



# Quarterly Report

To 31 March 2016

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 31 March 2016.

## Highlights

The significant milestones achieved by New Age Exploration Limited ("NAE" or "the Company") during this period include:

- **Redmoor preliminary mining study completed with encouraging results**
- **Redmoor preliminary mineral processing study completed highlighting that Redmoor is a coarse grained, simple to process ore with expected high recoveries and low processing costs**
- **Internal evaluation of the Redmoor Project completed based on the results of the resource update, mining and mineral processing studies with encouraging results for both stand alone and toll processing development options**
- **Design of Redmoor exploration drilling program (Phase 1 comprises of 29 holes which could be divided over several stages)**
- **\$352,672 proceeds received in March 2016 from an unsecured loan under the RCF funding facility.**
- **Continued rigorous focus on cost reductions, including significant further reductions in directors' fees and senior management remuneration commencing 1 April 2016.**

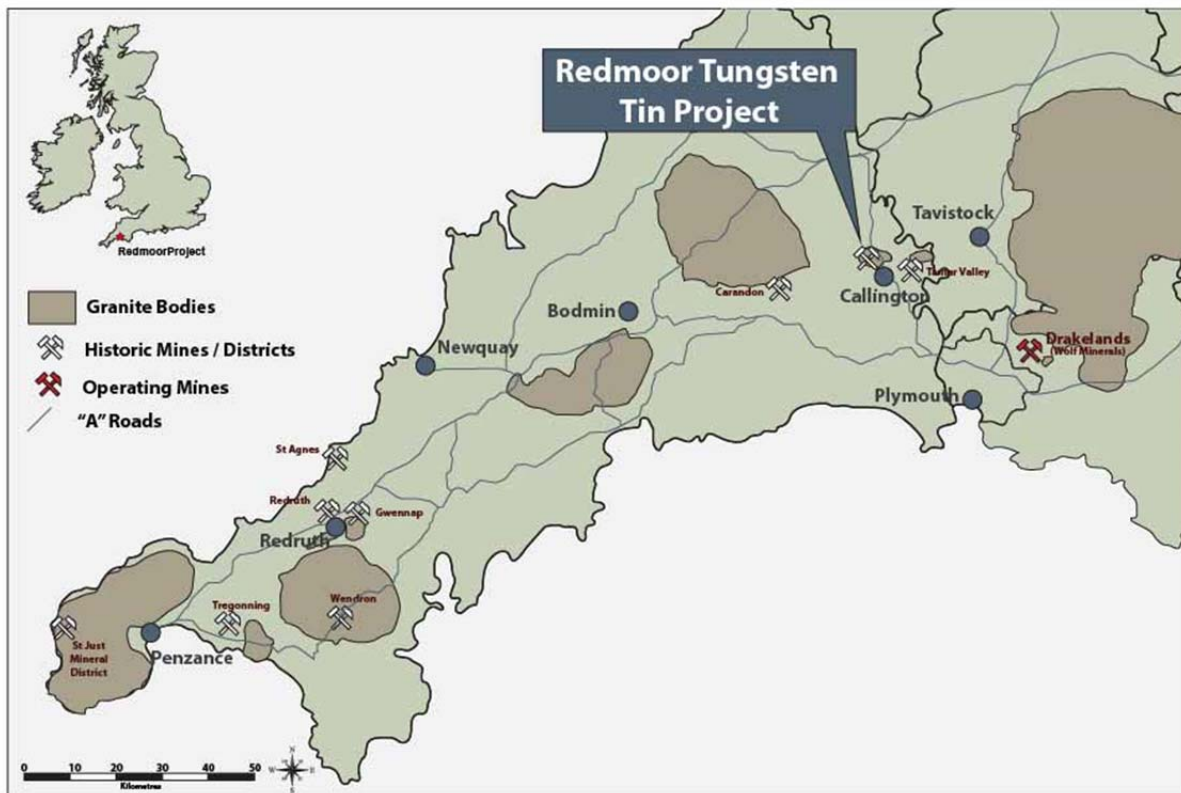
# Activities

## REDMOOR TIN-TUNGSTEN PROJECT, UK

### Location and Ownership

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

NAE holds a 15-year exploration licence with modest annual payments over the Redmoor Tin-Tungsten-Copper project. The licence is in good standing and is 100% owned by NAE.



Redmoor Location

### Inferred Mineral Resource Update

A number of high grade tin-tungsten lodes were identified at Redmoor in November 2015 and an updated Mineral Resource statement was completed in December 2015<sup>1</sup>.

<sup>1</sup> NAE Announcement, 15 December 2015, Redmoor Resource Update

Redmoor 2015 Inferred Mineral Resource Estimate <sup>2</sup>

Description	Tonnage (Mt)	WO <sub>3</sub> %	Sn %	Cu %	WO <sub>3</sub> Eq %	SnEq %
Johnsons Lode	0.8	0.36	0.55	0.78	0.91	1.37
Great South Lode	1.5	0.33	0.50	0.32	0.74	1.10
<b>Sub Total – High Grade</b>	<b>2.3</b>	<b>0.34</b>	<b>0.52</b>	<b>0.48</b>	<b>0.80</b>	<b>1.19</b>
Sheeted Vein System	11.0	0.12	0.14	0.28	0.28	0.42
<b>TOTAL</b>	<b>13.3</b>	<b>0.16</b>	<b>0.21</b>	<b>0.32</b>	<b>0.37</b>	<b>0.56</b>

### Exploration Target Update

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

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

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

### Preliminary Mining Study

During the quarter, a preliminary mining study was completed by technical consultants, Mining One. The study included stope optimisation, high level underground mine design and high level capital and operating costs estimates for a bulk mining option and a high grade mining option.

High level mine designs for both options included a simple decline, sumps, stockpiles, ventilation system, escape way and ore access along with a crown pillar from the surface to prevent surface subsidence. The underground mining method assumed in the study was bench stoping with backfill (rock fill in conjunction with a form of cemented fill where required).

### Bulk Mining Option

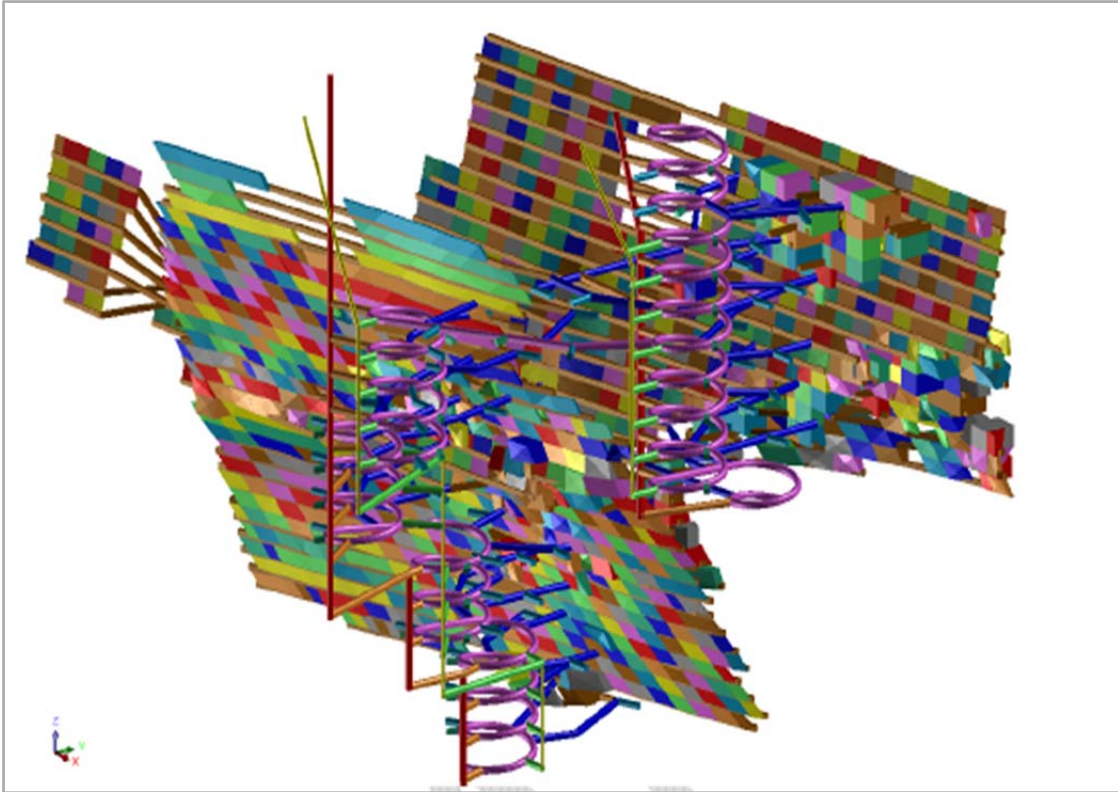
The bulk mining option targeted some 8.1Mt of the Inferred Mineral Resource with a mean grade of 0.67% SnEq<sup>3</sup> before stope optimization and application of mining dilution and recovery factors. This comprises the portion of the Inferred Mineral Resource above a 0.40% SnEq cut-off grade and would require an average stope width of 6 metres to exploit.

<sup>2</sup> Equivalent metal calculation notes;  $WO_3(Eq)\% = WO_3\% * 1 + Sn\% * 0.67 + Cu\% * 0.24$ ,  $Sn(Eq)\% = Sn\% * 1 + WO_3\% * 1.50 + Cu\% * 0.36$ . Commodity price assumptions:  $WO_3$  US\$ 37,000/t, Sn US\$ 23,500/t, Cu US\$ 6,700/t. Recovery assumptions: total  $WO_3$  recovery 72%, total Sn recovery 68% & total Cu recovery 85% and payability assumptions of 79%, 87% and 87% respectively.

<sup>3</sup> NAE Announcement, 15 December 2015, Redmoor Resource Update, Table 2

### **High Grade Mining Option**

The high grade mining option targeted some 3.5Mt of the Inferred Mineral Resource with a mean grade of 0.99% SnEq<sup>3</sup> before stope optimization and application of mining dilution and recovery factors. This comprises the portion of the Inferred Mineral Resource above a 0.50% SnEq cut-off grade and would require an average stope width of 3 metres to exploit.



Bulk Mining Option – Preliminary Mine Design (3D View looking NW)

### **Preliminary Mineral Processing Study**

During the quarter, a preliminary mineral processing study was completed by metallurgical consultant, Ron Goodman, and included a preliminary metallurgical flowsheet design, capital and operating cost estimates.

The key findings from the processing study were as follows:

- Tin and tungsten are present almost entirely in oxide mineral form (cassiterite and wolframite). Minor amounts of sulphides (e.g. chalcopyrite and pyrite) are also present.
- A pre-concentration stage (Jigs or HMS) can be incorporated on crushed ore to reject ~40% of ROM before grinding with only small metal losses.
- Sulphide minerals, primarily copper, can be relatively easily recovered using flotation after grinding to <300µm.
- Tin and tungsten concentrates of saleable quality (55% Sn in tin concentrate and 60% WO<sub>3</sub> in tungsten concentrate) can be produced by further gravity separation (spirals and tables) followed by concentrate dressing.
- Expected overall process recoveries are 68% Sn recovery and 72% WO<sub>3</sub> recovery.

- Recovery of copper is dependent on which stage of the process sulphide flotation is incorporated (35% to 85%).
- Conceptual flowsheet design, capital and operating cost estimates have been completed.
- Processing costs are expected to be low as Redmoor ore is coarse grained, simple to process and has high recoveries.
- It is possible to produce just a pre-concentrate on site at Redmoor for further processing at an existing nearby concentrator.

### **Internal Project Evaluation**

During the quarter, an evaluation of the Redmoor project was undertaken by NAE based on the results of the mining and processing studies. The results of both stand-alone Redmoor development cases and toll processing options have been encouraging.

### **Exploration Program**

During the quarter, a 3-Phase Redmoor exploration program was designed aimed primarily at converting a portion of the Exploration Target to Inferred Mineral Resource status and also at improving confidence in the Inferred Mineral Resource and upgrading a portion of this to Indicated status.

#### ***Phase 1***

Phase 1 of the proposed exploration drilling program is the largest of the three phases and comprises of 29 holes for 11,920m. Key objectives of the Phase 1 drilling program include:

- Targeting along strike and depth extensions of Great South Lode and Johnson Lode, particularly in the interpreted high grade zones
- Targeting Kelly Bray Lode extensions along strike and at depth below historic workings
- Confirming accuracy of SWM historic drilling, sampling and analysis

The Phase 1 program could be divided into several stages with first stage focusing on highest potential holes.

#### ***Phases 2 and 3***

Phases 2 & 3 are to follow a successful Phase 1 program and include further extensions along strike and also testing other potential lodes.

## **LOCHINVAR COKING COAL PROJECT, UK**

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

The licences are being maintained in good standing along with the strong community and stakeholder relationships established for the project.

The Board remains confident that the medium to long term outlook for coking coal remains strong due to the shortage of good new supply projects which we expect will struggle to meet long term global demand growth.

Coking Coal spot prices have begun to show improvement over the last month when they have increased from ~US\$73/t in early March to ~US\$93/t on 18 April 2016. Exchange rate movements have also been favourable with costs now expected to be lower in US\$ terms (lowest quartile US\$70/t Scoping Study costs now expected to be ~US\$65/t).

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

## **CORPORATE**

### **Loan**

On 1 March 2016, NAE received A\$352,672 proceeds from its funding facility in place with Resource Capital Funds V L.P. ("RCF"). This unsecured loan represents the remaining undrawn portion of US\$252,498 from the US\$600,000 funding facility agreement entered into with RCF in May 2015. NAE may elect to pay the loan principal in cash or from the proceeds of later equity subscriptions by RCF under the funding agreement at an issue price of 1.5 cents per share. Interest on the loan accrues daily and is payable in arrears at the rate of 8% per annum on the outstanding principal. NAE may elect to pay the interest in cash or NAE shares at an issue price equal to the lower of \$0.015 or the VWAP calculated 30 days prior to the interest payment date and using the exchange rate based on the closing price of the Australian Dollar quoted by the Reserve Bank of Australia for the prior business day.

### **Resignation of Mr Gavan Rice**

Mr Gavan Rice resigned as a Director of the Company on 2 March 2016. The Board extended their gratitude to Mr Rice for his valued contribution to NAE over the years and wish him well in his future endeavours.

### **Cost Reductions**

During the period, the Company has continued to rigorously focus on cost reductions in order to preserve cash.

Post period end, the Board agreed on the following further cost reductions in Directors fees and Senior Management remuneration commencing 1 April 2016:

- Managing Director salary reduced by 33% to \$197,650 p.a. plus superannuation
- Chairman's fees reduced by \$10,000 to \$40,000 p.a.
- Non-executive directors' fees reduced by 33% to \$20,100 p.a.
- One non-executive director's fee eliminated from 1 March 2016 with the retirement of Mr Gavan Rice
- Company Secretary fees reduced by 33%

### **Other Activities**

The Company continues to pursue additional project opportunities.

## COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and also the Exploration Target and Inferred Mineral Resource is based on information compiled and reviewed by Dr Mike Armitage, who is the Chairman and Principal Geologist of SRK Global and SRK Consulting (UK) Ltd and is a Member of the Institute of Materials, Minerals and Mining (MIMMM), a Fellow of the Geological Society of London (FGS), a Chartered Geologist of the Geological Society of London (CGeol) and a Chartered Engineer, UK (CEng). Dr Armitage 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Armitage has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## FORWARD LOOKING STATEMENTS

This report contains "forward-looking information" that is based on the Company's expectations, estimates and forecasts as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, objectives, performance, outlook, growth, cash flow, earnings per share and shareholder value, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses, property acquisitions, mine development, mine operations, drilling activity, sampling and other data, grade and recovery levels, future production, capital costs, expenditures for environmental matters, life of mine, completion dates, commodity prices and demand, and currency exchange rates. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "likely", "believe", "estimate", "expect", "intend", "may", "would", "could", "should", "scheduled", "will", "plan", "forecast" and similar expressions. The forward looking information is not factual but rather represents only expectations, estimates and/or forecasts about the future and therefore need to be read bearing in mind the risks and uncertainties concerning future events generally.

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## FOR MORE INFORMATION

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# 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

65 004 749 508

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flow

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(47)	(161)
(b) development		
(c) production		
(d) administration	(175)	(599)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(222)</b>	<b>(757)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
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)		
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(222)	(757)

+ See chapter 19 for defined terms



1.13	Total operating and investing cash flows (brought forward)	(222)	(757)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		237
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	353	353
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	353	590
	<b>Net increase (decrease) in cash held</b>	131	(167)
1.20	Cash at beginning of quarter/year to date	234	532
1.21	Exchange rate adjustments to item 1.20	(2)	(2)
1.22	<b>Cash at end of quarter</b>	363	363

**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	60
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 or 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	35	3

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	
4.3 Production	
4.4 Administration	154
<b>Total</b>	<b>229</b>

### 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	329	199
5.2 Deposits at call	34	35
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>363</b>	<b>234</b>

### 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			

+ See chapter 19 for defined terms

**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 <b>Preference *securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	343,498,083	343,498,083		-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price (cents)</i>	<i>Expiry date</i>
	550,000	-	4.47	27/05/2016
	18,000,000	-	10	27/05/2016
	1,050,000	-	4.5	26/06/2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

**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 ~~/does not\*~~ ~~(delete one)~~ give a true and fair view of the matters disclosed.

Sign Here:

Date: . 28 April 2016 .



Print name: Gary Fietz

+ See chapter 19 for defined terms

## 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.

In accordance with ASX Listing Rule 5.3.3, New Age Exploration Limited provides its list of exploration licences with its March 2016 quarterly activities report.

Licence No.	Project	Country	Area (km <sup>2</sup> )	Licence Type	NAE Group % Interest
CA11/EXP/0515/N	Lochinvar	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0515/N	Lochinvar	United Kingdom	67.5	Underground 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	Underground Conditional Licence	100%
CL132803 <sup>(a)</sup>	Redmoor	United Kingdom	23.0	Mineral Rights	100%

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