576** | - |
| Fair value adjustment on acquisition of controlled entity | 17 | **18,088,910** | - |
| Foreign exchange movement | | **5,254** | - |
| Impairment[2] | | **(69,833)** | - |
| Carrying amount at end of year [1] | | **18,678,996** | 48,316 |

**Notes:**

[1] The ultimate recoupment of costs carried for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

[2] Based on the results of exploration activities to date, and given the Group's new focus on Aguia Metais Ltda and the Brazilian phosphate projects, and the scaling back of its activities on the Pathfinder Project, the decision was made during the year to fully impair the carrying value of the Pathfinder Project. The impairment loss has been included in 'other expenses' in the statement of comprehensive income.

| | | | |
|---|---|---|---|
| **10. TRADE AND OTHER PAYABLES (CURRENT)** | | | |
| Trade creditors | | **275,773** | 130,937 |
| Accrued expenses | | **33,985** | 24,000 |
| Other creditors | | **673,640** | - |
| | | **983,398** | 154,937 |
| **11. PROVISIONS (CURRENT)** | | | |
| Employee entitlements | | **5,736** | - |
| | | **5,736** | - |

## 12. INTERESTS IN JOINT VENTURE OPERATIONS

The Company has an interest in the following joint venture:

| Name | Principal Activities | Joint Venture Reporting Date | Interest | | Investment Cost | | Carrying Value | |
|---|---|---|---|---|---|---|---|---|
| | | | 2010 % | 2009 % | 2010 $ | 2009 $ | 2010 $ | 2009 $ |
| Pathfinder JV | Mineral exploration | 30 June | - | - | 69,833 | 48,316 | - | 48,316 |

**Pathfinder Joint Venture**

The Company has a joint venture with PlatSearch NL ("**PlatSearch**") and Bohuon Resources Pty Ltd ("**Bohuon**") in respect of South Australian EL's 3216, 3280 and 3281 ("**Tenements**"). Under the terms of the original joint venture agreement:

- Newport must complete a minimum work program with an estimated cost of $250,000 ("**Stage One Work Program**");
- Newport can earn a 60% interest in the Tenements by completing expenditure of $1,500,000 within four years after the date upon which the joint venture agreement becomes unconditional;
- When Newport has earned a 60% interest, PlatSearch and Bohuon can elect to participate with their 32% and 8% interests respectively, or reduce to a 16% and 4% interest respectively, free carried to completion of a Bankable Feasibility Study ("**BFS**");
- At the completion of a BFS and decision to mine, PlatSearch and Bohuon can elect to either: (a) participate in further expenditure in proportion to their interest; or (b) convert their participating interest to a 1.6% (PlatSearch) or 0.4% (Bohuon) Net Smelter Royalty interest; and
- Newport cannot withdraw from the joint venture agreement or its obligations under the joint venture agreement before it completes the Stage One Work Program.

There are no material assets or liabilities in the statement of financial position relating to joint venture operations.

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| **13. CONTRIBUTED EQUITY** | | | |
| **(a) Issued and paid up capital** | | | |
| **Ordinary Shares** | | | |
| 52,750,001 (2009: 32,750,001) fully paid ordinary shares | **13(b)** | **12,576,717** | 5,094,783 |
| **Performance Shares** | | | |
| 20,000,000 (2009: Nil) Class A Performance Shares | **13(d)** | **12,000,000** | - |
| 20,000,000 (2009: Nil) Class B Performance Shares | **13(d)** | **-** | - |
| | | **12,000,000** | - |
| Total issued and paid up capital | | **24,576,717** | 5,094,783 |

## 13. CONTRIBUTED EQUITY (Continued)

### (b) Movements in Ordinary Shares during the past two years were as follows:

| Date | Details | Number of Shares | Issue Price | $ |
|---|---|---|---|---|
| **1-Jul-08** | **Opening balance** | **29,750,001** | | **4,690,415** |
| 15-Sep-08 | Share placement | 3,000,000 | $0.15 | 450,000 |
| | Share issue costs | - | | (45,632) |
| **30-Jun-09** | **Closing balance** | **32,750,001** | | **5,094,783** |
| 23-Jun-10 | Share placement | 10,000,000 | $0.15 | 1,500,000 |
| 23-Jun-10 | Part consideration for acquisition of Aguia Metais Ltda | 10,000,000 | $0.60 | 6,000,000 |
| | Share issue costs | - | | (18,066) |
| **30-Jun-10** | **Closing balance** | **52,750,001** | | **12,576,717** |

### (c) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("**Shares**") arise from a combination of the Company's Constitution, statute and general law.

Shares issued following the exercise of Options will rank equally in all respects with the Company's existing Shares.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

*(i) Shares*

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

*(ii) Meetings of Members*

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 natural persons, each of whom is or represents different shareholders who are eligible to vote.

The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

*(iii) Voting*

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

*(iv) Changes to the Constitution*

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

*(v) Listing Rules*

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

### (d) Movements in Performance Shares during the past two years were as follows:

| Date | Details | Number of Class A Performance Shares | Number of Class B Performance Shares | Fair Value | $ |
|---|---|---|---|---|---|
| **1-Jul-08** | **Opening balance** | **-** | **-** | | **-** |
| **30-Jun-09** | **Closing balance** | **-** | **-** | | **-** |
| 23-Jun-10 | Part consideration for acquisition of Aguia Metais Ltda | 20,000,000 | - | $0.60 | 12,000,000 |
| 23-Jun-10 | Part consideration for acquisition of Aguia Metais Ltda | - | 20,000,000 | - | - |
| **30-Jun-10** | **Closing balance** | **20,000,000** | **20,000,000** | | **12,000,000** |

Refer to note 17 for details of the business combination and performance share valuation.

## 13. CONTRIBUTED EQUITY (Continued)

### (e) Rights Attaching to Performance Shares

*(i) Dividend*

Performance Shareholders are not entitled to a dividend.

*(ii) Conversion*

The Performance Shares will convert into Shares in accordance with this clause (ii).

(1) Conversion of A Class Performance Shares

Each A Class Performance Share will generally convert into one Share upon the satisfaction, prior to the Expiry Date, of the 30Mt Resource Milestone.

(30Mt Resource Milestone means an independently calculated Mineral Resource of not less than 30,000,000 tonnes with a grade of not less than 10% $P_2O_5$, or an Equivalent Total Amount of $P_2O_5$, being determined within either or both of the Mata da Corda Phosphate Project or Lucena Phosphate Project.)

(2) Conversion of B Class Performance Shares

Each B Class Performance Share will generally convert into one Share upon the satisfaction, prior to the Expiry Date, of the 70Mt Resource Milestone.

(70Mt Resource Milestone means an independently calculated Mineral Resource of not less than 70,000,000 tonnes with a grade of not less than 10% $P_2O_5$, or an Equivalent Total Amount of $P_2O_5$, being determined within either or both of the Mata da Corda Phosphate Project or Lucena Phosphate Project.)

(3) Conversion after Expiry Date

If the 30Mt Resource Milestone is not met by 5.00pm (Perth time) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of A Class Performance Shares on issue into one Share.

If the 70Mt Resource Milestone is not met by 5.00pm (Perth time) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of B Class Performance Shares on issue into one Share.

(4) After Conversion

The Shares issued on conversion of any Performance Share will as and from 5.00pm (WST) on the date of allotment rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares upon the date of conversion.

*(iii) Expiry Date*

The Expiry Date is 3 years from the date of the issue of the Performance Shares, being 23 June 2010.

*(iv) Issue of Shares for No Consideration*

The Company shall allot and issue Shares immediately upon conversion of the Performance Shares for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.

*(v) Non-transferable*

The Performance Shares are not transferable.

*(vi) Voting Rights*

The Performance Shareholders shall have no right to vote, subject to the Corporations Act.

*(vii) Quotation*

The Performance Shares are unquoted. No application for quotation of the Performance Shares will be made by the Company.

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|

## 14. RESERVES

| | | | |
|---|---|---|---|
| Option premium reserve | 14(b) | **526,988** | 148,079 |
| Foreign currency translation reserve | 14(d) | **(883)** | - |
| | | **526,105** | 148,079 |

### (a) Nature and Purpose of Reserves

*(i) Option premium reserve*

The option premium reserve is used to record the fair value of options issued by the Company.

*(ii) Foreign currency translation reserve*

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

### (b) Movements in options during the past two years were as follows:

| Date | Details | Number of Options | $ |
|---|---|---|---|
| **01-Jul-08** | **Opening Balance** | **5,800,000** | **53,645** |
| 15-Sep-08 | Grant of $0.25 unlisted options [1] | 1,000,000 | - |
| | Share-based payments expense | - | 94,434 |
| **30-Jun-09** | **Closing Balance** | **6,800,000** | **148,079** |
| 23-Jun-10 | Grant of $0.15 unlisted options | **500,000** | **-** |
| 23-Jun-10 | Grant of $0.20 unlisted options | **500,000** | **-** |
| 23-Jun-10 | Grant of $0.30 unlisted options | **1,000,000** | **-** |
| | Share-based payments expense | **-** | **378,909** |
| **30-Jun-10** | **Closing Balance** | **8,800,000** | **526,988** |

**Notes:**

[1] These Options were granted pursuant to a placement on the basis of one Option for every three Shares subscribed for under the placement.

## 14. RESERVES (Continued)

### (c) Terms and Conditions of Options

The Options are granted based upon the following terms and conditions:

- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
- The Options have exercise prices and exercise periods as follows:
  - 1,600,000 Options are exercisable at $0.25 each during the period 18 December 2009 to 31 December 2011;
  - 1,200,000 Options are exercisable at $0.35 each during the period 18 December 2008 to 31 December 2011;
  - 3,000,000 Options are exercisable at $0.25 each during the period 18 December 2009 to 31 December 2012;
  - 1,000,000 Options are exercisable at $0.25 each during the period 15 September 2008 to 31 January 2012;
- 500,000 Options are exercisable at $0.15 each during the period 24 August 2010 to 30 June 2012;
- 500,000 Options are exercisable at $0.20 each during the period 24 February 2011 to 30 June 2013; and
- 1,000,000 Options are exercisable at $0.30 each during the period 24 February 2012 to 31 December 2013.
- The Options are exercisable in whole or part any time during the exercise period.
- Some Options are subject to various service-based vesting conditions as determined by the Board.
- Shares issued on exercise of the Options rank equally with the then shares of the Company.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- No application for quotation of the Options will be made by the Company.
- The Options are not transferrable, other than to the legal personal representative of a deceased Option holder.

| | Notes | 2010<br>$ | 2009<br>$ |
|---|---|---|---|
| **(d) Movements in foreign currency translation reserve during the past two years were as follows:** | | | |
| **Foreign Currency Translation Reserve** | | | |
| Balance at 1 July | | **-** | - |
| Exchange differences on translation of foreign operations | | **(883)** | - |
| Balance at 30 June | | **(883)** | - |

## 15. ACCUMULATED LOSSES

| | | |
|---|---|---|
| Balance at the beginning of year | **(819,591)** | (206,391) |
| Net profit/(loss) for the year | **(1,533,770)** | (613,200) |
| Balance at end of year | **(2,353,361)** | (819,591) |

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|

## 16. STATEMENT OF CASH FLOWS

### (a) Reconciliation of the net loss after tax to the net cash flows from operations

| | | |
|---|---|---|
| Loss for the year | **(1,533,770)** | (613,200) |
| **Adjustment for non-cash income and expense items** | | |
| Impairment of deposits paid | **-** | 82,745 |
| Share-based payments | **378,909** | 94,434 |
| Impairment of exploration | **69,833** | - |
| Provision for employee entitlements | **5,736** | - |
| Depreciation | **818** | - |
| Net foreign exchange movements | **(7,238)** | - |
| **Change in assets and liabilities** | | |
| Decrease/(increase) in trade and other receivables | **5,612** | 102,622 |
| Decrease/(increase) in other current assets | **39,657** | 7,261 |
| (Decrease)/increase in trade and other payables | **(18,289)** | 31,762 |
| Net cash outflow from operating activities | **(1,058,732)** | (294,376) |

### (b) Reconciliation of cash

| | | |
|---|---|---|
| Cash at bank and on hand | **828,681** | 179,260 |
| Short term deposits | **4,121,040** | 4,287,781 |
| | **4,949,721** | 4,467,041 |

### (c) Non-Cash Financing and Investing Activities

On 23 June 2010 the Consolidated Entity acquired Aguia Metais Ltda. The acquisition was financed primarily through the issue of securities. Refer to note 17 for further details of the acquisition and consideration.

## 17. BUSINESS COMBINATION

On 23 June 2010, Newport acquired 100% of Águia Metais Ltda, which holds Phosphate Projects in Brazil. The total cost of the combination was $18,630,674 and comprised an issue of equity instruments and a cash payment (to be paid subsequent to year end).

(i) 10,000,000 Vendor Shares with a fair value of $0.60 each, based on the quoted price of the Ordinary Shares of Newport at the date of exchange;

(ii) 20,000,000 A Class Performance Shares (see note 13(e) for terms and conditions), with a fair value of $0.60 each based on the quoted price of the underlying Ordinary Shares of Newport at the date of exchange, which convert into 20,000,000 Shares upon the satisfaction, prior to the Expiry Date, of the 30Mt Resource Milestone; and

(iii) 20,000,000 B Class Performance Shares (see note 13(e) for terms and conditions), with a fair value of $0.60 each based on the quoted price of the underlying Ordinary Shares of Newport at the date of exchange, which convert into 20,000,000 Shares upon the satisfaction, prior to the Expiry Date, of the 70Mt Resource Milestone.

## 17. BUSINESS COMBINATION (Continued)

| | Pre-acquisition carrying values $ | Fair value adjustments $ | Recognised values on acquisition $ |
|---|---|---|---|
| Cash and cash equivalents | **24,558** | **-** | **24,558** |
| Exploration and evaluation assets | **570,576** | **18,088,910** | **18,659,486** |
| Plant and equipment | **82,417** | **-** | **82,417** |
| Prepayments | **5,001** | **-** | **5,001** |
| Trade and other payables | **(140,788)** | **-** | **(140,788)** |
| Identifiable net assets | **541,764** | **18,088,910** | **18,630,674** |
| Goodwill on acquisition | | | **-** |
| | | | **18,630,674** |
| ***Costs of the combination:*** | | | |
| 10 million Ordinary Shares | | | **6,000,000** |
| 20 million A Class Performance Shares[1] | | | **12,000,000** |
| 20 million B Class Performance Shares[2] | | | **-** |
| Liabilities of controlled entity assumed by Newport | | | **630,674** |
| Total cost of the combination | | | **18,630,674** |
| ***Net cash outflow on acquisition:*** | | | |
| Net cash acquired with subsidiary | | | **24,558** |
| Cash paid | | | **-** |
| Net consolidated cash inflow | | | **24,558** |

**Notes:**

[1] The acquisition date fair value of the A Class Performance Shares is $12,000,000, as management believe that it is probable that the 30Mt Resource Milestone will be satisfied based on the Company's previously announced exploration target (refer ASX release dated 25 February 2010). As such the underlying share price of $0.60 has been applied to 100% of the A Class Performance Shares.

[2] The acquisition date fair value of the B Class Performance Shares is nil, as management is unable, based on currently available information, to say that it is probable that the 70Mt Resource Milestone will be satisfied. As such the underlying share price of $0.60 has been applied to 0% of the B Class Performance Shares.

From date of acquisition, Aguia Metais Ltda has contributed a loss of $9,222 to the net loss of the Group for the 2010 financial year. If the combination had taken place at 1 July 2009, the net loss of the Group for the 2010 financial year would have been $1,589,156.

## 18. EARNINGS PER SHARE

| | 2010 $ | 2009 $ |
|---|---|---|
| The following reflects the income and share data used in the calculations of basic earnings per share: | | |
| Net (loss) | **(1,533,770)** | (613,200) |
| Earnings used in calculating basic earnings per share | **(1,533,770)** | (613,200) |

| | 2010 Number of shares | 2009 Number of shares |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | **33,188,357** | 32,125,343 |

*(i) Non-dilutive securities*

As at balance date, 8,800,000 Options (which represent 8,800,000 potential ordinary shares) and 40,000,000 Performance Shares (which represent 40,000,000 potential ordinary shares) were not dilutive as they would decrease the loss per share.

*(ii) Conversions, calls, subscriptions or issues after 30 June 2010*

Since 30 June 2010, no Options have been granted and no Shares have been issued as a result of the exercise of Options. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

## 19. RELATED PARTIES

### (a) Subsidiaries

| Name | Country of Incorporation | Equity Interest 2010 % | Equity Interest 2009 % |
|---|---|---|---|
| Aguia Resources Pty Ltd[2] | Australia | **100** | - |
| Aguia Phosphates Pty Ltd[2] | Australia | **100** | - |
| Aguia Metais Ltda[1] | Brazil | **100** | - |

**Notes:**
[1] Acquired on 23 June 2010.
[2] Incorporated on 7 May 2010.

### (b) Ultimate Parent

Newport Mining Limited is the ultimate parent of the Group.

### (c) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Key Management Personnel, including remuneration and equity holdings, are included at note 21.

## 20. PARENT ENTITY DISCLOSURES

| | 2010 $ | 2009 $ |
|---|---|---|
| **(a) Financial position** | | |
| **Assets** | | |
| Current Assets | **4,931,839** | 4,529,892 |
| Non-Current Assets | **18,677,733** | 48,316 |
| Total Assets | **23,609,572** | 4,578,208 |
| **Liabilities** | | |
| Current Liabilities | **850,006** | 154,937 |
| Total Liabilities | **850,006** | 154,937 |
| **Equity** | | |
| Contributed equity | **24,576,717** | 5,094,783 |
| Accumulated losses | **(2,344,139)** | (819,591) |
| Option premium reserve | **526,988** | 148,079 |
| Total Equity | **22,759,566** | 4,423,271 |
| **(b) Financial Performance** | | |
| Loss for the year | **(1,524,548)** | (613,200) |
| Other comprehensive income | **-** | - |
| Total comprehensive income | **(1,524,548)** | (613,200) |

Refer to note 26 for details of contingent assets and liabilities and note 27 for details of commitments.

## 21. KEY MANAGEMENT PERSONNEL

### (a) Details of Key Management Personnel

The KMP of the Consolidated Entity during or since the end of the financial year were as follows:

| | |
|---|---|
| Mr Anthony Wonnacott | Chairman (appointed 23 June 2010) |
| Mr Simon Taylor | Managing Director and Chief Executive Officer |
| Dr Fernando Tallarico | Technical Director (appointed 23 June 2010) |
| Mr Mark Pearce | Non-Executive Director |
| Mr Ian Middlemas | Chairman (resigned 30 August 2010) |
| Mr Stephen Evans | Non-Executive Director (resigned 22 June 2010) |
| Mr Andrew Bursill | Company Secretary (appointed 28 September 2010) |

Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

| | 2010 $ | 2009 $ |
|---|---|---|
| **(b) Compensation for Key Management Personnel** | | |
| Short-term employee benefits | **157,675** | 106,625 |
| Post-employment benefits | **14,191** | 2,700 |
| Share-based payments | **352,908** | 32,015 |
| Total compensation | **524,774** | 141,340 |

## (c) Option holdings of Key Management Personnel

| | Held at 30 June 2008 | Held at 30 June 2009 | Vested and exercisable at 30 June 2009 | Granted as remuneration | Held at 30 June 2010 | Vested and exercisable at 30 June 2010 |
|---|---|---|---|---|---|---|
| Anthony Wonnacott | N/A | -[1] | -[1] | - | - | - |
| Fernando Tallarico | N/A | -[1] | -[1] | - | - | - |
| Simon Taylor | 600,000 | 600,000 | - | 2,000,000[2] | 2,600,000 | 600,000 |
| Mark Pearce | -[1] | - | - | - | - | - |
| Ian Middlemas | 1,000,000[1] | 1,000,000 | 1,000,000 | - | 1,000,000 | 1,000,000 |
| Stephen Evans | 600,000 | 600,000 | - | - | 600,000[3] | 600,000[3] |
| John Wellington | 400,000 | 400,000[3] | -[3] | - | - | - |

**Notes:**

[1] As at date of appointment.

[2] Following shareholder approval at a General Meeting held 24 May 2010, Mr Taylor was granted the following Incentive Options:

- 500,000 Options at an exercise price of $0.15 each that expire on 30 June 2012, vesting after six months service;
- 500,000 Options at an exercise price of $0.20 each that expire on 30 June 2013, vesting after twelve months service; and
- 1,000,000 Options at an exercise price of $0.30 each that expire on 31 December 2013, vesting after twenty four months service.

[3] As at date of resignation.

## (d) Ordinary Shareholdings of Key Management Personnel

| | Held at 30 June 2008 | Held at 30 June 2009 | Purchases | Held at 30 June 2010 |
|---|---|---|---|---|
| Anthony Wonnacott | N/A | 895,803[1] | - | 895,803 |
| Fernando Tallarico | N/A | 476,304[1] | - | 476,304 |
| Simon Taylor | 550,001 | 550,001 | - | 550,001 |
| Mark Pearce | - | - | - | - |
| Ian Middlemas | 3,000,000[1] | 3,000,000 | - | 3,000,000 |
| Stephen Evans | 540,000 | 540,000 | - | 540,000[2] |
| John Wellington | 300,000 | 300,000[2] | - | - |

**Notes:**

[1] As at date of appointment.

[2] As at date of resignation.

## 21. KEY MANAGEMENT PERSONNEL (Continued)

### (e) Performance Shareholdings of Key Management Personnel

| | Held at 30 June 2008 | Held at 30 June 2009 | Purchases | Held at 30 June 2010 |
|---|---|---|---|---|
| Anthony Wonnacott | N/A | 3,626,199[1,3] | - | 3,626,199 |
| Simon Taylor | - | - | - | - |
| Fernando Tallarico | N/A | 192,342[1,2] | - | 192,342 |
| Mark Pearce | - | - | - | - |
| Ian Middlemas | - | - | - | - |
| Stephen Evans | - | - | - | - |
| John Wellington | - | - | - | - |

**Notes:**

1 As at date of appointment.

2 Dr Tallarico received 82,709 Class A Performance Shares and 109,633 Class B Performance Shares as part consideration for the acquisition of Aguia Metais Ltda. These Performance Shares were not issued as part of his remuneration.

3 Mr Wonnacott received 1,976,293 Class A Performance Shares and 1,649,906 Class B Performance Shares as part consideration for the acquisition of Aguia Metais Ltda. These Performance Shares were not issued as part of his remuneration.

### (f) Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2010 (2009: Nil).

### (g) Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid $204,000 (2009: $87,500) for the provision of serviced office facilities and administration services. The amount is based on a monthly retainer due and payable in arrears, with no fixed term. This item has been recognised as an expense in the statement of comprehensive income.

Geeland Pty Ltd, a Company of which Mr Simon Taylor is a Director and beneficial shareholder, was paid $29,000 (2009: $54,750) for the provision of geological consulting services. The amount is based on a monthly retainer due and payable in arrears, with no fixed term. This item has been recognised as an expense in the statement of comprehensive income.

## 22. SHARE-BASED PAYMENTS

### (a) Recognised Share-based Payment Expense

During the past two years, the following equity-settled share-based payments have been made:

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| Expense arising from equity-settled share-based payment transactions | | **378,909** | 94,434 |

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option premium reserve.

### (b) Employee Share Option Plan

The Company has established an Employee Share Option Plan ("**Plan**"). A summary of the rules of the Plan is set out below:

- All employees (full time and part time) will be eligible to participate in the Plan;
- Options are granted under the Plan at the discretion of the board and if permitted by the board, may be issued to an employee's nominee;
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue (provided all relevant vesting conditions, if applicable, have been met). Options will be issued free. The exercise price of options will be determined by the board. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital;
- If, prior to the expiry date of options, a person ceases to be an employee of a Company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 30 days from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative;
- Options cannot be transferred other than to the legal personal representative of a deceased option holder;
- The Company will not apply for official quotation of any options;
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares;
- Option holders may only participate in new issues of securities by first exercising their options; and
- The board may amend the Plan rules subject to the requirements of the Listing Rules.

### (c) Summary of Options Granted as Share-based Payments

The following Options were granted as share-based payments during the past two years:

| Option Series | Number | Grant Date | Expiry Date | Exercise Price $ | Grant Date Fair Value $ |
|---|---|---|---|---|---|
| $0.15 Incentive Options | 500,000 | 23 Jun 10 | 30 Jun 12 | $0.15 | $0.498 |
| $0.20 Incentive Options | 500,000 | 23 Jun 10 | 30 Jun 13 | $0.20 | $0.502 |
| $0.30 Incentive Options | 1,000,000 | 23 Jun 10 | 31 Dec 13 | $0.30 | $0.488 |

The following table illustrates the number and weighted average exercise prices ("WAEP") of share Options granted as share-based payments at the beginning and end of the financial year:

| | 2010 Number | 2010 WAEP | 2009 Number | 2009 WAEP |
|---|---|---|---|---|
| Outstanding at beginning of year | **5,800,000** | **0.27** | 5,800,000 | $0.27 |
| Granted during the year | **2,000,000** | **0.24** | - | - |
| **Outstanding at end of year** | **7,800,000** | **0.26** | 5,800,000 | $0.27 |

## 22. SHARE BASED PAYMENTS (Continued)

### (c) Summary of Options Granted as Share-based Payments

The outstanding balance of Incentive Options granted as share-based payments on issue as at 30 June 2010 is represented by:

- 1,600,000 options exercisable at $0.25 each during the period 18 December 2009 to 31 December 2011;
- 1,200,000 options exercisable at $0.35 each during the period 18 December 2008 to 31 December 2011;
- 3,000,000 options exercisable at $0.25 each during the period 18 December 2009 to 31 January 2012;
- 500,000 options exercisable at $0.15 each during the period 24 August 2010 to 30 June 2012;
- 500,000 options exercisable at $0.20 each during the period 24 February 2011 to 30 June 2013; and
- 1,000,000 options exercisable at $0.30 each during the period 24 February 2012 to 31 December 2013.

1,000,000 options granted pursuant to a placement in the prior year are not included in share based payments.

### (d) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life for Incentive Options granted as share-based payments outstanding as at 30 June 2010 is 1.92 years (2009: 2.55 years).

### (e) Range of Exercise Prices

The range of exercise prices for Incentive Options granted as share-based payments outstanding as at 30 June 2010 was $0.15 to $0.35 (2009: $0.25 to $0.35).

### (f) Weighted Average Fair Value

The weighted average fair value of Incentive Options granted by the Company as share-based payments during the year ended 30 June 2010 was $0.494 (none granted in the year ended 20 June 2009).

### (g) Option Pricing Model

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes option valuation model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the valuation model used for share options granted by the Company during the year ended 30 June 2010:

| Inputs | $0.15 Options | $0.20 Options | $0.30 Options |
|---|---|---|---|
| Exercise price | $0.15 | $0.20 | $0.30 |
| Grant date share price | $0.60 | $0.60 | $0.60 |
| Dividend yield [1] | - | - | - |
| Volatility [2] | 110% | 110% | 110% |
| Risk-free interest rate | 4.62% | 4.72% | 4.72% |
| Grant date | 23 June 2010 | 23 June 2010 | 23 June 2010 |
| Expiry date | 30 June 2012 | 30 June 2013 | 31 December 2013 |
| Expected life of option [3] | 2 years | 3 years | 3.5 years |
| Fair value at grant date | $0.498 | $0.502 | $0.488 |

**Notes:**

[1] The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

[2] The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

[3] The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

| | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| **23. AUDITORS' REMUNERATION** | | | |
| Amounts received or due and receivable by Deloitte Touche Tohmatsu for an audit or review of the financial report of the Company | | **12,900** | - |
| Amounts received or due and receivable by PKF Chartered Accountants for an audit or review of the financial report of the Company | | **6,722** | - |
| Amounts received or due and receivable by MSI Tilley Chartered Accountants for an audit or review of the financial report of the Company | | **-** | 16,400 |
| | | **19,622** | 16,400 |

## 24. SEGMENT INFORMATION

The Consolidated Entity has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

As a result, following the adoption of AASB 8, there has been no change in the Consolidated Entity's reportable segments.

## 25. FINANCIAL INSTRUMENTS

### (a) Overview

The Consolidated Entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Consolidated Entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Consolidated Entity manages its exposure to key financial risks in accordance with the Consolidated Entity's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Consolidated Entity's financial risk management policy is to support the delivery of the Consolidated Entity's financial targets whilst protecting future financial security.

## 25. FINANCIAL INSTRUMENTS (Continued)

### (a) Overview (Continued)

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Consolidated Entity does not enter into derivative transactions to mitigate the financial risks. In addition, the Consolidated Entity's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Consolidated Entity's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Consolidated Entity's financial risks as summarised below.

### (b) Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Consolidated Entity. The carrying amount of the Consolidated Entity's financial assets represents the maximum credit risk exposure, as represented below:

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Cash and cash equivalents | **4,949,721** | 4,467,041 |
| Trade and other receivables | **17,582** | 23,194 |
| Other current financial assets | **-** | 39,657 |
| | **4,967,303** | 4,529,892 |

The Consolidated Entity does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

Trade and other receivables comprise trade receivables, interest accrued and GST refunds due. Where possible the Consolidated Entity trades only with recognised, creditworthy third parties. It is the Consolidated Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant. At 30 June 2010, none (2009: none) of the Consolidated Entity's receivables are past due.

With respect to credit risk arising from cash and cash equivalents, the Consolidated Entity's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

### (c) Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Consolidated Entity will always have sufficient liquidity to meet its liabilities when due. At 30 June 2010 and 2009, the Consolidated Entity has sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

| | ≤6 Months $ | 6-12 Months $ | 1-5 Years $ | ≥5 Years $ | Total $ |
|---|---|---|---|---|---|
| **2010** | | | | | |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | **4,949,721** | - | - | - | **4,949,721** |
| Trade and other receivables | **17,582** | - | - | - | **17,582** |
| Other current assets | - | - | - | - | - |
| | **4,967,303** | - | - | - | **4,967,303** |
| **Financial Liabilities** | | | | | |
| Trade and other payables | **983,398** | - | - | - | **983,398** |
| | **983,398** | - | - | - | **983,398** |

| | ≤6 Months $ | 6-12 Months $ | 1-5 Years $ | ≥5 Years $ | Total $ |
|---|---|---|---|---|---|
| **2009** | | | | | |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 4,467,041 | - | - | - | 4,467,041 |
| Trade and other receivables | 23,194 | - | - | - | 23,194 |
| Other current assets | 39,657 | - | - | - | 39,657 |
| | 4,529,892 | - | - | - | 4,529,892 |
| **Financial Liabilities** | | | | | |
| Trade and other payables | 154,937 | - | - | - | 154,937 |
| | 154,937 | - | - | - | 154,937 |

### (d) Interest Rate Risk

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Consolidated Entity to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Consolidated Entity's interest-bearing financial instruments was:

| | 2010 $ | 2009 $ |
|---|---|---|
| **Interest-bearing financial instruments** | | |
| Cash at bank and on hand | **828,681** | 179,260 |
| Short term deposits | **4,121,040** | 4,287,781 |
| | **4,949,721** | 4,467,041 |

## 25. FINANCIAL INSTRUMENTS (Continued)

### (d) Interest Rate Risk (Continued)

The Consolidated Entity's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 4.33% (2009: 3.17%).

The Consolidated Entity currently does not engage in any hedging or derivative transactions to manage interest rate risk.

**Interest rate sensitivity**

A sensitivity of 10 per cent (i.e. +/-0.433%) (2009: +/-0.317%) on the weighted average floating interest rate at year end has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | 10% Increase | 10% Decrease | 10% Increase | 10% Decrease |
| **2010** | | | | |
| Cash and cash equivalents | **21,432** | **(21,432)** | **21,432** | **(21,432)** |
| **2009** | | | | |
| Cash and cash equivalents | 14,161 | (14,161) | 14,161 | (14,161) |

### (e) Foreign Currency Risk

As a result of activities overseas, the Group's Statement of Financial Position and Statement of Comprehensive Income can be affected by movements in exchange rates.

The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is the Brazilian Real. Foreign currency risk arises on translation of the net assets of these controlled entities to Australian dollars. In the Group accounts, the foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

The Group does not have any material exposure to financial instruments denominated in foreign currencies at year end.

The Consolidated Entity does not currently have any significant exposure to currency risk as it does not have any significant transactions or balances denominated in foreign currencies, however this may change in the future given the current Norwest Claim in Singapore (refer note 26), the acquisition of Aguia Metais Ltda in Brazil and continuing business development activities overseas.

### (f) Commodity Price Risk

The Consolidated Entity is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Consolidated Entity's control. As the Consolidated Entity is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

### (g) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Consolidated Entity, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Consolidated Entity is currently examining new business opportunities where acquisition/working capital requirements of a new project may involve additional funding in some format (which may include debt where appropriate).

There were no changes in the Consolidated Entity's approach to capital management during the year.

The Consolidated Entity is not subject to externally imposed capital requirements.

### (h) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

## 26. CONTINGENCIES

**Norwest Claim**

The trial in relation to the claim made against the Company by Norwest Holding Pte Ltd ("**Norwest**") for not completing the acquisition of a phosphate project located in the Sichuan Province of China was heard during the year in the Singapore High Court ("**Court**"). The Court found in favour of Newport and the claim was dismissed.

In addition, the Court allowed the Company's counterclaim relating to the recovery of a deposit of S$102,500 paid by the Company to Norwest upon lodging its bid for the acquisition of the phosphate project. The Court also ordered Norwest to pay the Company's costs in relation to the matter, the quantum of which will be fixed at a later date by an Assistant Registrar of the Court.

Norwest has since filed an appeal to the Court's decision. The amount of the liability, should the appeal by Norwest be successful, is S$5,647,500, together with any additional costs that the Court may order the Company to pay towards Norwest's legal costs (the quantum of these costs, if any, is unknown).

The amount of the asset, should the appeal by Norwest be unsuccessful, is S$102,500, together with any amount that the Court may order Norwest to pay towards the Company's legal costs (the amount to be recouped, if any, is unknown).

The appeal process is now progressing, with both parties lodging submissions with the appeals court in July and August 2010. The appeal is expected to be heard by the appeals court in early to mid November 2010.

The Company has been advised that, whilst either outcome from the appeal is possible, the probability of the appeal being either successful or unsuccessful cannot be reliably determined in this case. Accordingly, no liability or net asset has been recognised in these financial statements.

## 27. COMMITMENTS

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| **Commitments for exploration expenditure on Pathfinder Project:** | | |
| Not longer than 1 year | **50,000** | 19,000 |
| Longer than 1 year and shorter than 5 years | **130,167** | 182,684 |
| | **180,167** | 201,684 |

## 28. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 30 August 2010, Mr Anthony Wonnacott was appointed as Chairman of the Company, following the resignation of Mr Ian Middlemas;

(ii) On 6 September 2010, the Company dispatched a Notice of Meeting for a General Meeting of Shareholders to be held on 6 October 2010. The meeting has been called for Shareholders to approve a change of the name of the Company to "Aguia Resources Limited", to adopt a new constitution, to issue Incentive Options to Dr Fernando Tallarico, and to issue Incentive Options to key employees and consultants of the Company; and

(iii) On 10 September 2010, the Company appointed Deloitte Touche Tohmatsu as auditor of the Company. The appointment is valid until the Company's next Annual General Meeting at which it will be subject to shareholder approval; and

(iv) On 28 September 2010, Mr Andrew Bursill was appointed Company Secretary of the Company following Mr Pearce's resignation as Company Secretary.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2010, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2010, of the Consolidated Entity.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Newport Mining Limited:

1. In the opinion of the directors:

   (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

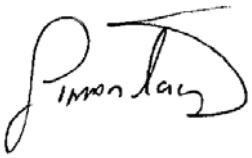
      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Company and consolidated group); and

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

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

On behalf of the Board



**SIMON TAYLOR**
**Managing Director**

29 September 2010

Deloitte Touche Tohmatsu
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# Independent Auditor's Report to the Members of Newport Mining Limited

We have audited the accompanying financial report of Newport Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 18 to 59.

*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 Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

*Auditor's Responsibility*

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

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

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

*Auditor's Independence Declaration*

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

Deloitte.

*Auditor's Opinion*

In our opinion:

(a) the financial report of Newport Mining Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 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.

*Significant uncertainty regarding litigation*

Without qualification to the opinion expressed above, we draw attention to Note 26 to the financial statements. During the year ended 30 June 2010, the Singapore High Court ('Court') dismissed Norwest Holding Pte Ltd's (in liquidation) ('Norwest') claim of S$5,647,500 against Newport Mining Limited for not completing the acquisition of a phosphate project in the Sichuan Provence of China. Norwest has since filed an appeal to the court's decision. At the date of this report, the court hearing relating to this appeal has not yet taken place. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial report.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report 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 Newport Mining Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

**DELOITTE TOUCHE TOHMATSU**

C Manifis

**Conley Manifis**
Partner
Chartered Accountants
Perth, 29 September 2010

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Newport Mining Limited is responsible for its corporate governance, that is, the system by which the Group is managed.

## Principle 1: Lay Solid Foundation for Management and Oversight

### *1.1 Role of the Board and Management*

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

### *1.2 Performance Review*

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives, including the Managing Director.

## Principle 2: Structure of the Board to Add Value

### *2.1 Independent Directors*

The Company currently has the following Board members:

- Mr Anthony Wonnacott Non-Executive Chairman
- Mr Simon Taylor Managing Director and Chief Executive Officer
- Dr Fernando Tallarico Non-Executive Director
- Mr Mark Pearce Non-Executive Director

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the directors and has determined that all four directors are independent directors.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and

### *2.1 Independent Directors (continued)*

- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

Apollo Group Pty Ltd, a company associated with Mr Pearce, is paid a monthly retainer to provide administrative services, company secretarial services, accounting services and a fully serviced office to the Company. The Board considers that this relationship is not material or significant enough to impact the independent judgment of Mr Pearce.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine the optimum number of directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

### *2.2 Chairman*

Mr Anthony Wonnacott as Chair of the Board is independent**.**

### *2.3 Role of Chair and Chief Executive Officer*

The role of the Chair and Chief Executive Officer is separated, with Mr Anthony Wonnacott acting as Chair and Mr Simon Taylor as Chief Executive Officer.

### *2.4 Committees of the Board*

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

### *2.5 Independent Professional Advice*

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

## Principle 3. Promote Ethical and Responsible Decision Making

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

### *3.1 Code of Conduct for Directors*

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.

### *3.1 Code of Conduct for Directors*

- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

#### *Code of Ethics and Conduct*

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

### *3.2 Dealings in Company Securities*

The Group's share trading policy imposes trading restrictions on all employees of the Group with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;

- advise others or procure others to trade in the Company's securities; or

- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

These restrictions have been developed having regard to the current nature of the Company's activities, being exploration and development rather than production. Should the Company move into production, then the policy may be amended to restrict trading of securities during certain periods prior to the release of operating results.

### *Interests of Other Stakeholders*

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resource business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 3.2 above.

## Principle 4. Safeguard Integrity in Financial Reporting

### Audit and Risk Management

The Company believes it is not of a size to justify having a separate Audit and Risk Management Committee. Ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. Given the small size of the Board, the directors believe an Audit Committee structure to be inefficient. All directors share responsibility for ensuring the integrity of the Company's financial reporting and appropriate Board processes must be implemented to perform the following audit and risk management functions:

## Principle 5. Make Timely and Balance Disclosures

### *5.1 Continuous Disclosure to ASX*

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and

b) The information is confidential; or

### *5.1 Continuous Disclosure to ASX (continued)*

c) One of the following applies:

i. It would breach a law or regulation to disclose the information;
ii. The information concerns an incomplete proposal or negotiation;
iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
iv. The information is generated for internal management purposes;
v. The information is a trade secret;
vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information;
vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

### Principle 6. Respect of the Rights of Shareholders

### *6.1 Communication with Shareholders*

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

### Principle 7. Recognise and Manage Risk

### *7.1 Approach to Risk Management and Internal Control*

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in commodity prices and exchange rates;
- accuracy of mineral reserve and resource estimates;
- reliance on licenses, permits and approvals from governmental authorities;
- ability to obtain additional financing;
- acquisition of new business opportunities; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

### *7.2 Risk Management Roles and Responsibilities*

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2010 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

### *7.3 Integrity of Financial Reporting*

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them 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 relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## CORPORATE GOVERNANCE STATEMENT
(Continued)

### Principle 8. Remunerate Fairly and Responsibly

The broad remuneration policy is to ensure that remuneration properly reflects the relevant persons duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

## COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

During the 2010 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

| Recommendation Reference | Notification of Departure | Explanation for Departure |
|---|---|---|
| 2.4 | A separate Nomination Committee has not been formed. | The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board. |
| 4.1, 4.2, 4.3 | A separate Audit Committee has not been formed and there is not an Audit Committee operating charter. | The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems. |
| 8.1 | There is no separate Remuneration Committee. | The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company. |

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

# ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 30 September 2010

## 1. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders if listed securities are listed below

**Ordinary Shares**

| Name | No of Ordinary Shares Held | Percentage of Issued Shares |
|---|---|---|
| ARREDO PTY LTD | 3,000,000 | 7.02% |
| NEFCO NOMINEES PTY LTD | 2,484,580 | 5.81% |
| BOND STREET CUSTODIANS LIMITED <OFFICIUM EMERGING RES A/C> | 1,878,663 | 4.39% |
| TAYCOL NOMINEES PTY LTD <211 A/C> | 1,875,000 | 4.39% |
| BOUCHI PTY LTD | 1,000,000 | 2.34% |
| NUTSVILLE PTY LTD | 800,000 | 1.87% |
| CALAMA HOLDINGS PTY LTD <MAMBAT SUPER FUND A/C> | 743,204 | 1.74% |
| MR ANDREW NIGEL PULLAR + MRS MELISSA MAY PULLAR | 680,000 | 1.59% |
| SOUTTAR SUPERANNUATION PTY LTD <GREENSLADE SUPER FUND A/C> | 587,500 | 1.37% |
| BLUESTONE 23 LIMITED | 510,000 | 1.19% |
| SYMINGTON PTY LTD | 500,000 | 1.17% |
| JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C> | 474,000 | 1.11% |
| WAVE SUPER PTY LTD | 450,000 | 1.05% |
| P FORD SUPERANNUATION PTY LTD <PATRICK FORD SUPER FUND A/C> | 445,000 | 1.04% |
| MR CREAGH O'CONNOR + MRS PATRICIA O'CONNOR <SUPERANNUATION A/C> | 437,500 | 1.02% |
| GMP SECURITIES INC <ITO-1930-E A/C> | 424,000 | 0.99% |
| DR FERNANDO TALLARICO | 417,000 | 0.98% |
| DUNROOTIN PTY LTD <GREENHILL SUPER FUND A/C> | 400,000 | 0.94% |
| MR JAMES CLEMENT WHITING | 400,000 | 0.94% |
| OCTIFIL PTY LTD | 365,000 | 0.85% |
| **Total Top 20** | **17,871,447** | **41.80%** |
| Others | 24,878,554 | 58.20% |
| **Total Ordinary Shares on Issue** | **42,750,001** | **100%** |

## 2. DISTRIBUTION OF EQUITY SECURITIES:

**Analysis of numbers of holders by size of holding:**

| | Ordinary Shares | |
|---|---|---|
| Distribution | Number of Holders | Number of Shares |
| 1 - 1,000 | 5 | 4,116 |
| 1,001 - 5,000 | 24 | 82,715 |
| 5,001 - 10,000 | 53 | 498,802 |
| 10,001 - 100,000 | 266 | 12,908,304 |
| 100,001 - Over | 75 | 29,256,064 |
| **Total** | **423** | **42,750,001** |

# ADDITIONAL INFORMATION
(Continued)

**Unmarketable Parcels**

| | Minimum Parcel Size | Holders | Units |
|---|---|---|---|
| Minimum $ 500.00 parcel at $ 0.5450 per unit | 918 | 1 | 200 |

**3. VOTING RIGHTS**

See Note 13(c) of the Notes to the Financial Statements

**4. SUBSTANTIAL SHAREHOLDERS**

| Substantial Shareholder | Number of Shares |
|---|---|
| ARREDO PTY LTD | 3,000,000 |
| NEFCO NOMINEES PTY LTD | 2,484,580 |

**5. UNQUOTED SECURITIES**

The names if the security holders holding more than 20% of an unlisted class of security are listed below:

**Unlisted Options**

| | $0.35 Unlisted Options expiring 31/12/2011 | $0.25 Unlisted Options expiring 31/12/2011 | $0.25 Unlisted Options expiring 31/12/2012 | $0.25 Unlisted Options expiring 31/12/2012 | $0.15 Unlisted Incentive Options expiring 30/06/2012 | $0.25 Unlisted Incentive Options expiring 31/12/2012 | $0.25 Unlisted Incentive Options expiring 31/12/2012 |
|---|---|---|---|---|---|---|---|
| BLUESTONE 23 LIMITED | 1,000,000 | | | | | | |
| BOHUON PTY LTD | 200,000 | | | | | | |
| DUNROOTIN PTY LTD | | 600,000 | | | | | |
| GEELAND PTY LTD | | 600,000 | | | | | |
| MR JOHN KENNETH WELLINGTON | | 400,000 | | | | | |
| TAYCOL NOMINEES PTY LTD | | | 2,800,000 | | | | |
| AGLUB INVESTMENTS PTY LTD | | | 200,000 | | | | |
| ARREDO PTY LTD | | | | 1,000,000 | | | |
| JIMBZAL PTY LTD | | | | | 500,000 | 500,000 | 1,000,000 |
| **Total** | **1,200,000** | **1,600,000** | **3,000,000** | **1,000,000** | **500,000** | **500,000** | **1,000,000** |

**6. RESTRICTED SECURITIES**

As at 30 September 2010 following securities are subject to escrow restrictions:

| Restricted Security | Number of Restricted Securities | Date that Escrow Period Ends |
|---|---|---|
| Performance Shares A | 20,000,000 | 22 June 2011 |
| Performance Shares B | 20,000,000 | 22 June 2011 |

## 7. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Aguia Resources Limited's listed securities.

## 8. APPLICATON OF FUNDS FROM INITIAL PUBLIC OFFERING

Since the Company's securities were listed on ASX, the Company has used funds raised by its initial public offering in a manner that is consistent with its business objectives. Initial exploration activities are being undertaken on the exploration and development of its mineral properties.

## 9. EXPLORATION INTERESTS

**Brazil**

The Company holds 100% interest in the following tenements listing below:

| Tenement Number | Area (Hectares) | Location |
|---|---|---|
| 830.710/10 | 1,698.53 | MORRO DO PILAR e SANTANA DO RIACHO / MG |
| 846.020/10 | 27.97 | ALHANDRA, CAAPORÃ E PITIMBU / PB |
| 846.036/09 | 98 | LUCENA / PB |
| 846.037/09 | 17.33 | SANTA RITA / PB |
| 846.105/09 | 1,772.99 | CONDE e JOÃO PESSOA / PB |
| 846.106/09 | 1,538.93 | ALHANDRA e CONDE / PB |
| 846.107/09 | 1,146.40 | ALHANDRA e CONDE / PB |
| 846.108/09 | 188.17 | ALHANDRA / PB |
| 846.193/09 | 81.32 | SANTA RITA / PB |
| 846.439/08 | 1,521.49 | MAMANGUAPE e RIO TINTO / PB |
| 846.440/08 | 1,928.11 | RIO TINTO / PB |
| 846.441/08 | 1,927.43 | CAPIM, MAMANGUAPE e RIO TINTO / PB |
| 846.442/08 | 1,927.96 | RIO TINTO e SANTA RITA / PB |
| 846.443/08 | 1,891.02 | CAPIM, RIO TINTO e SANTA RITA / PB |
| 846.444/08 | 1,927.80 | RIO TINTO e SANTA RITA / PB |
| 846.445/08 | 1,898.09 | SANTA RITA / PB |
| 846.446/08 | 1,927.64 | SANTA RITA / PB |
| 846.447/08 | 1,728.69 | SANTA RITA / PB |
| 846.448/08 | 1,395.06 | SANTA RITA / PB |
| 846.449/08 | 1,926.80 | CRUZ DO ESPÍRITO SANTO e SANTA RITA / PB |
| 846.451/08 | 1,926.64 | CRUZ DO ESPÍRITO SANTO / PB |
| 846.452/08 | 1,828.24 | CRUZ DO ESPÍRITO SANTO e SANTA RITA/PB |
| 846.453/08 | 473.59 | RIO TINTO / PB |
| 846.454/08 | 966.26 | RIO TINTO / PB |
| 846.455/08 | 1,927.59 | RIO TINTO / PB |
| 846.456/08 | 1,927.59 | RIO TINTO / PB |
| 846.457/08 | 1,927.43 | RIO TINTO e SANTA RITA/ PB |

# ADDITIONAL INFORMATION
(Continued)

**Brazil (continued)**

| Tenement Number | Area (Hectares) | Location |
|---|---|---|
| 846.458/08 | 1,927.43 | LUCENA, RIO TINTO e SANTA RITA / PB |
| 846.459/08 | 1,927.28 | SANTA RITA / PB |
| 846.460/08 | 1,927.28 | LUCENA e SANTA RITA / PB |
| 846.461/08 | 1,927.12 | SANTA RITA / PB |
| 846.462/08 | 1,924.15 | SANTA RITA / PB |
| 846.463/08 | 1,926.96 | SANTA RITA / PB |
| 846.464/08 | 1,879.92 | SANTA RITA / PB |
| 846.465/08 | 1,553.98 | SANTA RITA / PB |
| 846.466/08 | 1,904.78 | SANTA RITA / PB |
| 846.467/08 | 1,613.55 | SANTA RITA / PB |
| 846.468/08 | 1,337.51 | SANTA RITA / PB |
| 846.469/08 | 1,728.19 | RIO TINTO / PB |
| 846.470/08 | 1,927.60 | LUCENA e RIO TINTO / PB |
| 846.471/08 | 1,927.59 | LUCENA e RIO TINTO / PB |
| 846.472/08 | 1,441.26 | LUCENA e RIO TINTO / PB |
| 846.473/08 | 933.1 | LUCENA / PB |
| 846.474/08 | 946.28 | LUCENA E SANTA RITA/PB |
| 846.475/08 | 1,169.81 | LUCENA e SANTA RITA / PB |
| 846.476/08 | 768.51 | SANTA RITA/PB |
| 846.477/08 | 203.87 | LUCENA e SANTA RITA / PB |
| 846.478/08 | 339.09 | SANTA RITA / PB |
| 846.479/08 | 1,438.88 | SANTA RITA / PB |
| 846.480/08 | 1,926.80 | BAYEUX e SANTA RITA / PB |
| 846.481/08 | 1,702.29 | BAYEUX, JOÃO PESSOA e SANTA RITA / PB |
| 846.482/08 | 281.65 | BAYEUX e SANTA RITA / PB |
| 830.936/10 | 1,639.01 | LAGOA FORMOSA / MG |
| 830.937/10 | 1,806.05 | LAGOA FORMOSA / MG |
| 830.938/10 | 668.11 | CARMO DO PARANAÍBA e LAGOA FORMOSA / MG |
| 830.940/10 | 1,815.47 | TIROS / MG |
| 830.941/10 | 1,727.47 | TIROS / MG |
| 830.942/10 | 1,609.24 | TIROS / MG |
| 830.943/10 | 1,849.36 | TIROS / MG |
| 831.029/10 | 564.86 | TIROS / MG |
| 831.031/10 | 1,774.45 | TIROS e BIQUINHAS / MG |
| 831.032/10 | 1,670.52 | TIROS / MG |
| 831.033/10 | 1,638.43 | TIROS / MG |

**Brazil (continued)**

| Tenement Number | Area (Hectares) | Location |
|---|---|---|
| 831.034/10 | 1,855.15 | TIROS / MG |
| 831.035/10 | 1,982.81 | TIROS / MG |
| 831.036/10 | 1,982.34 | TIROS / MG |
| 831.037/10 | 1,992.55 | TIROS / MG |
| 831.038/10 | 1,972.26 | TIROS / MG |
| 831.039/10 | 1,992.36 | TIROS / MG |
| 831.040/10 | 1,915.57 | TIROS / MG |
| 831.041/10 | 1,588.94 | TIROS / MG |
| 831.042/10 | 1,897.80 | TIROS / MG |
| 831.043/10 | 1,696.87 | TIROS / MG |
| 831.044/10 | 1,055.16 | TIROS / MG |
| 831.045/10 | 1,814.32 | TIROS / MG |
| 831.095/10 | 1,982.70 | RIO PARANAIBA / MG |
| 831.097/10 | 1,945.19 | MATUTINA e TIROS / MG |
| 831.098/10 | 1,980.68 | RIO PARANAIBA / MG |
| 831.099/10 | 1,771.10 | RIO PARANAIBA / MG |
| 831.100/10 | 1,845.12 | RIO PARANAIBA / MG |
| 831.101/10 | 1,614.34 | MATUTINA, RIO PARANAIBA e SÃO GOTARDO / MG |
| 831.104/10 | 1,884.54 | MATUTINA e TIROS/ MG |
| 831.106/10 | 1,982.23 | RIO PARANAIBA / MG |
| 831.107/10 | 1,976.28 | RIO PARANAIBA / MG |
| 831.108/10 | 1,979.26 | RIO PARANAIBA e SÃO GOTARDO / MG |
| 831.110/10 | 1,380.55 | MATUTINA e SÃO GOTARDO / MG |
| 831.111/10 | 1,940.88 | MATUTINA e SÃO GOTARDO / MG |
| 831.112/10 | 1,643.89 | MATUTINA e TIROS / MG |
| 831.113/10 | 1,289.40 | RIO PARANAIBA / MG |
| 831.114/10 | 1,987.20 | RIO PARANAIBA / MG |
| 831.115/10 | 1,991.60 | RIO PARANAIBA / MG |
| 831.116/10 | 1,988.67 | SÃO GOTARDO e RIO PARANAIBA / MG |
| 831.117/10 | 1,750.96 | SÃO GOTARDO / MG |
| 831.118/10 | 1,869.57 | RIO PARANAIBA / MG |
| 831.119/10 | 1,806.54 | RIO PARANAIBA / MG |
| 831.120/10 | 1,840.20 | SÃO GOTARDO e RIO PARANAIBA / MG |
| 831.121/10 | 1,753.58 | SÃO GOTARDO / MG |
| 831.122/10 | 1,947.59 | RIO PARANAIBA / MG |
| 831.123/10 | 1,987.73 | RIO PARANAIBA / MG |
| 831.124/10 | 1,987.72 | RIO PARANAIBA / MG |

## ADDITIONAL INFORMATION
(Continued)

**Brazil (continued)**

| Tenement Number | Area (Hectares) | Location |
|---|---|---|
| 831.127/10 | 598.76 | RIO PARANAIBA / MG |
| 831.128/10 | 1,992.11 | RIO PARANAIBA / MG |
| 831.129/10 | 1,992.11 | RIO PARANAIBA / MG |
| 831.130/10 | 1,981.79 | CAMPOS ALTOS, RIO PARANAIBA e SÃO GOTARDO / MG |
| 831.189/10 | 1,393.42 | PATOS DE MINAS e PRESIDENTE OLEGARIO / MG |
| 831.190/10 | 1,948.49 | PRESIDENTE OLEGARIO / MG |
| 831.191/10 | 1,603.76 | PRESIDENTE OLEGARIO / MG |
| 831.192/10 | 1,745.09 | PRESIDENTE OLEGARIO / MG |
| 831.193/10 | 1,985.10 | PRESIDENTE OLEGARIO / MG |
| 831.194/10 | 1,983.60 | PRESIDENTE OLEGARIO / MG |
| 831.195/10 | 1,981.73 | PRESIDENTE OLEGARIO / MG |
| 831.196/10 | 1,983.58 | PRESIDENTE OLEGARIO / MG |
| 831.197/10 | 1,581.38 | PRESIDENTE OLEGARIO / MG |
| 831.198/10 | 1,937.76 | PATOS DE MINAS e PRESIDENTE OLEGARIO/ MG |
| 831.199/10 | 1,909.60 | PRESIDENTE OLEGARIO / MG |
| 831.200/10 | 1,948.96 | PATOS DE MINAS e PRESIDENTE OLEGARIO/ MG |
| 831.201/10 | 1,952.43 | PATOS DE MINAS e PRESIDENTE OLEGARIO/ MG |
| 831.202/10 | 1,075.89 | PATOS DE MINAS e PRESIDENTE OLEGARIO/ MG |
| 831.206/10 | 82.34 | PATOS DE MINAS / MG |
| 831.209/10 | 1,972.78 | PRESIDENTE OLEGARIO e VARJÃO DE MINAS / MG |
| 831.210/10 | 1,966.87 | PRESIDENTE OLEGARIO / MG |
| 831.211/10 | 1,737.49 | PRESIDENTE OLEGARIO / MG |
| 831.212/10 | 1,397.37 | PATOS DE MINAS e PRESIDENTE OLEGARIO/ MG |
| 831.213/10 | 1,862.34 | PATOS DE MINAS e PRESIDENTE OLEGARIO/ MG |
| 831.214/10 | 1,979.06 | PATOS DE MINAS, PRESIDENTE OLEGARIO e VARJÃO DE MINAS / MG |
| 831.215/10 | 1,982.60 | PATOS DE MINAS E VARJÃO DE MINAS / MG |
| 831.216/10 | 1,985.61 | PATOS DE MINAS E VARJÃO DE MINAS / MG |
| 831.217/10 | 1,450.52 | PATOS DE MINAS E VARJÃO DE MINAS / MG |
| 831.219/10 | 1,834.61 | PATOS DE MINAS / MG |
| 831.220/10 | 1,491.72 | PATOS DE MINAS / MG |
| 831.221/10 | 1,484.27 | PATOS DE MINAS E VARJÃO DE MINAS / MG |
| 831.223/10 | 636.38 | PATOS DE MINAS E VARJÃO DE MINAS / MG |
| 831.224/10 | 1,429.75 | PRESIDENTE OLEGARIO / MG |
| 831.331/10 | 1,526.24 | CARMO DO PARANAÍBA / MG |
| 831.332/10 | 1,573.49 | CARMO DO PARANAÍBA / MG |
| 831.333/10 | 1,981.84 | CARMO DO PARANAÍBA / MG |
| 831.334/10 | 1,929.68 | CARMO DO PARANAÍBA / MG |
| 831.335/10 | 1,933.47 | CARMO DO PARANAÍBA / MG |
| 831.339/10 | 1,971.64 | CARMO DO PARANAÍBA e RIO PARANAÍBA / MG |
| 831.342/10 | 1,985.79 | CARMO DO PARANAÍBA e RIO PARANAÍBA / MG |
| 831.343/10 | 1,914.33 | ARAPUÁ e RIO PARANAIBA / MG |

**Brazil (continued)**

| Tenement Number | Area (Hectares) | Location |
|---|---|---|
| 831.344/10 | 1,979.42 | CARMO DO PARANAÍBA e RIO PARANAÍBA / MG |
| 831.345/10 | 1,844.82 | RIO PARANAIBA / MG |
| 831.346/10 | 1,979.50 | PATOS DE MINAS e VARJÃO DE MINAS / MG |
| 831.347/10 | 1,968.41 | PATOS DE MINAS / MG |
| 831.379/10 | 1,966.44 | CAMPOS ALTOS e RIO PARANAÍBA / MG |
| 831.380/10 | 1,966.44 | CAMPOS ALTOS e RIO PARANAÍBA / MG |
| 831.381/10 | 1,948.46 | CAMPOS ALTOS, RIO PARANAÍBA e SÃO GOTARDO/ MG |
| 831.382/10 | 1,387.25 | CAMPOS ALTOS / MG |
| 831.383/10 | 1,982.84 | CAMPOS ALTOS / MG |
| 831.384/10 | 1,982.83 | CAMPOS ALTOS / MG |
| 831.386/10 | 1,957.82 | CAMPOS ALTOS / MG |
| 831.387/10 | 1,957.82 | CAMPOS ALTOS / MG |
| 831.388/10 | 1,936.30 | CAMPOS ALTOS e SANTA ROSA DA SERRA / MG |
| 831.389/10 | 1,786.24 | CAMPOS ALTOS, SANTA ROSA DA SERRA e SÃO GOTARDO / MG |
| 831.390/10 | 1,978.13 | CAMPOS ALTOS e SANTA ROSA DA SERRA / MG |
| 831.391/10 | 1,978.13 | CAMPOS ALTOS / MG |
| 831.392/10 | 1,984.73 | CAMPOS ALTOS e SANTA ROSA DA SERRA / MG |
| 831.393/10 | 1,987.19 | CAMPOS ALTOS e SANTA ROSA DA SERRA / MG |
| 831.394/10 | 1,943.02 | CAMPOS ALTOS e SANTA ROSA DA SERRA / MG |
| 831.395/10 | 1,988.07 | CAMPOS ALTOS, CÓRREGO DANTA e SANTA ROSA DA SERRA / MG |
| 831.397/10 | 1,964.06 | PATOS DE MINAS / MG |
| 831.398/10 | 1,968.79 | PATOS DE MINAS / MG |
| 831.399/10 | 1,988.70 | PATOS DE MINAS / MG |
| 831.400/10 | 1,703.84 | PATOS DE MINAS / MG |
| 831.401/10 | 1,637.08 | PATOS DE MINAS / MG |
| 831.402/10 | 1,923.00 | LAGOA FORMOSA e PATOS DE MINAS / MG |
| 831.403/10 | 1,686.00 | LAGOA FORMOSA e PATOS DE MINAS / MG |
| 831.404/10 | 1,953.03 | LAGOA FORMOSA / MG |
| 831.406/10 | 1,955.33 | LAGOA FORMOSA / MG |
| 832.847/09 | 4.29 | QUARTEL GERAL / MG |
| 832.897/08 | 1,833.38 | ABAETÉ e CEDRO DO ABAETÉ/ MG |
| 832.898/08 | 97.14 | CEDRO DO ABAETÉ/MG |
| 832.899/08 | 2,000.00 | CEDRO DO ABAETÉ e QUARTEL GERAL/ MG |
| 832.900/08 | 465.14 | CEDRO DO ABAETÉ e QUARTEL GERAL/ MG |
| 832.902/08 | 1,410.18 | CEDRO DO ABAETÉ e QUARTEL GERAL/ MG |
| 832.903/08 | 1,406.76 | CEDRO DO ABAETÉ e QUARTEL GERAL/ MG |
| 832.904/08 | 1,476.42 | CEDRO DO ABAETÉ e QUARTEL GERAL/ MG |