

Newland Resources Ltd

ABN 13 009 092 068

Annual Financial Statements
2006

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Newland Resources Ltd (ACN 009 092 068) and the entities it controlled at the end of, or during, the year ended 30 June 2006.

DIRECTORS

The following persons were Directors of Newland Resources Ltd during the whole year and up to the date of this report:

L A Colless - Chairman and Chief Financial Officer
C A R West - Executive Director - investor relations and business development
K L Ashworth - non-executive director
P L Munachen - non-executive director

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the course of the financial year were the conduct of projects in financial services and mineral resources. There has been no significant change in the nature of these activities during the financial year.

RESULTS

The consolidated profit of the economic entity attributable to the shareholders of the holding company for the financial year after abnormal items and income tax was \$12,055,233 (2005 loss \$55,171).

DIVIDENDS

No dividends have been paid by the Company during the financial year ended 30 June 2006, nor have the Directors recommended that any dividends be paid.

REVIEW OF OPERATIONS

During the year the Company focused on funds management and portfolio investments in the global resources sector and is continuing to seek further opportunities in mineral projects whilst increasing the management of funds in the resources and other global emerging markets.

A more detailed review of operations for the financial year, together with future prospects is fully explained in the Management Review of the Annual Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The state of affairs of the Company was not affected by any significant changes during the year.

EVENTS SUBSEQUENT TO BALANCE DATE

On 3 July 2006 the Company issued 4,094,439 options to take up ordinary shares in the capital of the Company. These options are exercisable at 8 cents each at any time between 3 July 2008 and 3 July 2011 (inclusive). The options have been issued in accordance with the terms of engagement of Mr Stephen Goschalk as the Newland group's Operations Officer.

On 4 August 2006 the Company announced that it had entered into a farm in agreement with Summit Resources Limited ("Summit") (ASX code SMM) over 16 Exploration Permits covering 12,000km² of the Georgina Basin to the west of the Mount Isa Inlier in northwest Queensland. Newland has agreed to commit to sole fund the first \$1.0 million of exploration expenditure and then has the right to sole fund a total of \$5.0 million expenditure for a 50% interest. Summit is manager and operator of the joint venture, has a casting vote whilst it is the manager, retains management whilst it holds 30% or greater interest in the Georgina Basin Uranium Project and has the rights to treat ores mined from the venture at its proposed Mount Isa uranium processing operations.

On 21 August 2006 the Company announced to Australian Stock Exchange Limited that it is in the process of considering a potential reorganisation of the Newland group of companies. To this end, the Company is assessing the viability of dividing Newland's Australian and United Kingdom businesses. The Australian business currently comprises investments in resource projects, including the Mt Garnet Zinc Project and the joint venture with Summit Resources Limited in relation to the Georgina Basin Uranium Project in Northwest Queensland and proprietary trading in the resources sector. The United Kingdom business includes funds management and private equity investment. The primary aim of the division is to create an expanded UK-based business with funds under management in a number of international sectors including resources, property and emerging markets whilst leaving the Australian business to focus on new and existing resource projects and investments. It is anticipated that the UK business will be separately listed on the Alternative Investment Market of the London Stock Exchange (AIM), and that the Australian business will remain listed on Australian Stock Exchange Limited.

Apart from the above, no other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the financial year ended 30 June 2006.

LIKELY DEVELOPMENTS

The Company intends to continue development of its current businesses, to develop new businesses, and to seek other areas of investment in resources and other industries. Further information on likely developments in the operations of the Company and expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

DIRECTORS' REPORT (Continued)

PARTICULARS OF DIRECTORS

Lindsay Arthur Colless, ACA, FAICD.

Mr Colless, 61, is a Chartered Accountant with 15 years experience in the profession and a further 28 years experience in commerce, most of which has been in the mineral and petroleum exploration industries in the capacities of financial controller, company secretary and director. He is a director and/or secretary of a number of public listed companies: a director of Summit Resources Ltd group (since July 2004), alternate director of Pancontinental Oil & Gas NL (since 1991) and company secretary of Alkane Exploration Ltd group. Former directorships held in the last three years are: West Australian Metals Ltd group (Oct 1986 to Aug. 2005), Yilgarn Gold Limited group (Feb. 2003 to Apr. 2005), South Boulder Mines Ltd (Aug. 2001 to May 2004), Northern Star Resources Ltd (May 2000 to Sep. 2003), Austin Engineering Limited (Jun. 2001 to Mar. 2004), Solco Ltd (Nov.2002 to Dec. 2002). Mr Colless is the Finance Director of the Company as well as CEO and Chairman.

Peter Lawson Munachen, FCA, FAICD.

Mr Munachen, 60, is a Chartered Accountant and former partner in an international accounting practice. He has had considerable experience in the resources industry and is a director of a number of public listed companies, including Pancontinental Oil & Gas NL, Sub-Sahara Resources Ltd, Norwest Energy Ltd and Dragon Mining Ltd. He is also a director of Currie Rose Inc., a Canadian TSX Venture Exchange company. Former directorships held in the last three years are: Kids Campus Limited (formerly Bambuu Ltd) (Dec 1994 to Feb. 2004), South Boulder Mines Ltd (Aug. 2001 to Aug 2002) New World Alloys Limited (alternate director Dec. 2003 to Sep. 2005). Mr Munachen is a non-executive director of the Company and is Chairman of the audit committee.

Kevan Lynton Ashworth, PhD, DIC, MIMM.

Dr Ashworth, 69, is a consultant geologist based in the UK. He has worked throughout Europe, in the Middle East, Malaysia, Australia and Latin America on a wide variety of mineral exploration and development projects for major companies and government organisations. Dr Ashworth is a non-executive technical director of the Company.

Christian Adam Riggall West

Mr West, 30, was involved with hedge fund management in London and concentrated primarily on the financial services and investment industry in UK and Europe. Mr West resides in London and is an executive director of the Company responsible for investor relations and business development.

SECRETARY

Karen Elizabeth Vere Brown, BEc (Hons).

Miss Brown, 46, is an Honours Degree graduate in economics from the University of Western Australia and has had more than 20 years experience in the administration of public companies, primarily in the resources sector.

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's directors held during the year ended 30 June 2006, and the number of meetings attended by each director.

There were four (4) Board Meetings, three (3) Audit, one (1) Nomination and one (1) Remuneration Committee Meeting held during the financial year.

The number of meetings attended by each director during the year is as follows:

Director	Number of meetings attended	Audit	Committee Meetings	
			Nomination	Remuneration
K L Ashworth	4	N/A	1	1
L A Colless	4	N/A	1	1
P L Munachen	3	1	-	-
C A R West	3	N/A	1	1

REMUNERATION REPORT - DIRECTORS' AND EXECUTIVE

This remuneration report details the nature and amount of remuneration for each director and executive of Newland Resources Ltd. The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited.

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward corporate governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency
- capital management

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy for the organisation.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT – DIRECTORS' AND EXECUTIVE (continued)

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors consulting fees

Directors' consulting fees are determined by the Board as a whole. This amount is separate from any specific tasks the directors may take on for the Company. For example, Mr Colless's company, Mineral Administration Services Pty Ltd undertakes all the financial, administration and accounting functions for the Company as well providing the services of Ms Brown as Company Secretary. His remuneration is set out below in this report and is fully disclosed in the Notes to the Financial Statements.

The directors of the economic entity during the year were:

Newland Resources Ltd

L A Colless, K L Ashworth, P L Munachen, C A R West

Resources Services Ltd

A H Drummon, D J Hutchins, K Thygesen, L A Colless, C A R West.

Resources Services (BVI) Ltd group

L A Colless, D J Hutchins, M Roberts, R Barby

Mt Garnet Mines NL and Saturn Exploration NL.

L A Colless, P L Munachen and K E V Brown.

Details of remunerations to directors are as follows:

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Directors' income (see also Note 12)				
Total income received, or due and receivable, by directors of Newland Resources Ltd from the company and any related body corporate in connection with the management of the company and any related body corporate.	*413,928	255,612	413,928	226,019
Total income received, or due and receivable, by directors of subsidiaries only, from the company and any related body corporate in connection with the management of the company and any related body corporate.	**1,486,673	678,910	1,252,047	15,092

The details of directors' remunerations paid or payable are as follows:

Executive Director

Name	Short-term benefits		Post-employment	Total
	Cash Salary	Cash Fees and Disbursements	benefits Superannuation	
	\$	\$	\$	\$
2006				
C A R West, Director parent and one UK subsidiary	167,891	459	19,976	*188,326
2005				
C A R West, Director parent and one UK subsidiary	59,255	-	13,853	*73,108

DIRECTORS' REPORT (Continued)**REMUNERATION REPORT - DIRECTORS' AND EXECUTIVE (continued)**

The details of directors' remunerations paid or payable are as follows (continued):

Non-executive Directors

Name	<u>Short-term benefits</u>		<u>Post-employment</u>	Total
	Cash Salary	Cash Fees and Disbursements	Superannuation	
	\$	\$	\$	\$
2006				
K L Ashworth Director, parent and consultant to UK subsidiary				
Consulting - parent	-	57,840	-	*57,840
L A Colless Director parent and all subsidiaries				
Administration, accounting, financial administration fees ^(a)	-	72,000	-	*72,000
Consulting – parent ^(a)	-	30,000	-	*30,000
P L Munachen Director parent and Australian subsidiaries				
Consulting - parent	-	30,000	-	*30,000
A H Drummon Director UK subsidiary				
Broker to the parent and subsidiaries				
Broker's commission and finance fees – parent	-	35,762	-	*35,762
D J Hutchins Director UK and BVI subsidiaries, Investment manager for subsidiaries and their clients,				
Consulting fees - parent	-	148,337	-	**148,337
Consulting -subsidiary	-	86,441	-	**86,441
Performance bonus	-	507,419	-	**507,419
K R Thygesen Director UK subsidiary				
Consulting -subsidiary	-	88,911	-	**88,911
Performance bonus	-	507,380	-	**507,380
M Roberts Director BVI subsidiary, Investment manager for subsidiary				
Consulting fees	-	148,185	-	**148,185
K E V Brown Director Australian subsidiaries				
Administration, accounting, financial administration fees ^(a)	-	72,000	-	*72,000
Consulting – parent ^(a)	-	30,000	-	*30,000
^(a) Fees payable for administration, company secretarial and financial services of \$72,000 provided by Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown are directors and shareholders. Also \$30,000 was payable to Mineral Administration Services Pty Ltd for consulting fees in respect of Mr Colless.				
2005				
K L Ashworth Director, parent and consultant to UK subsidiary				
Consulting – parent	-	20,911	-	*20,911
Consulting - subsidiary	-	29,593	-	*29,593
L A Colless Director parent and all subsidiaries				
Administration, accounting, financial administration fees ^(a)	-	72,000	-	*72,000
Consulting – parent ^(a)	-	30,000	-	*30,000
P L Munachen Director parent and Australian subsidiaries				
Consulting - parent	-	30,000	-	*30,000
A H Drummon Director UK subsidiary				
Broker to the parent and subsidiaries				
Broker's commission - parent	-	15,092	-	**15,092

DIRECTORS' REPORT (Continued)**REMUNERATION REPORT - DIRECTORS' AND EXECUTIVE (continued)**

The details of directors' remunerations paid or payable are as follows (continued):

Non-executive Directors (continued)

Name	Short-term benefits		Post-employment	Total
	Cash Salary	Cash Fees and Disbursements	benefits Superannuation	
	\$	\$	\$	\$
2005				
D J Hutchins Director UK and BVI subsidiaries, Investment manager for subsidiaries and their clients,				
Consulting - subsidiary	-	340,015	-	**340,015
Performance bonus	-	42,394	-	**42,394
K R Thygesen Director UK subsidiary				
Consulting -subsidiary		66,288		**66,288
Performance bonus	-	141,711	-	**141,711
M Roberts Director BVI subsidiary, Investment manager for subsidiary				
Consulting fees	-	71,023	-	**71,023
K E V Brown Director Australian subsidiaries				
Administration, accounting, financial administration fees ^(a)	-	72,000	-	*72,000
Consulting – parent ^(a)	-	30,000	-	*30,000
R Barby Director UK subsidiary				
Administration fees	-	2,387	-	**2,387

^(a) Fees payable for administration, company secretarial and financial services of \$72,000 provided by Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown are directors and shareholders. Also \$30,000 was payable to Mineral Administration Services Pty Ltd for consulting fees in respect of Mr Colless.

Service agreements

D J Hutchins, Director UK and BVI subsidiaries,

Term of Agreement – Initially for a one (1) year period, commencing 1 July 2005 and thereafter until terminated, by three months written notice, by either party.

Agreement – Engage Endstone Capital Limited to procure the services of Mr Hutchins to provide consulting services to the group, at GBP60,000 per annum, payable monthly in arrears.

K R Thygesen, Director UK subsidiary

Term of Agreement - Initially for a one (1) year period, commencing 1 July 2005 and thereafter until terminated, by three months written notice, by either party.

Agreement – Engaged to provide consulting services to the group. Consultancy fee of GBP72,000 per annum, payable quarterly in arrears.

T W R West, Executive.

Term of Agreement - Initially for a one (1) year period, commencing 1 July 2005 and thereafter until terminated, by three months written notice, by either party.

Agreement –Pacific International Management Limited to procure the services of Mr West to provide consulting services to the group, at GBP60,000 per annum, payable monthly in arrears.

Share-based payments

No share based remuneration compensation plan existed during the year.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT – DIRECTORS' AND EXECUTIVE (continued)

KEY MANAGEMENT PERSONNEL

Details of remunerations to executives

The Consolidated Entity has one executive only. Details of his remuneration are as follows:

Executive

Name	Short-term benefits		Post-employment	Total
	Cash Salary	Cash Fees and Disbursements	benefits Superannuation	
	\$	\$	\$	\$
2006				
T W R West, Investment advisor for subsidiaries				
Consulting fees	-	238,499	-	238,499
Performance fee	-	-	-	-
2005				
T W R West, Investment advisor for subsidiaries				
Consulting fees	-	263,958	-	263,958
Performance fee	-	42,394	-	42,394

DIRECTORS' INTERESTS

The interests of Directors in securities of the Company and its controlled entities at the date of this report are:

	Direct	Indirect	Options
K L Ashworth	31,000	-	-
L A Colless	-	^(a) 25,350	-
P L Munachen	-	-	-
C A R West	10,015,000	-	-
D J Hutchins	6,966,648	-	-
A H Drummon	-	-	-
M Roberts	-	-	-
K R Thygesen	-	-	-
K E V Brown	-	^(a) 25,350	-

^(a) Shares registered in the name of Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown are directors and shareholders.

SHARE OPTIONS

No options to take up ordinary shares in the capital of Newland Resources Ltd were granted during the financial year. No options were exercised during the year and no shares have been issued from the exercise of options since year-end to the date of this report.

As at the date of this report 4,094,439 options to take up ordinary shares in the capital of the Company have been granted. These options, granted on 3 July 2006, are exercisable at 8 cents each at any time between 3 July 2008 and 3 July 2011 (inclusive).

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. The names of all holders of options are entered into the Company's register, inspection of which may be made free of charge.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Newland Resources Ltd support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed corporate governance policy statement is contained in the additional Supplementary Information section of the annual report and can be viewed on the Company's web site at www.newlandresources.com.

ENVIRONMENTAL REGULATION

The Company is regulated by environmental authorities only for its mineral tenement interests at this time. As no substantial work has been done on these tenements during the year and due to the minor interest the Company has in these tenements, there are no significant environmental regulatory liabilities affecting the Company.

DIRECTORS' INDEMNITIES

The Company has paid out no amounts to insure the Directors and/or Secretary for liabilities incurred as costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities of the consolidated entity.

AUDIT COMMITTEE

As at the date of this report the Company has an audit committee consisting of the independent director residing in Australia, Mr P Munachen. The full Board reviews and approves the financial statements.

DIRECTORS' REPORT (Continued)

AUDIT INDEPENDENCE AND NON-AUDIT SERVICES

Auditors' independence -section 307C

The following is a copy of a letter received from the Company's auditors:

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To the directors of Newland Resources Ltd,

I declare that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Graham Swan
Lead auditor
Rothsay Chartered Accountants

Auditors' remuneration

The following amounts were paid to the auditors

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
<u>Audit Services</u>				
<u>Rothsay</u>				
- Audit and review of financial reports and other audit work under the Corporations Act 2001	21,000	29,362	21,000	29,362
<u>G. Cole & Associates</u>				
- Audit of UK subsidiary	8,891	-	-	-
TOTAL FEES FOR AUDIT SERVICES	29,891	29,362	21,000	29,362
<u>Non – Audit Services</u>				
<u>Rothsay</u>				
- Taxation services	1,500	1,900	1,500	1,900
<u>G. Cole & Associates</u>				
- Taxation services UK subsidiary	1,400	-	-	-
TOTAL FEES FOR NON-AUDIT SERVICES	2,900	1,900	1,500	1,900
TOTAL REMUNERATION OF AUDITORS	32,791	31,262	22,500	31,262

The Board has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including acting in a management or a decision-making capacity for the Company or acting as advocate for the Company.

Signed in accordance with a resolution of the directors.

Dated at Perth this 29th day of September 2006.

L A Colless
Director

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenue from continuing operations					
Revenue from continuing operations	2	22,145,482	4,988,162	21,843,745	2,996,490
Expenses					
Cost of investment sold		(6,751,804)	(7,162,999)	(6,751,804)	(7,162,999)
Secretarial and administration fees		(72,000)	(72,000)	(72,000)	(72,000)
Legal fees		(30,407)	(5,919)	(30,407)	-
Directors, consulting fees		(1,595,607)	(527,794)	(1,360,981)	(80,911)
Directors fees		(26,764)	(82,935)	(26,764)	(82,935)
Directors' salary & entitlements		(187,867)	-	(187,867)	-
Corporate fees and reports		(286,244)	(430,943)	(171,803)	(44,589)
Travel, accommodation and entertainment		(320,375)	(131,313)	(320,375)	(98,358)
Consulting		(250,753)	(482,442)	(250,753)	(175,931)
Computing IT costs		(19,532)	-	(19,532)	-
Public and investor relations		-	(55,334)	-	-
Due diligence costs		(266,748)	-	(266,748)	-
Bad debts written off		(67,029)	-	(67,029)	-
Amortisation of goodwill on acquisition of subsidiaries	7	-	(891,665)	-	(921,280)
Audit fees		(29,891)	(29,362)	(21,000)	(29,362)
Auditors - other services		(2,900)	(1,900)	(1,500)	(1,900)
Salaries		(135,851)	(70,689)	(135,851)	-
Premises costs		(137,986)	(145,835)	(137,986)	(18,006)
Interest payable		(27,799)	-	(23,776)	-
Depreciation		(15,767)	(8,210)	-	-
Foreign Exchange gains (losses)		274,393	5,319	274,393	-
Provision subsidiaries		-	-	1,805,450	-
Impairment of investments		(238,627)	5,221,913	(238,627)	5,221,913
Other expenses from ordinary activities		(65,761)	(171,225)	(62,211)	(61,043)
Profit (loss) before income tax		11,890,163	(55,171)	13,776,574	(530,911)
Income tax expense	3	165,070	-	(50,396)	-
Profit (loss) for the year		12,055,233	(55,171)	13,726,178	(530,911)
Profit (loss) attributable to minority interests		-	-	-	-
Profit (loss) attributable to members of Newland Resources Ltd		12,055,233	(55,171)	13,726,178	(530,911)
Earnings per share for profit (loss) from continuing operations attributable to the ordinary equity holders of the Company					
Basic earnings per share	17	0.07	(0.0003)	0.08	(0.0033)

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 30 JUNE 2006

	Note	Consolidated 2006 \$	2005 \$	Parent Entity 2006 \$	2005 \$
ASSETS					
Current Assets					
Cash and cash equivalents	4	4,188,198	1,469,130	3,861,472	482,107
Trade and other receivables	5	3,637,207	524,525	3,581,213	172,255
Total Current Assets		7,825,405	1,993,655	7,442,685	654,362
Non-Current Assets					
Property, plant & equipment	6	31,085	44,912	-	-
Held-to-maturity investments	7	-	-	120,742	2,208,956
Other	7(d)	-	3,210,716	-	-
Available-for-sale financial assets	8	9,075,741	3,063,887	9,075,741	3,063,887
Total Non-current assets		9,106,826	6,319,515	9,196,483	5,272,843
Total Assets		16,932,231	8,313,170	16,639,168	5,927,205
LIABILITIES					
Current Liabilities					
Trade and other payables	9	309,182	444,137	259,466	54,593
Current tax liabilities	3	111,209	345,644	50,396	-
Total current liabilities		420,391	789,781	309,862	54,593
Total liabilities		420,391	789,781	309,862	54,593
Net Assets		16,511,840	7,523,389	16,069,840	5,872,612
Equity					
Contributed equity	10	19,732,352	19,732,352	19,732,352	19,732,352
Reserves	11(a)	86,739	(47,316)	-	-
Accumulated losses	11(b)	(3,317,130)	(12,161,647)	(3,403,046)	(13,859,740)
		16,501,961	7,523,389	16,329,306	5,872,612
Minority interest		9,879	-	-	-
Total Equity		16,511,840	7,523,389	16,329,306	5,872,612

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

Total equity at the beginning of the financial year	7,523,389	6,961,597	5,872,612	5,953,523
Exchange differences on translation of foreign operations	134,055	(47,316)	-	-
Loss on elimination of goodwill	(3,210,716)	-	(3,269,484)	-
Profit (loss) for the year	12,055,233	(55,171)	13,726,178	(530,911)
<u>Transactions with equity holders in their capacity as equity holders</u>				
Contributions of equity, net of transaction costs	-	450,000	-	450,000
Write back dividend provision in subsidiary	-	248,580	-	-
Minority interest in subsidiary	9,879	(34,301)	-	-
Total equity at the end of the financial year	16,511,840	7,523,389	16,329,306	5,872,612

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Interest received		56,570	81,051	49,200	39,936
Other revenue		120,058	29,781	120,058	29,781
Fees received		6,904,228	7,533,744	6,609,861	5,583,187
Foreign Exchange gain (loss)		274,393	(156,926)	274,393	-
Payments to suppliers and contractors (inclusive of goods and services tax)		(3,480,471)	(7,314,508)	(3,056,431)	(5,695,559)
Net cash (outflow) inflow from operating activities	14	3,874,778	173,142	3,997,081	(42,655)
Cash Flows from Investing Activities					
Property, plant & equipment		-	(21,496)	-	-
Loans – other		-	(34,773)	-	-
Sale of investments		11,803,917	2,199,407	11,760,388	2,199,407
Investments - other bodies corporate		(13,002,286)	(2,762,278)	(13,002,286)	(2,762,278)
Net cash (outflow) inflow from investing activities		(1,198,369)	(619,140)	(1,241,898)	(562,871)
Cash Flows from Financing Activities					
Proceeds from issue of shares		-	-	-	-
Borrowings from subsidiaries		-	-	624,182	1,066,148
Net cash (outflow) inflow from financing activities		-	-	624,182	1,066,148
Net increase (decrease) in cash and cash equivalents		2,676,409	(445,998)	3,379,365	460,622
and cash equivalents at the beginning of the financial year		1,469,130	2,118,133	482,107	21,485
Effects of Exchange rate changes on cash and cash equivalents		42,659	(203,005)	-	-
Cash and cash equivalents at the end of the financial year	4	4,188,198	1,469,130	3,861,472	482,107

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASBs), adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. International Financial Reporting Standards (IFRSs) form the basis of AASBs adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (AIFRS) to distinguish from previous Australian Generally Accepted Accounting Principles (AGAAP). The financial report complies with IFRSs and interpretations adopted by the International Accounting Standards Board.

This is the first financial report prepared in accordance with AIFRS and AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cashflow is provided in note 21.

Basis of Preparation

The financial report has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuation of non-current assets. The following specific accounting policies have been consistently applied, unless otherwise stated.

a) **Taxes**

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

b) **Principles of Consolidation**

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Newland Resources Ltd ("the Company") as at 30 June 2006 and the results of all controlled entities for the year then ended. Newland Resources Ltd and its controlled entities are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated income statement and balance sheet respectively. Where control of an entity is obtained during a financial year, its results are included in the consolidated profit and loss account from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

c) **Investments and other financial assets**

From 1 July 2004 to 30 June 2005

Investments in corporations other than related corporations are valued at the lower of cost or directors' valuation. Marketable securities held as inventory are valued at the lower of cost or net realisable value as determined in respect of each security holding. Dividend income is recognised in the profit and loss account.

From 1 July 2005

The Company classifies its investments in the following categories: loan and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Investments and other financial assets are valued at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- d) **Depreciation**
Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset during their expected useful life of 5 years.
- e) **Impairment of assets**
At each reporting date, the consolidated entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Non-current assets are not revalued to an amount above their recoverable amount.
- f) **Foreign currencies**
Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Newland Resources Ltd's functional and presentation currency.
Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.
- g) **Earnings per share**
Basic earnings per share is determined by dividing the profit (loss) after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.
- h) **Payables**
Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.
- i) **Provisions**
Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.
- j) **Revenue recognition**
Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.
- k) **New accounting standards and UIG interpretations**
Certain new accounting standards and UIG interpretations, effective for the 2007 financial statements, have been published that are not mandatory for 30 June 2006 reporting periods. The Company has elected not to adopt, where available, these standards and UIG interpretations early. Application of the standards and UIG interpretations is not expected to effect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
2. REVENUE FROM CONTINUING OPERATIONS				
Included in revenue from continuing operations are the following:				
Sale of investments	15,064,626	2,199,407	15,064,626	2,199,407
Fees received	6,904,228	2,633,846	6,609,861	683,289
Interest received or due and receivable from other corporations	56,570	81,051	49,200	39,936
Other revenue	120,058	73,858	120,058	73,858
	22,145,482	4,988,162	21,843,745	2,996,490
3. INCOME TAX EXPENSE				
Current income tax (from continuing operations)	165,070	-	50,396	-
(a) Current income tax				
Numerical reconciliation of income tax expense to prima facie tax payable				
Profit (Loss) for year before income tax	11,890,163	(55,171)	13,776,574	(530,911)
Tax at the Australian tax rate of 30% (2005: 30%)	3,567,049	-	4,132,972	-
Tax effect of non-deductible items:				
Impairment of investments	71,588	122,223	71,588	110,673
Impairment of investment in subsidiary	-	267,499	-	276,384
Prior year tax losses not recognised now recouped	(4,154,164)	(389,722)	(4,154,164)	(387,057)
Difference in overseas tax rates	-	-	-	-
Under (over) provision in prior year	(276,279)	-	-	-
Income tax expense	165,070	-	50,396	-
(b) <u>Provision for Income Tax</u>				
The taxation provision represents tax payable: in				
United Kingdom on the income of a subsidiary.	60,813	345,644	-	-
Australian on the income of the parent entity	50,396	-	50,396	-
	111,209	345,644	50,396	-
4. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	4,188,198	1,469,130	3,861,472	482,107
Cash at the end of the financial year as shown in the Statement of Cash Flows equals this balance.	4,188,198	1,469,130	3,861,472	482,107
Cash at bank bears interest at rates between 0.01% and 4.0% per annum				

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
5. TRADE AND OTHER RECEIVABLES				
Trade debtors and broker's settlement accounts	3,631,103	518,328	3,575,109	166,058
GST refund due	6,104	6,197	6,104	6,197
	3,637,207	524,525	3,581,213	172,255
6. PLANT & EQUIPMENT				
Office equipment				
At 1 July				
Cost	57,822	-	-	-
Less: accumulated depreciation	(12,910)	-	-	-
Net book value	44,912	-	-	-
Movement for year				
Opening net book amount	44,912	-	-	-
Reconciliation of carrying amount taken over on consolidation - net value	-	20,503	-	-
Foreign exchange adjustment of opening balance	1,940	-	-	-
Additions	-	36,742	-	-
Depreciation charge	(15,767)	(12,333)	-	-
Closing net book amount	31,085	44,912	-	-
At 30 June				
Cost	60,319	57,822	-	-
Less: accumulated depreciation	(29,234)	(12,910)	-	-
Net book value	31,085	44,912	-	-
7. HELD-TO-MATURITY INVESTMENTS				
Unlisted investments				
Shares in controlled entities - at fair value				
At 1 July	-	-	3,269,484	3,740,763
Additions	-	-	-	449,999
Disposals	-	-	(38,470)	-
Net gain (loss) from fair value adjustment	-	-	(1,464,032)	(921,278)
At 30 June	-	-	1,766,982	3,269,484
Loans to (from) subsidiaries - at fair value				
At 1 July	-	-	(1,060,528)	5,621
Addition	-	-	(585,712)	(1,066,149)
Net gain (loss) from fair value adjustment	-	-	-	-
At 30 June	-	-	(1,646,240)	(1,060,528)
Net balance at 30 June	-	-	120,742	2,208,956

(a) Investment in controlled entities

Name	Country of Incorporation	Percentage of equity interest held by economic entity	
		2006	2005
Saturn Exploration NL	Australia	100%	100%
Mount Garnet Mines NL	Australia	100%	100%
Resources Services Ltd	United Kingdom ¹	100%	95%
Resources Services (BVI) Ltd	British Virgin Islands	100%	95%
Country Circle Ltd	United Kingdom ¹	0%	95%
Resources Capital Services LLP	United Kingdom ¹	99%	0%

¹ Entities not audited by Rothsay that carry on business in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

7. HELD-TO-MATURITY INVESTMENTS (continued)**(a) Investment in controlled entities (continued)**

	2006	2005
	\$	\$
Cost		
Resources Services Ltd	2,392,974	2,392,974
Resources Services (BVI) Ltd	2,174,959	2,213,428
Saturn Exploration NL	1	1
Mount Garnet Mines NL	140,002	140,002
Net Loans to/from subsidiaries	<u>(1,646,240)</u>	<u>(1,060,528)</u>
	3,061,696	3,685,877
Net gain (loss) from fair value adjustment	<u>(2,940,954)</u>	<u>(1,476,921)</u>
Net investment in controlled entities – at fair value	<u>120,742</u>	<u>2,208,956</u>

All equity interests are in ordinary shares of the controlled entities.

(b) Contribution to group operating profit (loss)

	2006	2005
	\$	\$
Resources Services Ltd	177,797	384,470
Resources Services (BVI) Ltd	924	667,900
Country Circle Ltd	-	(203,783)
Resources Capital Services LLP	(44,216)	-
Newland Resources Ltd	<u>11,920,728</u>	<u>(12,093)</u>
	12,055,233	836,494
Less: Amortisation of goodwill	<u>-</u>	<u>(891,665)</u>
	<u>12,055,233</u>	<u>(55,171)</u>

(c) Acquisition of controlled entities

During the 2005 financial year, the consolidated entity purchased 5% of the voting shares of Resources Services Ltd in addition to the 95% it already held. Details of the acquisition are as follows:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Fair value of net assets acquired				
Cash at bank	-	88,231	-	-
Receivables	-	442,073	-	-
Creditors	-	(499,169)	-	-
	<u>-</u>	<u>31,135</u>	<u>-</u>	<u>-</u>
Outside equity interests at acquisition	-	-	-	-
Net interest acquired	-	31,135	-	-
Forex adjustment	-	2,032	-	-
Goodwill on acquisition	-	2,359,807	-	-
Consideration (shares)	<u>-</u>	<u>2,392,974</u>	<u>-</u>	<u>-</u>

During the 2005 financial year the consolidated entity purchased 5% of the voting shares of Resources Services (BVI) Ltd in addition to the 95% it already held. Details of the acquisition are as follows:

Fair value of net assets acquired				
Cash at bank	-	107,793	-	-
Receivables	-	347,842	-	-
Plant and equipment -net of depreciation	-	20,503	-	-
Liabilities	<u>-</u>	<u>(408,512)</u>	<u>-</u>	<u>-</u>
	-	67,626	-	-
Outside equity interest at acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net interest acquired	-	67,626	-	-
Forex adjustment	-	(2,043)	-	-
Goodwill on acquisition	-	2,147,845	-	-
Consideration (shares)	<u>-</u>	<u>2,213,428</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

7. HELD-TO-MATURITY INVESTMENTS (continued)

(d) Other non-current assets -Goodwill and cost of investment

The consolidated entity has amortised goodwill on acquisition of subsidiaries as follows:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Goodwill on acquisition of Resources Services Ltd	2,359,807	2,359,807	-	-
Goodwill on acquisition of Resources Services (BVI) Ltd	2,147,845	2,147,845	-	-
Capitalised goodwill	4,507,652	4,507,652	-	-
Less: Accumulated amortisation at 20% per annum	(1,296,936)	(1,296,936)	-	-
AIFRS adjustment	(3,210,716)	-	-	-
Carrying value of Goodwill	-	3,210,716	-	-

The parent has amortised the cost of investment in subsidiaries as follows:

Cost of investment in Resources Services Ltd	-	-	2,392,974	2,392,974
Cost of investment in Resources Services (BVI) Ltd	-	-	2,174,959	2,213,428
	-	-	4,567,933	4,606,402
Less: Provision for diminution	-	-	(2,800,952)	(1,336,920)
Carrying value of RSL group	-	-	1,766,981	3,269,482
Net loans to (from) subsidiaries	-	-	(1,646,240)	(1,060,527)
Net carrying value of other subsidiaries	-	-	1	1
Carrying value of subsidiaries	-	-	120,742	2,208,956

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Shares in listed securities

At 1 July	3,063,887	2,242,695	3,063,887	2,242,695
Additions	13,002,285	2,762,278	13,002,285	2,762,278
Disposals	(6,751,804)	(7,162,998)	(6,751,804)	(7,162,998)
Net gain(loss) from revaluation	(238,627)	5,221,912	(238,627)	5,221,912
At 30 June	9,075,741	3,063,887	9,075,741	3,063,887

9. ACCOUNTS PAYABLE (CURRENT)

Trade creditors and accruals	309,182	444,137	259,466	54,593
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10. CONTRIBUTED EQUITY

SHARE CAPITAL

	2006		2005	
	Number	\$	Number	\$
Ordinary shares – Fully paid	163,777,571	19,732,352	163,777,571	19,732,352

OPTIONS

	-	-	-	-
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SHARE CAPITAL

Movement in ordinary share capital

At 1 July	163,777,571	19,732,352	154,777,571	19,282,352
Vendor issues (refer * below)	-	-	9,000,000	450,000
	163,777,571	19,732,352	163,777,571	19,732,352
Less: Costs of issues	-	-	-	-
At 30 June	163,777,571	19,732,352	163,777,571	19,732,352

* Vendor issue in 2005 for purchase of remaining 5% of the voting shares in the controlled entities, Resources Services Ltd and Resources Services (BVI) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	2006		2005	
	Number	\$	Number	\$
10. CONTRIBUTED EQUITY (continued)				
OPTIONS				
Options – Unlisted				
At 1 July	-	-	20,000	-
Lapsed during year	-	-	(20,000)	-
At 30 June	-	-	-	-
The above options were exercisable at 50 cents per ordinary share on or before 30 September 2004 in respect of 20,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
At 1 July	-	-	1,000,000	-
Lapsed during year	-	-	(1,000,000)	-
At 30 June	-	-	-	-
The above options were exercisable at 50 cents per ordinary share on or before 9 December 2004 in respect of 1,000,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
At 1 July	-	-	500,000	-
Lapsed during year	-	-	(500,000)	-
At 30 June	-	-	-	-
The above options were exercisable at 50 cents per ordinary share on or before 12 December 2004 in respect of 500,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
At 1 July	-	-	1,350,000	-
Lapsed during year	-	-	(1,350,000)	-
At 30 June	-	-	-	-
The above options were exercisable at 50 cents per ordinary share on or before 16 December 2004 in respect of 1,350,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
At 1 July	-	-	350,000	-
Lapsed during year	-	-	(350,000)	-
At 30 June	-	-	-	-
The above options were exercisable at 80 cents per ordinary share on or before 1 February 2005 in respect of 350,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
At 1 July	-	-	100,000	-
Lapsed during year	-	-	(100,000)	-
At 30 June	-	-	-	-
The above options were exercisable at 80 cents per ordinary share on or before 6 February 2005 in respect of 100,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
At 1 July	-	-	500,000	-
Lapsed during year	-	-	(500,000)	-
At 30 June	-	-	-	-
The above options were exercisable at 80 cents per ordinary share on or before 31 May 2004 in respect of 500,000 unissued ordinary shares in Newland Resources Ltd.				
Options – Unlisted				
At 1 July	-	-	500,000	-
Lapsed during year	-	-	(500,000)	-
At 30 June	-	-	-	-
The above options were exercisable at \$1 per ordinary share on or before 31 May 2005 in respect of 500,000 unissued ordinary shares in Newland Resources Ltd.				

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
11. RESERVES AND ACCUMULATED LOSSES				
(a) RESERVES				
Foreign currency translation reserve	86,739	(47,316)	-	-
Movement in reserve for year				
At 1 July	(47,316)	-	-	-
Currency translation differences gain (loss) arising during the year	134,055	(47,316)	-	-
At 30 June	86,739	(47,316)	-	-

Refer note 1(f) for the accounting policy on foreign currency translation reserve.

(b) ACCUMULATED LOSSES

Movement for year

At 1 July	12,161,647	12,355,056	13,859,740	13,328,829
Write back dividend provision in Subsidiary	-	(248,580)	-	-
AIFRS adjustment to goodwill	3,210,716	-	3,269,484	-
Net (Profit) Loss for the year	(12,055,233)	55,171	(13,726,178)	530,911
At 30 June	3,317,130	12,161,647	3,403,046	13,859,740

12. DIRECTORS' REMUNERATION

The directors of the economic entity during the year were:

Newland Resources Ltd

L A Colless, K L Ashworth, P L Munachen, C A R West

Resources Services Ltd

A H Drummon, D J Hutchins, K Thygesen, L A Colless, C A R West.

Resources Services (BVI) Ltd group

L A Colless, D J Hutchins, M Roberts, R Barby

Mt Garnet Mines NL and Saturn Exploration NL.

L A Colless, P L Munachen and K E V Brown.

Details of remunerations to directors are as follows:

	Consolidated		Parent Entity	
	2006	2005	2006	2004
	\$	\$	\$	\$
Directors' income (see also Note 12)				
Total income received, or due and receivable, by directors of Newland Resources Ltd from the company and any related body corporate in connection with the management of the company and any related body corporate.	*413,928	255,612	413,928	226,019
Total income received, or due and receivable, by directors of subsidiaries only, from the company and any related body corporate in connection with the management of the company and any related body corporate.	**1,486,673	678,910	1,252,047	15,092

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

12. DIRECTORS' REMUNERATION (Continued)

Details of remunerations to individual directors are as follows:

Executive Director

Name	<u>Short-term benefits</u>		<u>Post-employment</u>	Total
	Cash Salary	Cash Fees and Disbursements	Superannuation	
	\$	\$	\$	\$
2006				
C A R West, Director parent and one UK subsidiary	167,891	459	19,976	*188,326
2005				
C A R West, Director parent and one UK subsidiary	59,255	-	13,853	*73,108

Non-executive Directors

Name	<u>Short-term benefits</u>		<u>Post-employment</u>	Total
	Cash Salary	Cash Fees and Disbursements	Superannuation	
	\$	\$	\$	\$
2006				
K L Ashworth Director, parent and consultant to UK subsidiary Consulting - parent	-	57,840	-	*57,840
L A Colless Director parent and all subsidiaries Administration, accounting, financial administration fees ^(a) Consulting – parent ^(a)	-	72,000	-	*72,000
P L Munachen Director parent and Australian subsidiaries Consulting - parent	-	30,000	-	*30,000
A H Drummon Director UK subsidiary Broker to the parent and subsidiaries Broker's commission and finance fees – parent	-	35,762	-	*35,762
D J Hutchins Director UK and BVI subsidiaries, Investment manager for subsidiaries and their clients, Consulting fees - parent Consulting -subsidiary Performance bonus	-	148,337	-	**148,337
K R Thygesen Director UK subsidiary Consulting -subsidiary Performance bonus	-	88,911	-	**88,911
M Roberts Director BVI subsidiary, Investment manager for subsidiary Consulting fees	-	507,380	-	**507,380
K E V Brown Director Australian subsidiaries Administration, accounting, financial administration fees ^(a) Consulting – parent ^(a)	-	148,185	-	**148,185
	-	72,000	-	*72,000
	-	30,000	-	*30,000

^(a) Fees payable for administration, company secretarial and financial services of \$72,000 provided by Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown are directors and shareholders. Also \$30,000 was payable to Mineral Administration Services Pty Ltd for consulting fees in respect of Mr Colless.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

12. DIRECTORS' REMUNERATION (Continued)**Non-executive Directors**

Name	Short-term benefits		Post-employment	Total
	Cash Salary	Cash Fees and Disbursements	benefits Superannuation	
	\$	\$	\$	\$
2005				
K L Ashworth				
Director, parent and consultant to UK subsidiary				
Consulting – parent	-	20,911	-	*20,911
Consulting - subsidiary	-	29,593	-	*29,593
L A Colless				
Director parent and all subsidiaries				
Administration, accounting, financial administration fees ^(a)	-	72,000	-	*72,000
Consulting – parent ^(a)	-	30,000	-	*30,000
P L Munachen				
Director parent and Australian subsidiaries				
Consulting - parent	-	30,000	-	*30,000
A H Drummon				
Director UK subsidiary				
Broker's commission - parent	-	15,092	-	**15,092
D J Hutchins				
Director UK and BVI subsidiaries,				
Investment manager for subsidiaries and their clients,				
Consulting - subsidiary	-	340,015	-	**340,015
Performance bonus	-	42,394	-	**42,394
K R Thygesen				
Director UK subsidiary				
Consulting -subsidiary	-	66,288	-	**66,288
Performance bonus	-	141,711	-	**141,711
M Roberts				
Director BVI subsidiary,				
Investment manager for subsidiary				
Consulting fees	-	71,023	-	**71,023
K E V Brown				
Director Australian subsidiaries				
Administration, accounting, financial administration fees ^(a)	-	72,000	-	*72,000
Consulting – parent ^(a)	-	30,000	-	*30,000
R Barby				
Director UK subsidiary				
Administration fees	-	2,387	-	**2,387

^(a) Fees payable for administration, company secretarial and financial services of \$72,000 provided by Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown are directors and shareholders. Also \$30,000 was payable to Mineral Administration Services Pty Ltd for consulting fees in respect of Mr Colless.

Details of remunerations to executives

The Economic Entity has one executive only. Details of his remuneration are as follows:

Executive**2006**

T W R West,				
Investment advisor for subsidiaries				
Consulting fees	-	238,499	-	238,499
Performance fee	-	-	-	-

2005

T W R West,				
Investment advisor for subsidiaries				
Consulting fees	-	263,958	-	263,958
Performance fee	-	42,394	-	42,394

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
13. RELATED PARTY TRANSACTIONS				
Transactions with directors and director related entities				
The directors of Newland Resources Ltd and subsidiaries during the year were:				
K L Ashworth, L A Colless, P L Munachen, C A R West, A H Drummon, D J Hutchins, K R Thygesen, M Roberts and K E V Brown. R Barby (resigned 14/07/04)				
Type of transaction	Related party -directors	Terms and conditions		
Consulting	K L Ashworth	Normal commercial	57,840	50,504
			57,840	20,911
Consulting	P L Munachen	Normal commercial	30,000	30,000
			30,000	30,000
Administration and secretarial fees	L A Colless) K E V Brown)	Normal commercial	102,000	102,000
Director's remuneration	C A R West	Normal commercial	188,326	73,108
			188,326	73,108
Brokers' commission and finance fees	A H Drummon	Normal commercial	35,762	15,092
			35,762	15,092
Investment management and performance bonus fees	D J Hutchins	Normal commercial	742,197	382,409
			742,197	-
Investment management and performance bonus fees	K Thygesen	Normal commercial	596,291	207,999
			596,291	-
Investment management	M Roberts	Normal commercial	148,185	71,023
			148,185	-
Administration fees	R Barby	Normal commercial	-	2,387
			-	-

Shares and options of directors

Aggregate numbers of shares and share options of Newland Resources Ltd acquired from the Company during the year by directors or their director-related entities:-

	2006	2005	2006	2005
	Number	Number	Number	Number
Ordinary shares	-	9,000,000	-	9,000,000
Options	-	-	-	-

Aggregate numbers of shares and share options of Newland Resources Ltd held directly, indirectly or beneficially by directors or their director-related entities at balance date:

	Number	Number	Number	Number
Ordinary shares	17,037,998	23,057,997	17,037,998	23,057,997
Options	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

13. RELATED PARTY TRANSACTIONS (continued)

Individual holdings of directors	Direct	Indirect	Options
K L Ashworth	31,000	-	-
L A Colless	-	^(a) 25,350	-
P L Munachen	-	-	-
C A R West	10,015,000	-	-
D J Hutchins	6,966,648	-	-
A H Drummon	-	-	-
M Roberts	-	-	-
K R Thygesen	-	-	-
K E V Brown	-	^(a) 25,350	-

^(a) Shares registered in the name of Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown are directors and shareholders.

14. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Operating profit (loss) for the year	12,055,233	(55,171)	13,726,178	(530,911)
Add (less) non-cash items:				
Income not received	-	-	-	-
Sale of investments	(15,064,626)	(2,199,407)	(15,064,626)	(2,199,407)
Cost of investments sold	6,751,804	7,162,999	6,751,804	7,162,999
Impairment of investments	238,627	(5,221,913)	238,627	(5,221,913)
Depreciation	15,767	8,210	-	-
Impairment of investment in subsidiaries	-	891,665	(1,805,450)	921,280
Foreign Exchange losses	57,531	(156,926)	-	-
<i>Changes in current assets and liabilities</i>				
Receivables	216,672	(18,673)	(104,719)	(102,809)
Creditors	(396,230)	(237,642)	255,267	(71,894)
Net cash inflow (outflow) from operating activities	3,874,778	173,142	3,997,081	(42,655)

15. EVENTS SUBSEQUENT TO BALANCE DATE

On 3 July 2006 the Company issued 4,094,439 options to take up ordinary shares in the capital of the Company. These options are exercisable at 8 cents each at any time between 3 July 2008 and 3 July 2011 (inclusive). The options have been issued in accordance with the terms of engagement of Mr Stephen Goschalk as the Newland group's Operations Officer.

On 4 August 2006 the Company announced that it had entered into a farm in agreement with Summit Resources Limited ("Summit") (ASX code SMM) over 16 Exploration Permits covering 12,000km² of the Georgina Basin to the west of the Mount Isa Inlier in northwest Queensland. Newland has agreed to commit to sole fund the first \$1.0 million of exploration expenditure and then has the right to sole fund a total of \$5.0 million expenditure for a 50% interest. Summit is manager and operator of the joint venture, has a casting vote whilst it is the manager, retains management whilst it holds 30% or greater interest in the Georgina Basin Uranium Project and has the rights to treat ores mined from the venture at its proposed Mount Isa uranium processing operations.

On 21 August 2006 the Company announced to Australian Stock Exchange Limited that it is in the process of considering a potential reorganisation of the Newland group of companies. To this end, the Company is assessing the viability of dividing Newland's Australian and United Kingdom businesses. The Australian business currently comprises investments in resource projects, including the Mt Garnet Zinc Project and the joint venture with Summit Resources Limited in relation to the Georgina Basin Uranium Project in Northwest Queensland and proprietary trading in the resources sector. The United Kingdom business includes funds management and private equity investment. The primary aim of the division is to create an expanded UK-based business with funds under management in a number of international sectors including resources, property and emerging markets whilst leaving the Australian business to focus on new and existing resource projects and investments. It is anticipated that the UK business will be separately listed on the Alternative Investment Market of the London Stock Exchange (AIM), and that the Australian business will remain listed on Australian Stock Exchange Limited.

Apart from the above, no other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the financial year ended 30 June 2006.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

16. SEGMENT INFORMATION

The company operates in Australia and United Kingdom in the resources and financial services industries.

	Segment Revenue	Segment Profit (loss)	Segment Assets
	\$	\$	\$
Industry segments 2006			
Financial Services	22,145,482	12,055,233	16,932,231
Resources	-	-	-
Total	22,145,482	12,055,233	16,932,231
Industry segments 2005			
Financial Services	4,988,162	(55,171)	8,313,170
Resources	-	-	-
Total	4,988,162	(55,171)	8,313,170
Geographic segments 2006			
Australia	21,843,745	11,920,728	15,089,060
United Kingdom	301,737	134,505	1,843,171
Total	22,145,482	12,055,233	16,932,231
Geographic segments 2005			
Australia	2,588,709	(903,758)	6,928,968
United Kingdom	2,399,453	848,587	1,384,202
Total	4,988,162	(55,171)	8,313,170

17. EARNINGS PER SHARE

	2006	2005
	\$	\$
(a) Basic earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company	.07	(0.0003)
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	163,777,571	162,865,242
(c) Diluted earnings per share		
Diluted earnings per share is not materially different from basic earnings per share and has therefore not been disclosed.		

18. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
<u>Audit Services</u>				
<u>Rothsay</u>				
- Audit and review of financial reports and other audit work under the Corporations Act 2001	21,000	29,362	21,000	29,362
<u>G. Cole & Associates</u>				
- Audit of UK subsidiary	8,891	-	-	-
TOTAL FEES FOR AUDIT SERVICES	29,891	29,362	21,000	29,362
<u>Non – Audit Services</u>				
<u>Rothsay</u>				
- Taxation services	1,500	1,900	1,500	1,900
<u>G. Cole & Associates</u>				
- Taxation services UK subsidiary	1,400	-	-	-
TOTAL FEES FOR NON-AUDIT SERVICES	2,900	1,900	1,500	1,900
TOTAL REMUNERATION OF AUDITORS	32,791	31,262	22,500	31,262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

18. **AUDITORS' REMUNERATION (Continued)**

The Company has received notification from the Company's auditor that he satisfies the independence criterion and that there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct in relation to the audit. The Company is satisfied that the non-audit services provided is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

19. **CONTINGENCIES**

As at 30 June 2006 there are no contingent liabilities of the Company for termination benefits under any service agreement or contract with directors or persons who take part in the management of the Company. There are no other contingent liabilities or assets at 30 June 2006.

20. **FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks.

Credit risk

The Company does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

Cash flow and fair value interest rate risk

Although the Company has significant interest bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company monitors interest rates to obtain the best terms and mix of cash flow.

21. **IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The company has adopted AASB138 Intangible Assets. This has had the effect of derecognising goodwill on the purchase of subsidiaries, which has previously been carried as a non-current asset. The net balance of goodwill at 30 June 2005 has been written off in the current financial year. This has had the effect of reducing held-for-maturity investments and increasing accumulated losses (decreasing equity) in the consolidated entity by \$3,210,716. In previous years, goodwill was being amortised over five years.

(1) **Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)**

(a) At the end of the last reporting period under previous AGAAP: 30 June 2005

	Consolidated 30 June 2005	Parent entity 30 June 2005
	\$	\$
Total equity under previous AGAAP	7,523,389	5,872,612
Effect of transition to AIFRS	-	-
Total equity under AIFRS	<u>7,523,389</u>	<u>5,872,612</u>

(b) At 30 June 2006 under AIFRS

	Consolidated 30 June 2006	Parent entity 30 June 2006
	\$	\$
Total equity under previous AGAAP	19,722,556	16,329,306
Elimination of goodwill on investments in subsidiaries	(3,210,716)	-
Total equity under AIFRS	<u>16,511,840</u>	<u>16,329,306</u>

(2) **Reconciliation of profit (loss) for the year ended 30 June 2005**

	Consolidated 30 June 2005	Parent entity 30 June 2005
	\$	\$
Net (loss) as reported under AGAAP	(55,171)	(530,911)
Adjustments for effect of transition to AIFRSs	-	-
Net loss under AIFRS	<u>(55,171)</u>	<u>(530,911)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

21. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)**(2) Reconciliation of profit (loss) for the year ended 30 June 2006**

	Consolidated 30 June 2006	Parent entity 30 June 2006
	\$	\$
Net profit as reported under AGAAP	12,055,233	13,726,178
Adjustments for effect of transition to AIFRSs	-	-
Net loss under AIFRS	12,055,233	13,726,178

(3) Reconciliation of cash flow statement for the year ended 30 June 2006

The adoption of AIFRS has not resulted in any material adjustment to the cash flow statement.

DIRECTORS' DECLARATION

The Directors declare that:

- a) The attached financial statements and notes thereto comply with Accounting Standards and other mandatory reporting requirements and the Corporations Regulations;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the consolidated entity;
- c) In the Directors' opinion the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

Signed at Perth this 29th day of September 2006

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

L A Colless
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWLAND RESOURCES LIMITED**Scope**

The financial report comprises the income statement, statement of changes in equity, balance sheet, statement of cashflows, accompanying notes, the disclosures made as required by AASB 124 *Related party disclosures* of the remuneration report in the Directors' report and the Directors' declaration for Newland Resources Limited the company and the consolidated entity for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under AASB 1 *First-time adoption of Australian equivalents to IFRS*.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, Australian Accounting Standards and other mandatory professional reporting requirements in Australia a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

- 1 In our opinion, the financial report of Newland Resources Limited is in accordance with:
 - a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - b) other mandatory professional reporting requirements.
- 2 the remuneration disclosures in the Directors' report comply with AASB 124

Rothsay

Graham R Swan
Partner

Dated 29 September 2006

The liability of Rothsay is limited by the Accountants' Scheme, approved under the Professional Standards Act 1994 (NSW)