ASX : NAE

NEW AGE Exploration Limited

Quarterly Report

To 30 June 2014

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 30 June 2014.

The June quarter saw NAE continue to progress the flagship Lochinvar Project through the successful completion of the Phase 1b drilling program and the continuation of Scoping Study activities.

HIGHLIGHTS

- **Completion of Lochinvar Phase 1b drilling program (including 2 additional holes):**
  - All six boreholes intersected the target Nine Foot Seam
  - Drilling program delivered on budget with zero safety incidents

- **Coal quality results to date from Lochinvar Phase 1b drilling indicate the potential to produce a high volatile coking coal product with a specification generally within the range of previously released results. Results expected to be released in August.**

- **Lochinvar structural study and resource update progressing well with an Indicated Resource over central and northern parts of the deposit now expected in August.**

- **Options Selection Stage of Lochinvar Scoping Study completed**
  - Priority development case based on a single miniwall as primary means of underground coal production

- **Lochinvar Scoping Study now expected to be released in October**

New Age Exploration Limited is an Australian company focused on coking coal exploration and development. Its flagship project is the Lochinvar Coking Coal Project in the UK which is ideally located to supply domestic UK and European steel mills with immediate access to existing rail and port infrastructure. The initial Lochinvar JORC Inferred Resource estimate of 112Mt was released in October 2013 and the Company is targeting development of the project by 2016.

ACTIVITIES REPORT

LOCHINVAR COKING COAL PROJECT, UK (100% NAE)

The Lochinvar Coking Coal Project is located on the Scottish / English border and has been the Company's principal focus since grant of the initial Exploration Licence and Conditional Underground Mining Licence in June 2012. In March 2014, additional licences were granted to the Company adjoining and to the south west of the existing Lochinvar licence (see Figure 1).

NAE's Lochinvar licences cover the Canonbie Coalfield, an undeveloped coking coal resource located adjacent to the West Coast Main Line rail connecting with UK steelmakers, cokemakers and export ports.

An Indicated Resource of 112Mt and an additional exploration target of 38-81Mt has been defined for the Lochinvar Project.

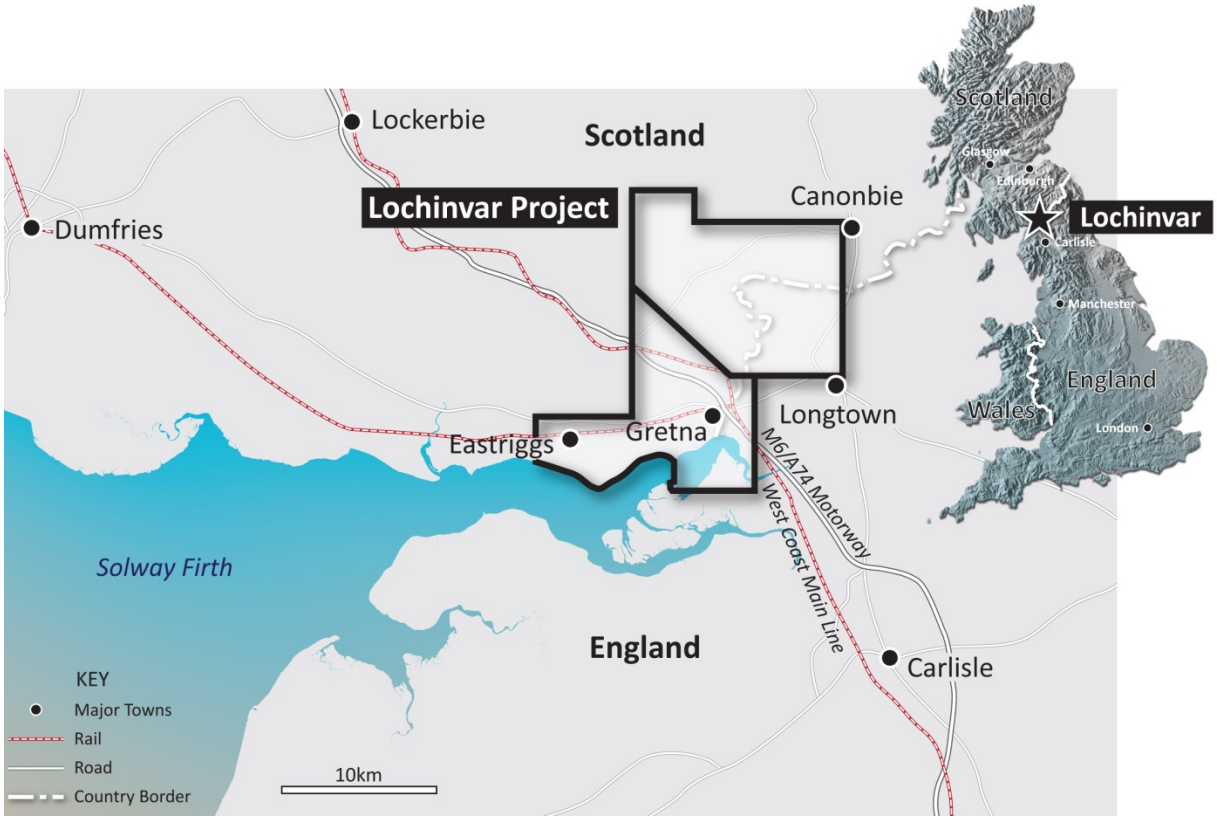

Figure 1: Location of the Lochinvar Project

Completion of Lochinvar Phase 1b Drilling

The initial four borehole Lochinvar Phase 1b drilling program (LCL-003, LCL-019, LCL-033 and LCL-006) was completed on 16 May 2014. An additional two boreholes (LCL-032 and LCL-037), aimed at extending the resource to the south and to the north, were completed on 2 July 2014. The locations of the Phase 1b boreholes are shown in Figure 2.

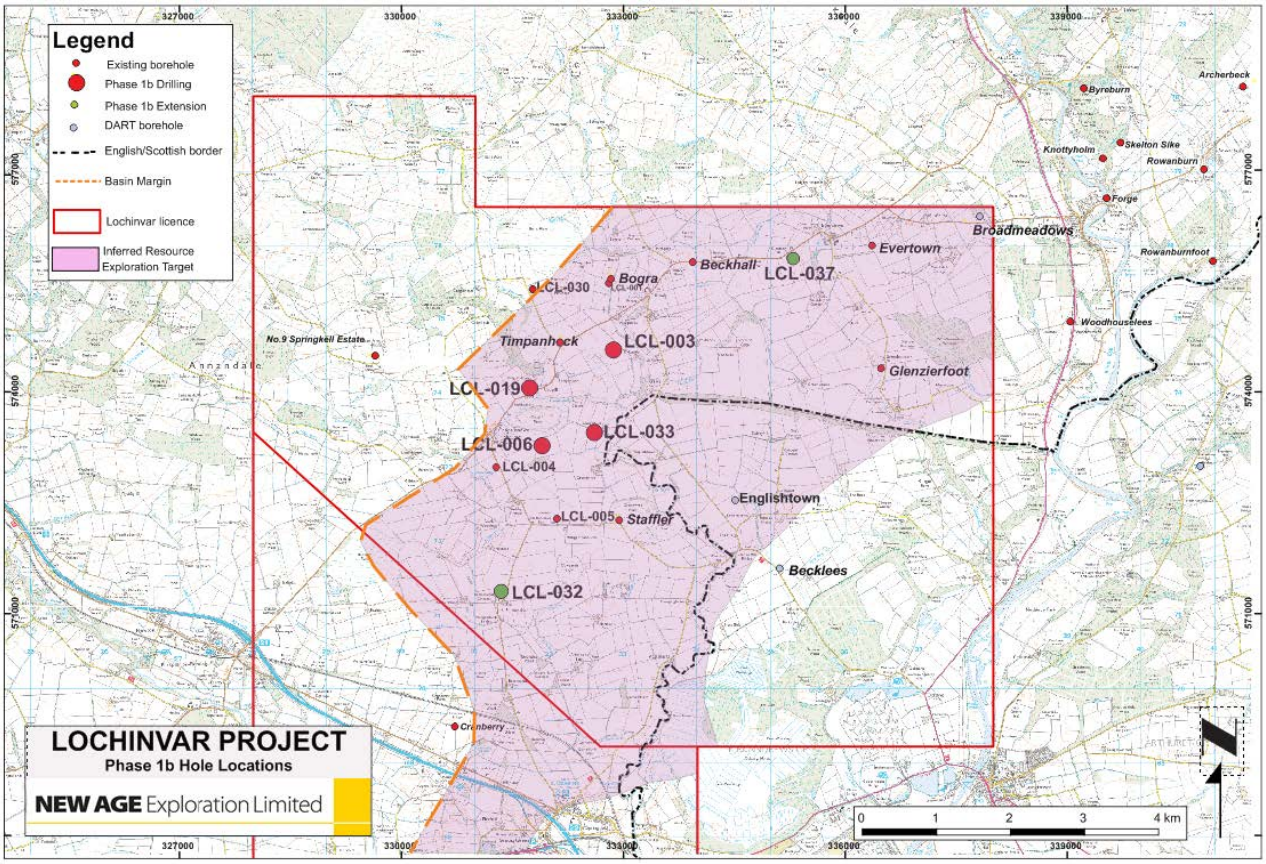

Figure 2: Phase 1b Borehole Locations

All six of the Phase 1b boreholes intersected the target Nine Foot Seam with a summary of the results shown in Table 1 .

Table 1: Phase 1b Nine Foot Intersections

PHASE 1B - NINE FOOT SEAM COAL INTERSECTIONS				
Borehole	**From (m)**	**To (m)**	**Seam Thickness (m)**	**Coal Thickness (m)**
LCL-003	341.3	343.4	2.10	**1.84**
LCL-019	400.5	402.5	1.99	**1.90**
LCL-033	344.1	346.0	1.89	**1.89**
LCL-006	326.2	327.8	1.59	**1.59**
LCL-032[1]	283.6	284.3	0.70	**0.59**
LCL-037[2]	422.4	424.3	1.82	**1.82**

[1] *Categorisation of seam as Nine Foot Seam is preliminary and thinner coal interpreted as thinning of coal deposited on the western basin margin.*

[2] *Steep dips and evidence of faulting were encountered in borehole LCL-037. After correcting for dip, the **true vertical thickness** of the **Nine Foot Seam** in borehole **LCL-037** is **1.6m** which is interpreted as being truncated by faulting.*

The Six Foot Seam was only intersected in two of the boreholes completed (LCL-033 and LCL-037) with thicknesses shown in Table 2 . The Six Foot Seam appears to be well developed in the northern part of the resource but absent or thinner within the central part of the resource.

Table 2: Phase 1b Six Foot Intersections

PHASE 1B - SIX FOOT SEAM COAL INTERSECTIONS				
Borehole	**From (m)**	**To (m)**	**Seam Thickness (m)**	**Coal Thickness (m)**
LCL-033	335.5	336.3	0.75	**0.75**
LCL-037[3]	404.5	407.8	3.23	**3.18**

[3] *Steep dips and evidence of faulting were encountered in borehole LCL-037. After correcting for dip, the estimated* ***true vertical thickness*** *of the* ***Six Foot Seam*** *in borehole LCL-037* ***is 2.3m.***

The drilling program was completed on budget and with zero safety incidents. The drilling company (Priority Drilling Ltd) continuously improved drilling performance and productivity throughout the program at Lochinvar. Use of a low footprint drill rig enabled the program to be completed efficiently and with minimal community impact (see Figure 3).

Figure 3: Priority Drilling Set Up on LCL-033

Lochinvar Phase 1b Drilling Coal Quality Results

Raw and clean coal analysis results for the Phase 1b program will be released on receipt of all results from laboratories which is currently scheduled for August 2014.

Results to date indicate that Lochinvar has the potential to produce a high volatile coking coal product with a specification generally within the range of previously released results.

Lochinvar Resource Update

A structural interpretation and updated resource estimate is currently being undertaken based on the results of the Phase 1b drilling program and the updated resource estimate is now expected to be released in August.

As part of the structural interpretation, approximately 50km of National Coal Board seismic lines over Lochinvar are being re-interpreted by Velseis, a Brisbane-based seismic specialist with considerable

experience in coal. This update will tie in the Nine Foot Seam intercepts from NAE drilling (10 holes from Phases 1a and 1b) and improve the accuracy of seismic interpretation and hence, the structural model and mining study. This work was not initially in the project schedule and its inclusion is expected to delay the resource update release from July to August and the Scoping Study release from September to October.

Based on Phase 1b program results, it is expected that a significant part of the Nine Foot Seam Inferred Resource in the central and western parts of the deposit (where drilling density is now higher) will be upgraded to Indicated Resource status.

The location of the Phase 1b boreholes in relation to the current Lochinvar Inferred Resource and Exploration Target is presented in Figure 2.

Lochinvar Scoping Study Update

During the quarter, the Options Selection Stage of the Lochinvar Scoping Study was completed. This has involved a technical and economic assessment of a number of alternative development options for the project and selection of the most attractive case (the Priority Development Case). The final stage of the Scoping Study will now focus on more detailed technical and economic evaluation of the Priority Development Case.

The mining and infrastructure components of the Scoping Study are being led by Palaris Australia (Newcastle, Australia) with design input from Strata Control Technology (geotechnical evaluation), QCC Resources (coal processing) and Dalgleish & Associates based in Scotland (community, environment and planning).

Figure 4: Typical Miniwall as selected for Lochinvar Priority Development Case

The Priority Development Case for the Lochinvar Project is based on a single miniwall as the primary underground mining unit (See Figure 4). The key components of the Priority Development Case are summarised in Table 3. The Priority Development Case presented is based on our current understanding and should not be relied upon as it remains both incomplete and inconclusive and, therefore, is subject to change before completion of the Scoping Study.

Work on the Scoping Study is progressing well with the current focus on finalising the seismic interpretation, structural study and resource model updates prior to finalising mine plan, surface infrastructure design and wash plant design and updating the capital costs, operating costs and economics for the study.

The Scoping Study is now scheduled for completion during October 2014.

Table 3: Lochinvar Scoping Study - Priority Development Case Summary

Coal Mining
Main coal production via a single bi-directional miniwall shearer mining up to 90m panels
Gas drainage via in seam drilling in advance of development
Coal Access
6m diameter single drift at a grade of 1:8 to a depth of approximately 225m developed using a Tunnel Boring Machine
Conveyor suspended from roof of drift
Vertical shaft for ventilation and as second means of egress
Coal development by 3 x continuous miner units
Coal Processing
250tph single stage dense media separators with teeter bed separator and flotation
70% - 80% yield to produce clean saleable coal
Pasting of fine rejects and co-disposal with coarse rejects
Logistics and Surface Infrastructure
500m to 1,000m rail siding and clean coal stockpile
Marketing
Priority sales to existing UK domestic steel mills (Teesside, Scunthorpe and Port Talbot) and coke plants via existing rail
Remainder sold into European markets via rail and ship loading at Hunterston or Blyth ports

Lochinvar Forward Work Program

The Company currently anticipates completion dates for major activities in the Lochinvar forward work program to be as shown in Figure 5.

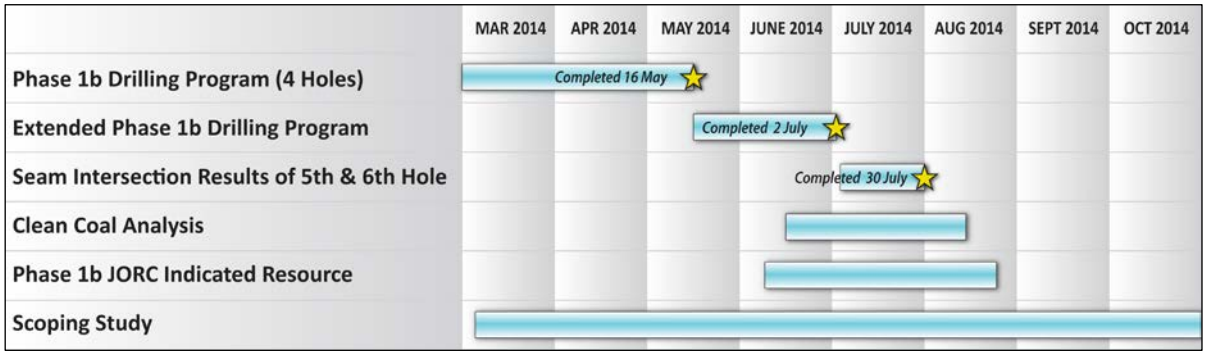

Figure 5: Lochinvar Schedule

REDMOOR TIN AND TUNGSTEN PROJECT, CORNWALL UK (100% NAE)

NAE holds the Redmoor Tin & Tungsten project in the historic mining district of Cornwall, United Kingdom under a 15-year exploration licence with modest annual payments that are not material to NAE.

An initial Inferred Resource was announced in February 2013, but there has been no material new activity this quarter due to the focus on the Lochinvar Coking Coal Project.

NAE continues to look at future options for the Redmoor Project, which may include exploration and studies, strategic partnership or divestment. Discussions with interested parties are continuing, but remain at an early stage. A review of the potential for other tin / tungsten occurrences within the mineral rights area will be completed in 2014 Q4. Tin and tungsten prices have remained strong, underpinning the value of the project.

COLOMBIA

Activities in Colombia this quarter have focused on gaining an extension to the mining concession for the Terranova project where there has been progress with the regulatory authorities agreeing to a Paramo boundary definition study being undertaken by the Von Humboldt Institute.

Limited progress has been made on any other projects in Colombia this quarter.

CORPORATE

During the quarter, funds were received from Resource Capital Fund V L.P (“RCF”) ($1,000,000) and Mr Chee Siew Yaw ($500,000) for deferred settlement of the $2,198,500 placement of 54,962,500 shares at 4.0 cents announced last quarter.

Competent Persons Statement

***Lochinvar Project**: Information in the report in relation to Lochinvar Coking Coal Project to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr William John Bamberry, a Competent Person who is a Member of the Australian Institute of Geoscientists (Membership # 4090). William John Bamberry has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. William John Bamberry consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Information relating to Exploration Results for the first four boreholes of the Lochinvar Phase 1b drilling program (LCL-003, LCL-019, LCL-033 and LCL-006) is based upon information previously lodged with ASX which contained information compiled by Dr William John Bamberry, a Competent Person who is a Member of the Australian Institute of Geoscientists (Membership # 4090), dated and released to ASX as a separate announcement on 20th May 2014. Further detail can be obtained from the above announcement, which is available from the ASX website, www.asx.com.au. The Competent Person Dr William John Bamberry, is an independent consultant. The Company confirms that it is not aware of any new information or data that materially affects information as it relates to exploration results included in the announcements referred to, and that the form and context in which the competent person's (Dr William John Bamberry) findings are presented have not been materially modified.

***Redmoor Project**: References to the Inferred resource at Redmoor is based on information compiled by Dr. Mike Armitage (CGeol CEng FGS MIMM) and Mr. Howard Baker (MAusIMM (CP)) who are both full time employees of SRK. Dr Armitage and Mr Baker have more than 5 years' experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken 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'. Dr Armitage and Mr Baker consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.*

***Colombia Projects**: Dr Frederick Smith is a Fellow of the Institute of Materials, Minerals and Mining. Dr Smith is a Director and Shareholder of Aurora Energy S.A. and the Managing Director and Principal Consultant of FWS Consultants Ltd. Dr Smith 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". Dr Smith consents to the inclusion in the documents of the matters based on his information in the form and context in which it appears.*

JORC CODE TABLE 1

Checklist of Assessment and Reporting Criteria

Note – The following refers to the previously calculated Inferred Resource and Exploration Target for the Lochinvar and Lochinvar South License's along with exploration results from 6 holes drilled by NAE during 2014 in its Phase 1b drilling program. Integration of the results of the 6 Phase 1b holes into the Lochinvar resource model has recently commenced but is not yet completed or ready for release.

Section 1: Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	All coal seams at the Lochinvar Project occur in the subsurface. Sampling was undertaken ply by ply sampling across whole intersections of target coal seams. Sampling methods on recent holes were conducted with internal work procedures that were consistent with acceptable industry standards. Sampling standards have been revised by NAE in line with best industry practice.
Drilling techniques	Sampling of coal for analysis has been undertaken by use of conventional core drilling in holes 7.8 to 8.8cm diameter (historical holes) and PQ-size core (LCL-001, LCL-004, LCL-005 and LCL-030).
Drill sample recovery	Linear core recovery is not noted on historical logs, but NCB coal analysis reports describe core recovery reported on a length by volume basis. Core recovery is generally >90% by length.
Logging	Detailed lithological logs are available for recent and historical holes. Standard of logging adequately supports the resource estimate.
Sub-sampling techniques and sample preparation	Whole coal seams were sampled ply by ply and combined into logical composites for washability and clean coal composite tests. Most recent cores have been sub-sampled by Rotary Sample Divider of crushed core. Core from LOI-001 was subdivided with a circular saw and either half sent to different laboratories. Comparative analysis of core analyses from either half did not conform to reproducibility standards. However, mathematical weighting of the sample results compared favourable to the Bogra borehole that was twinned by LOI-001. Sub-sampling and preparation techniques of historical holes are not well documented.
Quality of assay data and laboratory tests	Historical coal analysis was undertaken by the NCB. Original copies of coal analysis for the Glenzierfoot, Staffler and Timpanheck boreholes have been located and record proximate analysis, float-sink analysis and numerous clean coal composite tests. Hand-written coal quality data is available for Woodhouselees bore, but most historical analysis data has not been located or verified. Coal analysis on NAE bores includes ply by ply analysis, float-sink analysis and clean-coal composites. Testing has been carried out mostly at the Environmental Service Group laboratory, whose materials testing is accredited to ISO/IEC 17025:2005. NAE have revised and documented new analytical procedures which were implemented after LOI-001. Historical geophysical data collection utilised a coal combination sonde with the log suite including caliper, bed resolution density, long space density and gamma ray. Current geophysical data was collected by Robinson Geologging Limited with the log suite including natural gamma (API), caliper (mm), bed resolution density (CPS), high resolution density (CPS), density (gm/cc) and sonic velocity (µs/ft).
Verification of sampling and assaying	Coal seam intersections and the stratigraphy encountered in each borehole have been correlated and verified by various parties, including Palaris and NAE. Since the NCB boreholes intersect considerable depth, they have been used in geological studies of the area and, as such, the stratigraphy of boreholes, such as Becklees, is well established.
Location of data points	Survey data for the Lochinvar Project is recorded in the Ordnance Survey National Grid coordinate system which is the geographic grid reference used in Great Britain. Collar coordinates for recently drilled boreholes (2013 series) have been surveyed by a registered surveyor; accuracy of historical borehole collars is unknown.
Data spacing and distribution	Borehole data intersecting the coal sequence is in the order of 0.8 to 2.5 km spacing. The seismic lines that have sampled the licence area provide a reasonable coverage of the area and are orientated southwest-northeast and southeast-northwest.
Orientation of data in relation to geological structure	Seismic survey lines and exploration drilling have been used to interpret geological structure in the Lochinvar Project area. Due to the nature of the mineral deposit, sampling has not been materially impacted or biased by these geological structures.
Sample security	No specific sample security measures are in place other than ensuring that the coal analysis laboratory is custodian of coal samples to be tested.
Audits or reviews	No evidence of review or audits of historical data is known to exist. However, each page of some logs of

	historical boreholes have been verified by someone, presumably by the logger, or a peer. Palaris reviewed the standard operating procedure used for hole LOI-001, and consider them to be in line with industry practice. Conformance with the procedure has not been audited.

Section 2: Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	On the 16th of July 2012, NAE recieved Coal Exploration Licence *CA11/EXP/0515/N* from the Coal Authority. The agreement allows NAE to conduct coal exploration activities in the Lochinvar Coal Project area for a period of five years. The exploration tenement covers an area of 6,752 ha and is wholly leased to NAE. Subsequent to the Coal Exploration Licence, associated Underground Conditional Licence *CA11/UND/0176/N* has been issued to NAE.
Exploration done by other parties	The Lochinvar Project area has been explored for coal, oil and gas since the mid-1950s. Available data from historical exploration has been utilised in combination with current data in the assessment of the tenement. Nine seismic lines totalling 64.15km have been collected over the Lochinvar Project area. The seismic data is a mix of dynamite sourced seismic lines acquired by British Coal between 1980 and 1983, and Vibroseis data collected by Lennox Oil Company between 1986 and 1987. The NAE licence area is overlapped by PEDL159 currently held by Dart Energy. The previous tenement holder, Greenpark Energy, drilled several wells in the PEDL that also were located within the Lochinvar Project area. These wells included wells that twinned the Broadmeadows and Becklees bores. In addition, a well drilled in the central part of the licence area (Englishtown 1 and 1z) provides useful evidence for the continuity of coal. Not all data is publicly available from these wells.
Geology	The Canonbie Coalfield is located at the north-eastern end of the Solway Basin where NAE hold their exploration title. This basin complex contains Carboniferous-age deposits with a thickness of up to 8,000 metres. The target coal seams of the Lochinvar Coal Project occur in the Middle Coal Measures of the Upper Carboniferous Pennine Coal Measures. In the Canonbie Coalfield, the Solway Syncline is bounded in the north and east by faults, and to the south and west, by unconformity and poor development of coal seams. The Pennine Coal Measures are exposed at the surface to the north-east of the Lochinvar Coal Project, where they have been historically mined, and dip beneath the unconformable Permian-Triassic New Red Sandstone sediments (St Bees and Eden Shales Formations) to the south-west. Precise limits of the Canonbie Coalfield are poorly understood as the coalfield is concealed by the Permian-Triassic sediments.
Drill hole Information	Boreholes utilised in the reporting of exploration results were drilled during the two exploration phases of the NCB (1950's, 1980's) and the recent drilling by NAE (2013). Appendix A lists the borehole intersections of seams in the Middle Pennine Coal Measures.
Data aggregation methods	Weight averaging techniques for data aggregation was done by weighing of quality parameters by length by density whereas density was weighted by length.
Relationship between mineralisation widths and intercept lengths	Boreholes have been drilled vertically to intercept coal seams. Dip has been recorded on drill logs. The geological model takes into account the top and bottom intercepts of seams in the model and can be interrogated to provide true thickness. Boreholes entered into the geological model have not been corrected for deviation, as only very basic deviation data has been collected.
Diagrams	Table of intercepts are provided in Appendix A. Isopach and resource maps are provided in the full resource report for Lochinvar.
Balanced reporting	Average thickness of seams intersected in the main target seams intersected in boreholes are listed below: ♦ Six Foot seam: 1.56m ♦ Nine Foot Upper Split 1 (NFU1): 0.52m ♦ Nine Foot Upper Split 2 (NFU2): 0.43m ♦ Nine Foot Lower: 1.69m ♦ Nine Foot seam (northern area, where unsplit): >2.4m ♦ Five Foot seam: 1.11m
Other substantive exploration data	No other substantive exploration work has been undertaken in the coalfield.
Further work	NAE are conducting further drilling using improved drilling techniques to better define the coal resource and collect the necessary data to improve the status of the resource.

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	The data for this project resides in several formats and includes the softcopy records of original logs, laboratory reports and geophysical logs. Additionally, LAS files for geophysical data have been recovered from the BGS. Seam interval data has been loaded into and a geological model developed using Ventyx Stratmodel software (Minescape suite). The seam picks are maintained within the geological model (Minescape software), currently by the Competent Person.
Site visits	The Competent Person has not visited the Lochinvar Coal Project but has been involved with the design of the drilling program, analytical testing procedures and interpretation of geological data.
Geological interpretation	The stratigraphy of the Middle Pennine Coal Measures has been the topic of various studies that have utilised the data from historical boreholes to derive their conclusions. The continuity of coal seams is evidenced by their reflections in seismic surveys covering the area and the intersections in boreholes. Coal seams form reasonable marker bands in the sequence, but stratigraphic location is also aided by the presence of marine bands, such as the Cambriense (Riddings) Marine Band, which identifies the top of the Middle Coal Measures, and the Queenslie Marine Band, which marks the base of this sequence. The naming conventions used in the geological interpretation are fairly simple and for the most part, whole seams have been identified and not broken into named ply units. Splitting occurs in the Nine Foot seam and has been recognised through correlation using lithological characteristics, stratigraphic position and geophysical logs. Stratigraphy detail has now been documented by NAE in an internal document produced by NAE staff (*Study of sedimentary units within the Lochinvar Project Licence*), which has aided in the understanding of the geology of the area.
Dimensions	The NAE licence area covers a total area of 6,752 ha. Of that area, 4,946 ha are potentially coal-bearing (this is the area underlain by the basin) and represents 73% of the total area. For coal seams considered to have resource potential in this estimate, a 1,000m depth of cover limit coincides with the interpreted location of a fault that trends SW-NE near the Becklees bore (Becklees Fault). The area located up-dip of Becklees Fault amounts to 3,305 ha or 67% of the potentially coal-bearing area. The target coal seams are tabular bodies that are dipping at 5 to 10 degrees, generally south-eastwards. The modelled thicknesses are in part impacted by the faulting included the model and a large area of extrapolation at depth (southeast of Becklees). Other seams which are not included in the Resource estimate, such as the Seven Foot seam, are represented by fewer data points.
Estimation and modelling techniques	A geological model was constructed in Stratmodel, the modelling package within the Ventyx Minescape suite of software. The model consists of upper and lower bounding surfaces of prospective coal seams, and the unconformable and conformable surfaces represented in the sequence. Sixteen faults have been incorporated into the model. Boreholes and seismic data (largely used for fault interpretation) were included in the seam modelling. The interpolators used in the geological model were FEM for thickness and trending, and PLANAR for surfaces; these interpolators are proprietary estimators of the Minescape software.
Moisture	Total moisture tests have been undertaken only on the more recent data collected by NAE. Historical data shows that air-dried moisture content is between 2-3% (ad). The total moisture content of the coal is 6% (ar) in LOI-001. *In situ* moisture estimate of 5% (ar) was used in this analysis, and was determined by examining the relativity of the air-dried and total moisture in the absence of more definitive tests.
Cut-off parameters	A minimum mineable thickness of 1.2 metres was applied in determining limits of coal resources within the tenement. This limit is considered to be a practical lower height limit for continuous miners to attain in the United Kingdom. In addition to this thickness limit, a depth of cover limit of 1,000 metres was applied to the resource. In this case, this depth of cover limit largely coincides with the large SW-NE fault that passes close to the Becklees borehole. Down-dip of this fault, sections of coal are located that meet the criteria >1.2 m thick and <1000m depth of cover, but these smaller blocks of coal have been excluded from the coal on the basis of their accessibility.
Mining factors or assumptions	The author assumes that this coal will be mined by underground methods, with the coal resource accessed via a drift.
Metallurgical factors or assumptions	No metallurgical factors have been considered to limit the resource. Washing of the coal in a coal handling and preparation plant will enable removal of dilution and an improvement on the saleability of the product.
Environmental factors or assumptions	Reject materials from processing this coal will be higher in sulphur content than the product coal. The potential environmental impacts of higher sulphur rejects or tailings materials has not been taken into account in this analysis, as the project is at a very early stage. However, consideration of a potential

	middlings product, derived as a secondary product, has been considered in coal analysis of LOI-001 as an option to potentialy maximise coal utilisation and minimise waste disposal.
Bulk density	Average relative densities for each seam were determined for use in Resource estimation and determination of Exploration targets. The densities used in this estimate were adjusted to *in situ* moisture basis, which, in the case of Lochinvar deposits, was judged to be 5% (ar) by the author. This estimate of *in situ* moisture content is based on an examination of the relativity of air-dried and total moisture analysis undertaken on Lochinvar samples. This method was used in the absence of any near direct measures of bed moisture, such as equilibrium moisture or moisture holding capacity tests. The air-dried densities were then adjusted using the Preston and Sanders equation. The volume of coal determined for each classification was multiplied by the average in situ density to determine mass. When additional exploration drilling and analysis is completed, spatially modelled densities will be used for future estimates.
Classification	Geological filters were applied to coal seams in the Lochinvar Project area to define which seams were above a minimum mining thickness of 1.2m. A maximum depth of cover of 1,000m was applied to the coal to delineate potential coal resource or exploration target. Polygons of influence of a radius of 1,500 metres were generated around valid points of observation for both the Six Foot and Nine Foot seams, and resultant polygonal shape rationalised to the basin limit and the limits as defined in the first step. Coal within these polygons were classified as Inferred Coal Resources, and areas defining coal outside of the polygons, but meeting thickness and depth criteria, were included as “Exploration Target”. Additional Exploration Target was identified in the Five Foot seam.
Audits or reviews	Technical reviews of the estimates have been undertaken with NAE staff during the process of deriving at these numbers. No external reviews or audits have been undertaken.
Discussion of relative accuracy/ confidence	The relative accuracy of this estimate has not been quantified. A number of factors that affect the estimate include: ♦ the structural complexity of the deposit and the moderate possibility of additional structures that have not yet been identified by seismic or drilling ♦ the location of the split line in the Nine Foot seam ♦ the absence of the Six Foot seams in some holes has not been modelled as being faulted out, and further work needs to be done to establish if this is the case ♦ further test work is required to determine the bed moisture content ♦ further test work is required to determine the relative density of the coal and substantiate previous determinations

Appendix A: Seam Intersections

Table A.1 List of seam intercepts

Bore	Code	6F	9FU	9FL	9F	3F	5F	BT	7F
BECKHALL	*From*	246.40	262.38	263.61		267.80	278.03	316.54	
	To	248.00	263.33	265.32		268.10	278.65	317.63	
	Thick	1.60	0.95	1.71		0.30	0.62	1.09	
BECKLEES	*From*	1,115.06	1,126.54	1,147.54		1,154.57	1,168.29	1,175.80	1,183.49
	To	1,116.68	1,126.92	1,149.62		1,155.25	1,169.78	1,176.35	1,183.64
	Thick	1.62	0.38	2.08		0.68	1.49	0.55	0.15
BOGRA	*From*	293.21	309.41	310.34		315.32	328.01	338.30	345.14
	To	295.25	309.88	312.90		315.74	328.89	339.24	345.65
	Thick	2.04	0.47	2.56		0.42	0.88	0.94	0.51
BROADMEADOWS	*From*	580.77			602.79	608.70	623.76	636.65	641.32
	To	582.90			606.16	609.45	625.03	637.86	642.10
	Thick	2.13			3.37	0.75	1.27	1.21	0.78
CROOKHOLMFARM	*From*	427.02			448.54	453.68	465.23	472.41	491.79
	To	428.50			453.00	454.37	466.43	473.26	493.19
	Thick								
EVERTOWN	*From*	496.65			514.46	523.36	543.21	551.31	557.44
	To	498.50			517.33	523.77	544.62	552.27	558.55
	Thick	1.85			2.87	0.41	1.41	0.96	1.11
GLENZIERFOOT	*From*		793.61	806.44		811.80	822.00	830.61	839.32
	To		794.49	808.90		811.96	823.40	831.25	839.52
	Thick		0.88	2.46		0.16	1.40	0.64	0.20
KNOTTYHOLM	*From*	445.31			470.41				
	To	446.84			474.12				
	Thick	1.53			3.71				
ROWANBURNFOOT	*From*	550.44			573.79		596.95	608.74	618.60
	To	552.75			577.95		598.58	610.21	620.17
		2.31			4.16		1.63	1.47	1.57
STAFFLER	*From*	524.63	535.90	549.74		555.19	569.34	577.74	588.17
	To	525.75	536.50	551.25		555.64	570.86	578.74	589.37
	Thick	1.12	0.60	1.51		0.45	1.52	1.00	1.20
TIMPANHECK	*From*		402.72	404.15				438.47	444.40
	To		403.19	405.72				439.24	444.50
			0.47	1.57				0.77	0.10

Bore	Code	6F	9FU	9FL	9F	3F	5F	BT	7F
WOODHOUSELEES	*From*	901.36	906.25						
	To	902.21	907.47						
	Thick	0.85	1.22						
LCL-001	*From*	295.02	311.64	312.51		317.46			
	To	296.80	312.24	315.05		317.58			
	Thick	1.78	0.60	2.54		0.12			
LCL-004	*From*	313.23			321.98	327.68	340.73	349.21	357.44
	To	313.77			323.89	328.01	341.59	349.79	357.82
	Thick	0.54			1.91	0.33	0.86	0.58	0.38
LCL-005	*From*	318.22			326.49	331.45	344.33	352.82	359.25
	To	318.84			327.91	331.97	345.16	353.60	359.59
	Thick	0.62			1.42	0.52	0.83	0.78	0.34
LCL-003	*From*				341.3				
	To				343.4				
	Thick				2.10				
LCL-019	*From*				400.5				
	To				402.5				
	Thick				1.99				
LCL-033	*From*	335.5			344.1				
	To	336.3			346.0				
	Thick	0.75			1.89				
LCL-006	*From*				326.2				
	To				327.8				
	Thick				1.59				
LCL-032	*From*				283.6				
	To				284.3				
	Thick				0.70				
LCL-037	*From*	404.5			422.4				
	To	407.8			424.3				
	Thick	3.23[1]			1.82[2]				

[1] *Steep dips and evidence of faulting were encountered in borehole LCL-037. After correcting for dip, the true vertical thickness of the Six Foot Seam in borehole LCL-037 is 2.3m*

[2] *Steep dips and evidence of faulting were encountered in borehole LCL-037. After correcting for dip, the true vertical thickness of the Nine Foot Seam in borehole LCL-037 is 1.6m which is interpreted as being truncated by faulting.*

APPENDIX 5B

MINING EXPLORATION ENTITY AND OIL AND GAS EXPLORATION ENTITY QUARTERLY REPORT

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

New Age Exploration Ltd

ABN	Quarter ended ("current quarter")
65 004 749 508	30 June 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (12 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) administration	(551)	(2,107)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	14	84
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(537)	(2,023)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	(1,090)	(2,641)
	(b) equity investments		
	(c) other fixed assets		(16)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(1,090)	(2,657)
1.13	Total operating and investing cash flows (carried forward)	(1,627)	(4,680)

1.13	Total operating and investing cash flows (brought forward)	(1,627)	(4,680)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,749	2,198
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	(61)	(73)
	Net financing cash flows	1,688	2,125
	Net increase (decrease) in cash held	61	(2,555)
1.20	Cash at beginning of quarter/year to date	2,359	4,968
1.21	Exchange rate adjustments to item 1.20	(4)	3
1.22	**Cash at end of quarter**	2,416	2,416

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	93
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Fees paid to Directors and their related entities

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements	130	130

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	488
4.2	Development	
4.3	Production	
4.4	Administration	473
	Total	961

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	349	951
5.2	Deposits at call	2,067	1,408
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	2,416	2,359

Changes in interests in mining tenements and petroleum tenements

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements and petroleum tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference** [+]**securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	[+]**Ordinary securities**	313,249,943	313,249,943		-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	43,737,500	43,737,500		
7.5	[+]**Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price (cents)*	*Expiry date*
		600,000	-	*19*	*21/07/2014*
		200,000	-	*14*	*01/09/2014*
		500,000	-	*10*	*31/08/2015*
		2,000,000	-	*12*	*01/07/2015*
		750,000	-	*14*	*06/02/2015*
		550,000	-	*4.47*	*27/05/2016*
		18,000,000	-	*10*	*27/05/2016*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

COMPLIANCE STATEMENT

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign Here: Date: . 31 July 2014 .

(Managing Director)

Print name: . Gary Fietz .

NOTES

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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In accordance with ASX Listing Rule 5.3.3, New Age Exploration Limited provides its list of exploration licences with its June 2014 quarterly activities report.

Licence No.	Project	Country	Area (km^2)	Licence Type	NAE Group % Interest
887T	Terranova	Colombia	2.9	Concession	80% [a,b]
CA11/EXP/0515/N	Lochinvar	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0515/N	Lochinvar	United Kingdom	67.5	Undergound Conditional Licence	100%
CA11/EXP/0545/N	Lochinvar South	United Kingdom	51.0	Exploration Licence	100%
CA11/UND/0182/N	Lochinvar South	United Kingdom	51.0	Undergound Conditional Licence	100%
CL132803	Redmoor	United Kingdom	23.0	Mineral Rights	100% [c]

(a) The Colombian subsidiary which holds this licence is owned 90% by New Age Exploration Limited and 10% by Aurora Energy S.A.

(b) NAE holds mining rights over Terranova licence (887T) under a contractual arrangement with a third party who holds the licence title.

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