

# NEW AGE Exploration Limited

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders with the Company's Quarterly Report for the period ending 31 December 2013.

## HIGHLIGHTS

1. Lochinvar Phase 1b drilling expected to commence in late February
  - Four-hole infill drilling program aimed at upgrading part of the resource from Inferred to Indicated status
  - All land access, licences and approvals are in place for Phase 1b drilling program and also well advanced for future programs
  - Contract signed with Priority Drilling, UK's largest diamond drilling contractor – program fully funded
2. Lochinvar Scoping Study progress
  - Preliminary internal economic evaluation completed, with results indicating attractive project economics taking into account current coking coal prices
  - Engagement of key technical consultants for Scoping Study well progressed with work to commence in February 2014 in tandem with Phase 1b drilling
  - Scoping Study completion and release anticipated late July
3. Initial Lochinvar JORC Inferred Resource of 112Mt and additional Exploration Target of 28-47Mt low ash, high volatile coking coal defined

**NAE Managing Director, Gary Fietz, commented:** *"The completion of all necessary approvals and signing of a drilling contract with Priority Drilling represents a significant development for the Lochinvar Project. The Phase 1b infill drilling, targeting an Indicated Resource, will allow the completion and release of the scoping study now expected in late July."*



### ASX Release: 31 January 2014

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 (as shown in Figure 1) and has been the Company's principal focus since the exploration licence and conditional underground mining licence were granted in June 2012.

The Lochinvar licence is within 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.

NAE successfully completed an initial Phase 1a drilling program comprising of four drill holes at Lochinvar in 2013.

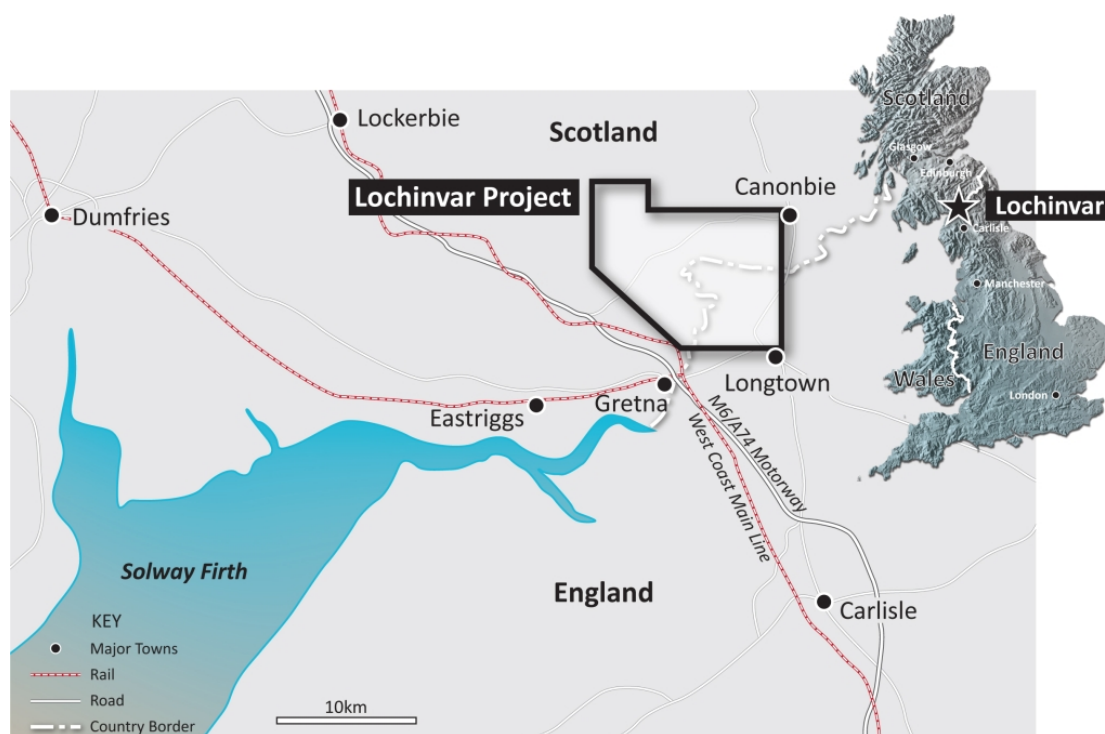
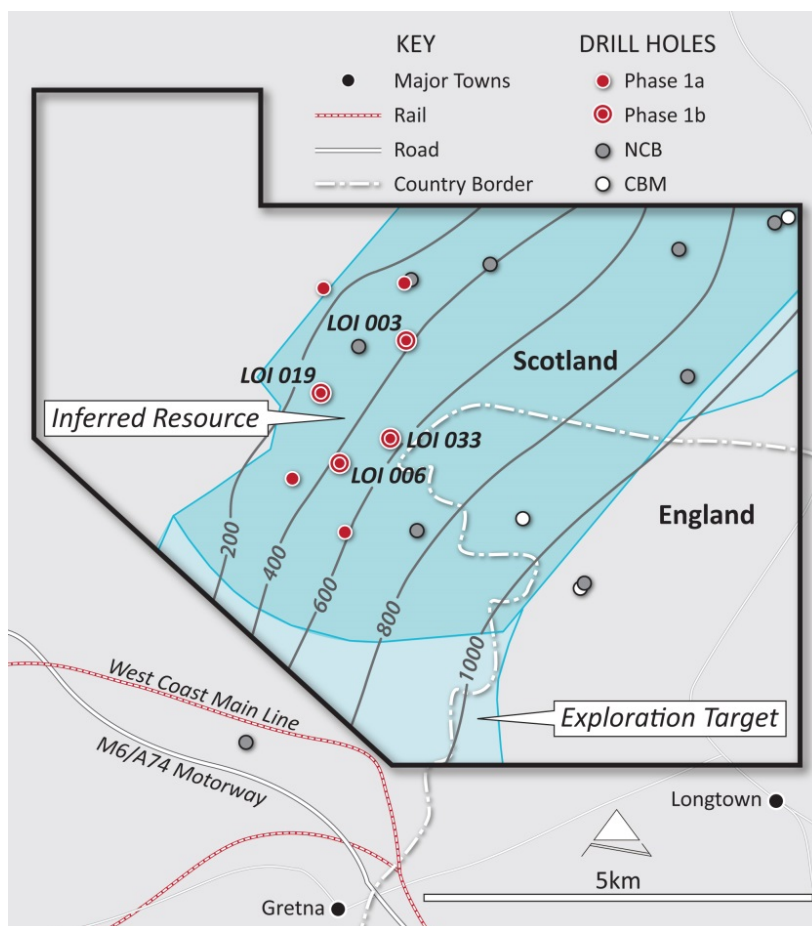


Figure 1: Location of the Lochinvar Project

### Commencement of Phase 1b Drilling Program

Following completion of the first phase of drilling and the successful definition of an initial Inferred Resource of 112 million tonnes, a follow up drilling program, Phase 1b, is scheduled to commence on the week commencing 24 February 2014.

The Phase 1b drill program will comprise of four holes (LOI-003, LOI-006, LOI-033 and LOI-019) as shown in Figure 2.



**Figure 2: Phase 1b Drilling Location**

The Phase 1b program has been designed to infill the Inferred Resource in the western and central regions of the licence and is aimed at upgrading this part of the resource from Inferred to Indicated status.

The Phase 1b drilling program will also provide further information on raw and clean coal quality, geotechnical testing and structural information, all of which will be incorporated into the Scoping Study.

#### Forward Work Program

The Company currently anticipates completion dates for major activities in the forward work program to be as follows:

- Completion of Phase 1b drilling      Early May 2014
- Indicated Resource estimate      Late May 2014
- Clean Coal Analysis results      June 2014
- Scoping Study completion      Late July 2014

Furthermore, NAE expects to continue drilling during 2014 to complete an Indicated Resource drilling program of an additional 15 holes, down to a maximum depth of 600m, over the entire licence.

### Land Access Agreements, Licences and Approvals

Prior to commencement of drilling, NAE was required to obtain:

1. Land access agreements with the relevant land owners
2. Supplementary Exploration Agreements from The Coal Authority
3. Controlled Activities Regulations Licences from the Scottish Environmental Protection Agency (SEPA)

All of the agreements, licences and approvals mentioned above are now in place for the Phase 1b drilling program.

Furthermore, planning for future drilling is well advanced with the current status of the approvals for future drilling listed in Table 1.

**Table 1: Status of Drilling Approvals**

<b>Approvals Status</b>	
<b>Licence / Permission</b>	<b>Number Approved</b>
<b>Land Access Agreements</b>	20
<b>Coal Authority Agreements</b>	18
<b>SEPA Environment Approvals</b>	8

### Priority Drilling

Priority Drilling has been selected as the drilling contractor for the forthcoming drilling program at Lochinvar. Based out of Ireland, Priority is the largest wireline diamond drilling contractor in Ireland and the UK.

The rig will be a small modern track mounted rig, Hanjin D&B35 - Multipurpose, with a smaller footprint, faster speed and lower cost than the previous drill used at Lochinvar. Priority has a strong corporate emphasis on operational safety.



**Figure 3: Priority Drilling - Hanjin D&B35 Drilling Rig**

## Lochinvar Scoping Study

Significant progress was achieved on the Lochinvar Scoping Study during the December quarter.

### Internal Project Economics Study

A preliminary internal economic evaluation was completed during the quarter with results indicating attractive project economics, based upon current coking coal prices, which bodes very well for the future of the Lochinvar Project.

### Engagement of Key Technical Consultants

The engagement of key technical consultants for the Scoping Study is well progressed, with work to commence in February in tandem with Phase 1b drilling.

### Infrastructure Studies

During the quarter, a number of site visits and meetings were undertaken in the UK to progress surface infrastructure and transport infrastructure alternatives as part of the Scoping Study. These included:

- Ministry of Defence (MOD) visit and Eastriggs site visit – positive meeting with MOD who are supportive of NAE continuing investigations of the Eastriggs MOD site for potential use by the Lochinvar project. The Eastriggs site has an existing rail siding and is located approximately 11km from the Lochinvar licence.
- meetings with UK rail regulators and bulk rail operators – these have confirmed that the rail network can be expected to have capacity to provide transport of coal from Lochinvar to UK steelmills, cokeplants and export ports.
- visits to a number of UK export ports which have confirmed available port capacity.

The Scoping Study is now expected to be completed and released in late July 2014.

## Lochinvar Inferred Resource and Updated Exploration Target

As announced on 1 October 2013, the Company disclosed its results and analysis following the completion of its Phase 1a drilling program and coal analysis. The results provided an initial Inferred Resource and additional Exploration Target that were defined by Palaris Mining, an internationally recognised Australian based mining consultancy specialising in coal exploration and mining.

An **Inferred Resource of 112 million tonnes** was defined for the Nine Foot and Six Foot Seams as shown in Table 2.

Table 2: Lochinvar Inferred Resource – Average Raw Coal Analysis (Air Dried Basis)

Coal Seam	Inferred Resource	Inherent Moisture	Ash	Volatile Matter	Sulphur	CSN
	Million Tonnes	%	%	%	%	
Nine Foot Seam	78	2.4	10.4	32.6	2.1	6.5
Six Foot Seam	34	3.0	11.0	32.0	3.5	6.5
<b>Total</b>	<b>112</b>					



An additional **Exploration Target of 28 – 47 million tonnes** has been defined in areas where there is insufficient information at present to define a JORC resource.

The Inferred Resource and the Exploration Target have been reported in accordance with the JORC Code (2012). The Inferred Resource estimate is based on eight holes drilled by UK's National Coal Board ("NCB") from 1979 through to 1983 and four holes completed by NAE in the first half of 2013. Over 100km of seismic data was also incorporated into the resource estimate, providing interpretative evidence for the lateral continuity of coal seams.

Both the Inferred Resource and Exploration Target are constrained by:

- a minimum seam thickness of 1.2 metres
- a maximum depth of cover of 1,000 metres
- a maximum parting distance of 0.8m between coal plies of the Nine Foot Seam where the upper plies are split from the lower ply of the seam in the south of the deposit
- the area within NAE's Coal Exploration Licence CA11/EXP/0515/N

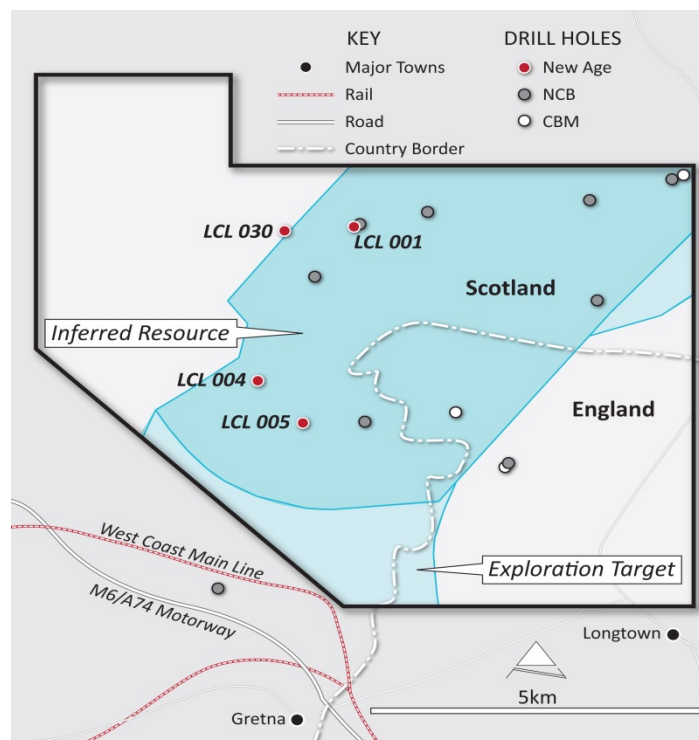


Figure 4: Inferred Resource Location (Nine Foot Seam) - Lochinvar Project

The extent of the Inferred Resource and Exploration Target for the Nine Foot Seam is shown in Figure 4. The Nine Foot Seam has an estimated average dip of seven degrees to the southeast. The resource model has estimated an average thickness for the Nine Foot Seam of 2.2m (2.0m coal) and 1.5m for the Six Foot Seam (1.5m coal). These characteristics are favourable for underground mining.

A 3D representation of the Nine Foot Seam is shown in Figure 5.

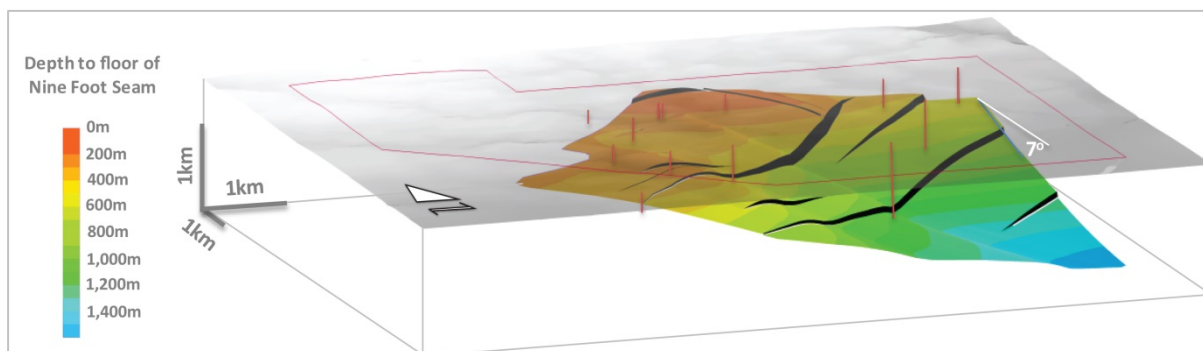


Figure 5: 3D Representation of Nine Foot Seam Geology

The majority of the Inferred Resource is at shallow underground mining depths as can be seen in Figure 6. In total, 76Mt of the Inferred Resource is at less than 600m depth and 48Mt is at less than 400m depth.

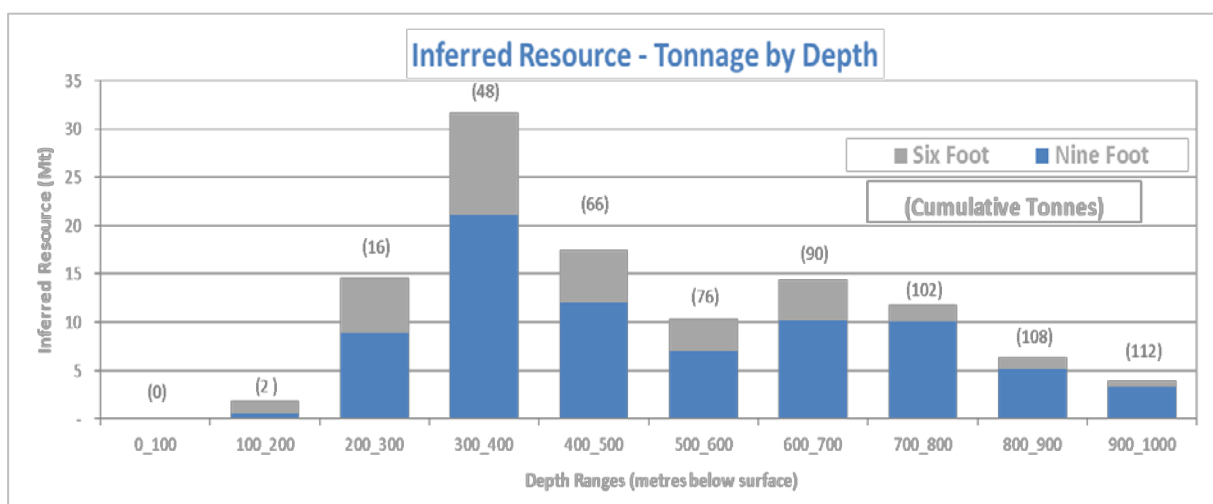


Figure 6: Inferred Resource Tonnage by Depth

## COLOMBIA

Due to adverse market conditions and low coking coal prices, the Company has been continuing to work closely with its joint venture partner in Colombia, Aurora Energy, to reduce its footprint and expenditure in Colombia.

The NAE-Aurora JV office in Bogota was closed in September 2013 and now with only one JV employee retained who works from Aurora's office in Bogota.

NAE's agreement with Aurora to provide legal representation and consultancy services in Colombia was previously extended from May 2013 to end October 2013 at reduced rates and discussions are currently being held with Aurora on further reductions in these costs to a minimal level for NAE.

## **Terranova Coking Coal Project**

### Coking Coal Concession 887T

As the end of the current mining concession and environmental licence for concession 887T approaches (currently ends in October 2014), NAE has suspended all activity on the project to eliminate costs.

### Termination of Agreement over Concession Application JBI-11091

NAE provided notice of termination of the agreement with the holders of future concession agreement over concession application JBI-11091 in December 2013. There were no costs involved in terminating the agreement and neither NAE nor Aurora now holds any ongoing interest in this concession application.

## **Cesar Thermal Coal Project**

As a result of the adverse market outlook for thermal coal and the expected high costs required to progress exploration and development of the Cesar Project, the Company has continued its search for a strategic partner to advance the project. NAE has suspended all activity on the project to eliminate costs and the project is currently under review.

## **REDMOOR TIN AND TUNGSTEN PROJECT, CORNWALL UK**

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 additional activity undertaken during the December 2013 quarter due to the focus on the flagship 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.

## **CORPORATE**

### **Conferences**

The Company's Managing Director, Gary Fietz, presented at the following investor events during the quarter:

- Proactive Investors Forum, Sydney, 2 October 2013
- Mines and Money, London, 3 December 2013

### **Annual General Meeting**

The Company's Annual General Meeting was held on 8 November 2013 and all resolutions were duly passed.



## 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.

**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.

## 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 December 2013

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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 (b) development (c) production (d) administration	(574)	(1,143)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	26	55
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>(548)</b>	<b>(1,088)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(357) (1)	(1,316) (8)
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>	<b>(358)</b>	<b>(1,324)</b>
1.13 Total operating and investing cash flows (carried forward)	(906)	(2,412)

**APPENDIX 5B**

1.13	Total operating and investing cash flows (brought forward)	(906)	(2,412)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
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)	(4)	(4)
	<b>Net financing cash flows</b>	(4)	(4)
	<b>Net increase (decrease) in cash held</b>	(910)	(2,416)
1.20	Cash at beginning of quarter/year to date	3,465	4,968
1.21	Exchange rate adjustments to item 1.20	18	21
1.22	<b>Cash at end of quarter</b>	2,573	2,573

**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	97
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	130	130

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	
4.2 Development	438
4.3 Production	
4.4 Administration	420
<b>Total</b>	<b>858</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	650	673
5.2 Deposits at call	1,923	2,792
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,573</b>	<b>3,465</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				

**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>	258,287,443	258,287,443		-
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>
	600,000	-	19	21/07/2014
	400,000	-	12.5	02/02/2014
	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	1,500,000		25	6/12/2013
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: .....  
(Director)

Date: 31 January 2014

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 December 2013 quarterly activities report.

<b>Licence No.</b>	<b>Project</b>	<b>Country</b>	<b>Area (km<sup>2</sup>)</b>	<b>Licence Type</b>	<b>NAE Group % Interest</b>
GHN-121	Cesar	Colombia	15.5	Concession	90% <sup>(a)</sup>
GIK-103	Cesar	Colombia	25.9	Concession	90% <sup>(a)</sup>
887T	Terranova	Colombia	2.9	Concession	90% <sup>(a,b)</sup>
CA11/EXP/0515/N	Canonbie	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0515/N	Canonbie	United Kingdom	67.5	Conditional Underground Mining	100%
CL132803	Redmoor	United Kingdom	23.0	Mineral Rights	100% <sup>(c)</sup>

*(a) The Colombian subsidiaries which hold these licences are each 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.*