



ASX Code: NAE



Half Year Consolidated Financial Report

31 December 2017

New Age Exploration Ltd
ACN 004 749 508
Level 3, 480 Collins Street
Melbourne, VIC 3000
Phone: +61 3 8610 6494
Email: info@nae.net.au

NEW AGE EXPLORATION HALF YEAR CONSOLIDATED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

CONTENTS

DIRECTORS' REPORT	3
REVIEW OF OPERATIONS	4
AUDITOR'S INDEPENDENCE DECLARATION	17
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	18
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
CONSOLIDATED STATEMENT OF CASH FLOWS	21
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS	22
DIRECTORS' DECLARATION	25
INDEPENDENT AUDITOR'S REVIEW REPORT	26

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Your Directors present their report, together with the consolidated financial statements and the independent auditor's review report thereon, for the half year ended 31 December 2017.

Directors

The names of the Directors of New Age Exploration Limited (NAE) in office at any time during or since the end of the period are as follows:

Mr A Broome, AM (Non-Executive Chairman)

Mr G Fietz (Managing Director)

Mr M Amundsen (Non-Executive Director)

Principal activities

During the financial half-year, the principal continuing activities of the Group consisted of exploration activities with the view to identifying and advancing attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

Review of Operations

The profit of the Consolidated Entity for the period, after providing for income tax, amounted to \$1,256,000 (31 December 2016: loss of \$408,581) and had cash outflows from operating and investing activities of \$862,543 (31 December 2016: inflow of \$607,140). The impairment loss on the Lochinvar exploration asset from prior years of \$1,707,536 was reversed in the current period. The detailed Review of Operations follows this Directors' Report.

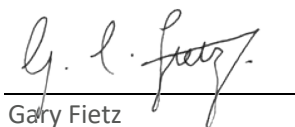
Subsequent events

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

Lead Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year ended 31 December 2017 is included on page 17.

This report is made in accordance with a resolution of the directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.



Gary Fietz

Managing Director

Melbourne, 15 March 2018

REVIEW OF OPERATIONS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

Redmoor Tin-Tungsten Project

- Completion of the Phase 2 drilling program which confirms and builds on previously reported results, successfully intersecting broad high-grade zones within the Sheeted Vein System (SVS) with considerably higher grades.
- The average intersection length and grade of all 33 significant intercepts from SVS high-grade zones drilled to date (historic and CRL holes) has now increased to 15.0m @ 1.0% SnEq.
- Depth of the SVS high-grade zones significantly increased by 180m in hole CRD019 which returned the best results of the program (e.g. 7.00m @ 2.63% SnEq from 507.05m, including 1.00m @ 12.38% SnEq from 510.05m) and shows these to remain open at depth.
- Confidence in continuity of SVS high-grade zones further improved by twinned hole CRD020, drilled between two existing intercepts (approx. 100m apart) successfully intersecting SVS high-grade mineralisation.
- High grade mineralisation also intersected in Kelly Bray Lode.
- Work on the resource update is now well progressed and will be released before end-March along with an outline of the expected 2018 work program which will aim to expedite the project as rapidly as possible.

Lochinvar Coking Coal Project

- Discussions are continuing with potential strategic investors and advisors aimed at providing funding options required to advance the Lochinvar Project

Otago South Gold Project

- Mapping and soil sampling program targeting extension of Otago Pioneer Quarts Reef (up to 3m wide over a strike length of >140m and yielded between 4 and 21 grams per tonne Au according to historic mining records) completed between December and February. While the soil As results were inconclusive, selected samples were analysed for gold and these results show anomalous gold values along strike from the OPQ Reef. Two samples taken approximately 700m southeast and along strike of the OPQ anomaly recorded gold values of 1.4ppm and 0.6ppm.
- A stream sediment sampling program was undertaken in February on the Teviot permit with total of 8 samples collected which are currently being processed by the laboratory.
- The forward work program is currently being assessed and will be finalized once all results are received. Possible options include further close spaced soil / weathered schist sampling near the two anomalous gold results of 1.4ppm and 0.6ppm ~700m southeast of OPQ Reef.

Corporate

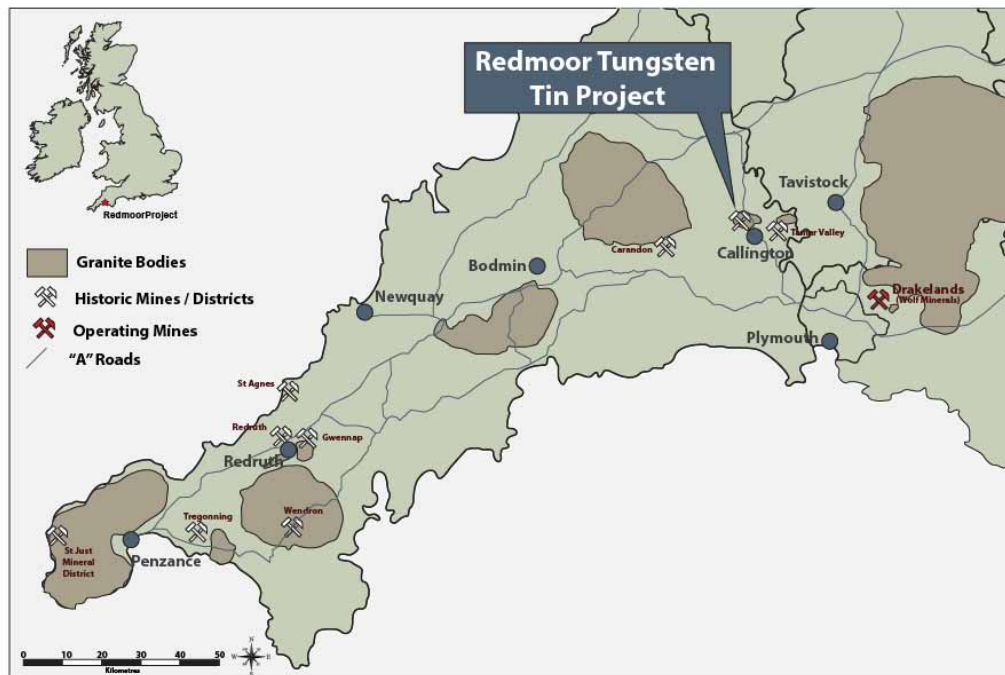
- \$0.88M NAE consolidated cash position at 31 December 2017. In addition, Cornwall Resources Limited (50% NAE owned) had £0.11M (A\$0.20M) cash at 31 December 2017.

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 southeast 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.

Cornwall Resources Limited, which is now 50% owned by NAE, holds a 15-year exploration licence and Option for a Mining Licence with modest annual payments over the Redmoor project.



Redmoor Location

Joint Venture Agreement – Strategic Minerals

A joint venture transaction was completed in February 2017 with Strategic Minerals Plc (SML) with a total of £1.05M paid by SML for 50% of the Redmoor project. The £1.05M earn-in payment has been primarily applied to funding the Redmoor 2017 drilling program.

The Redmoor licence is held by Cornwall Resources Limited ("CRL"), a UK company now owned equally by NAE and SML.

2017 Exploration Drilling Program Results

A 20-hole drilling program was undertaken between March 2017 and November 2017 with the results of the last 10 holes of the program released in December 2017.

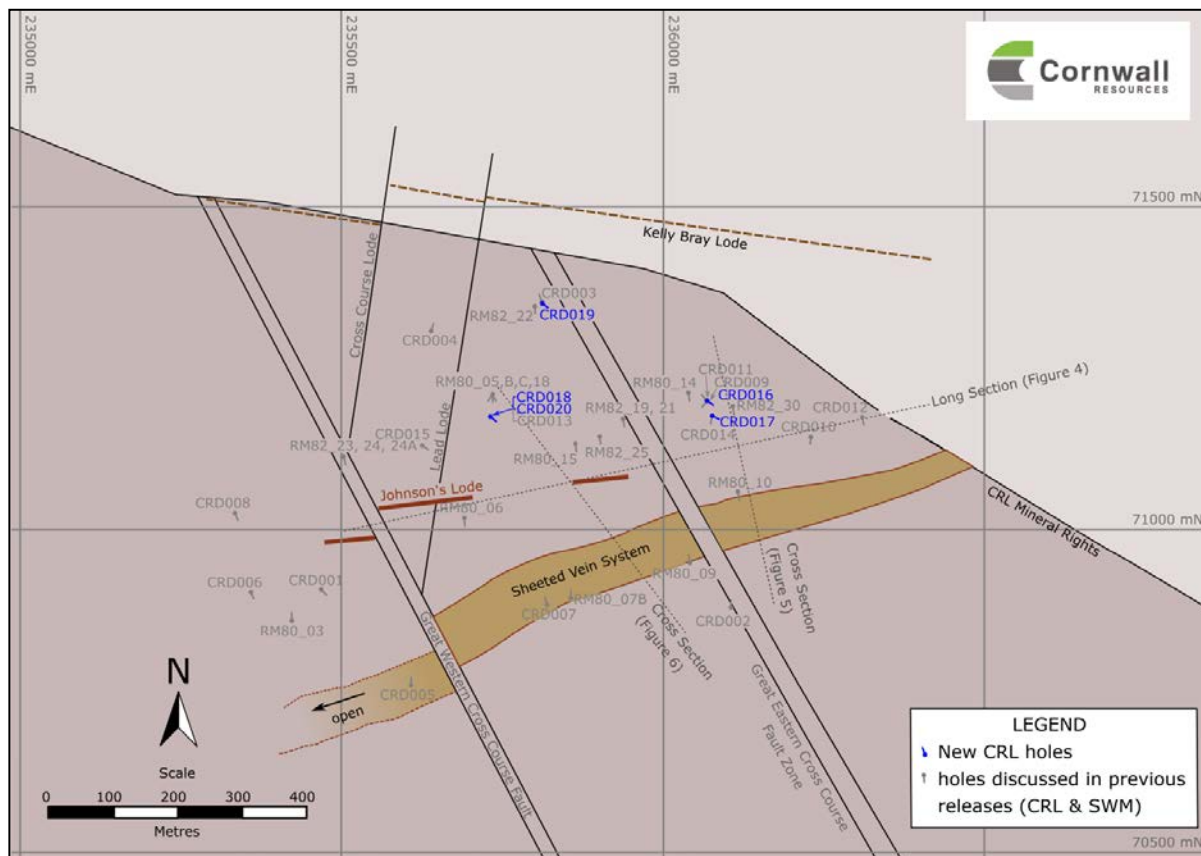


Figure 1 - Drillhole collar location plan with surface representation of the SVS and high-grade lodes, showing cross and long section lines

SVS High grade zone Results

The last 8 holes drilled in the 2017 drilling program (CRD013 to CRD020) all successfully intersected robust high-grade mineralisation within the SVS.

These results confirm and build on previously reported results from SVS high-grade zones and are considerably higher grade than the previously reported results.

The length-weighted average of all 33 significant intercepts from SVS high-grade zones drilled to date (historic and CRL holes) is shown in Table 1 below and has now increased to 15.0m @ 1.0% SnEq as a result of the considerably higher-grade results from the last five holes released in December. The averages are shown both for the broader high-grade zones and for narrower higher-grade intersections contained within these.¹

¹ The thicknesses quoted above, and all other thicknesses in this report, are, unless otherwise stated, apparent thicknesses. Estimated true thicknesses are shown in Appendix 1. For convenience, significant intercepts are also expressed in terms of a calculated tin equivalent value (SnEq). Equivalent metal calculation notes: $\text{SnEq}\% = \text{Sn}\% \times 1 + \text{WO}_3\% \times 1.43 + \text{Cu}\% \times 0.40$. Commodity price assumptions: WO_3 US\$33,000/t, Sn US\$22,000/t, Cu US\$7,000/t. Recovery assumptions: WO_3 recovery 72%, Sn recovery 68% and Cu recovery 85% with payability assumptions of 81%, 90% and 90% respectively. A minimum estimated true thickness x SnEq threshold of ≥ 4.0 has been applied to the selection of significant intercepts for the purposes of calculation of average thicknesses and grades. Given the high copper content, and to facilitate ready comparison with other projects, average grades in this table have also been expressed as Cu equivalent.

Table 1 - Average of significant intercepts from all historic & CRL holes drilled to date (33 intervals)

SVS High Grade Zones	Intersection Thickness (m)	Est. True Thickness (m)	Sn (%)	WO ₃ (%)	Cu (%)	Sn Eq (%)	Cu Eq (%)
Average Thickness & Grade (All holes to date)	15.0	8.7	0.26	0.38	0.48	1.0	2.5
Containing (All holes to date)	2.8	1.7	0.62	0.92	0.86	2.3	5.7



Figure 2 – Core photographs of exceptionally high grade ‘including’ intercepts: L - CRD018, 358.72m, solid chalcopyrite with wolframite (interval contains 10.73% Cu and 3.42% WO₃); R - CRD019, 510.95m, solid wolframite (interval contains 8.58% WO₃)

As shown in Figure 3 below, the average grade of the SVS high-grade zones has improved throughout the 2017 CRL drilling program, as drilling has become more effective at defining tighter and higher-grade areas.

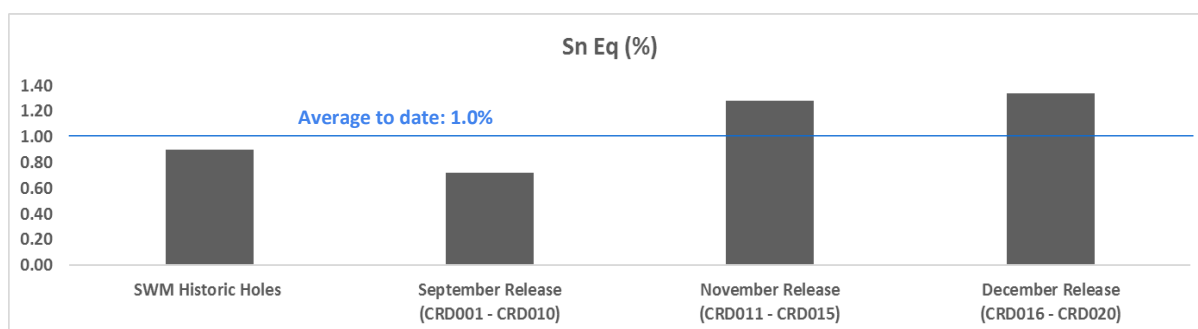


Figure 3 – Improvement in grade of SVS high-grade intercepts during 2017 CRL drilling program

Depth Potential of SVS High-Grade Zones Extended

Hole CRD019 was drilled to test the depth extension of the SVS. The targeted intersection point was 180m down-dip of known mineralisation in hole RM80_14. Not only was mineralisation successfully intersected, with a total of over 25m at >1% SnEq, but this exceeded grades in the holes located above

it. A peak grade of 12.38% SnEq was intersected in CRD019, providing strong evidence for the presence of high-grade down-dip extensions of the mineralisation.

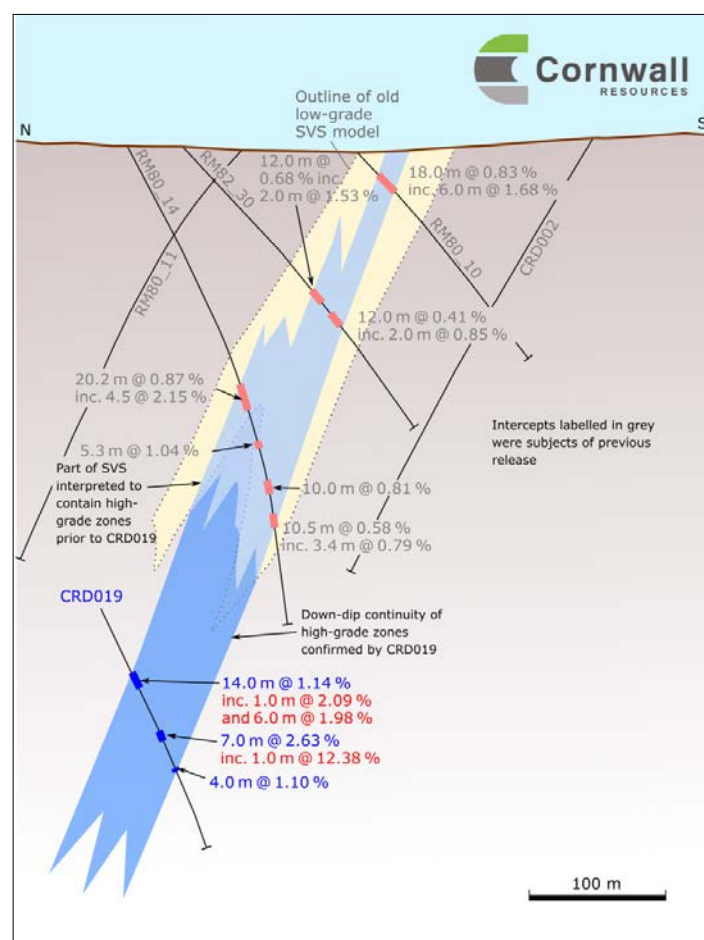


Figure 5 – Schematic cross section looking east showing significant intercepts (dark blue and red text) for CRD019, drilled to test potential depth extensions of the SVS

Successful Twin Hole Adds to Confidence

CRD020 was drilled as a 'twinned' hole between holes CRD013 and CRD018 where the two SVS high-grade zone intercepts were approximately 100m apart. CRD020 therefore reduced this spacing between intercepts from approximately 100m down to approximately 35m and 65m apart on this cross section.

As shown in Figure 6, CRD020 successfully demonstrated continuity of the mineralised SVS high-grade zone between adjacent holes CRD013 and CRD018, further improving confidence in continuity of the SVS high-grade zones. These results will now be utilised to guide the resource model.

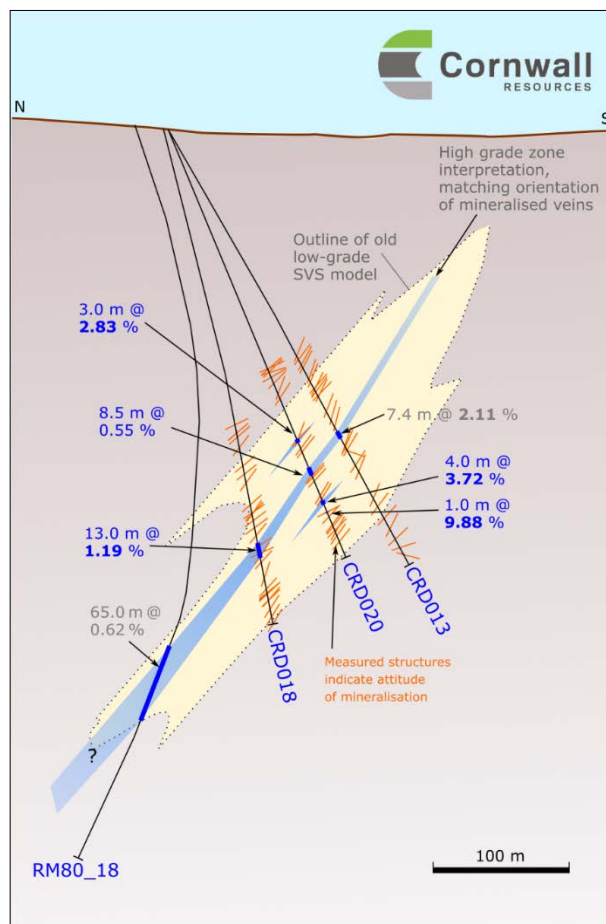


Figure 6 - Schematic cross section looking east showing significant intercepts (dark blue text) for CRD020 and adjacent holes, including measured structures from oriented core

SVS High grade zone potential

The SVS high-grade zone significant intercepts continue to represent even stronger potential underground mining targets. NAE's and SML's directors continue to believe that the delineation of the SVS high-grade zones has the potential to significantly increase the grade of the SVS Resource previously stated in the 15 December 2015 resource update announcement, albeit within a reduced tonnage, and may support a larger tonnage of high grade material than the high-grade lode resource reported in the 15 December 2015 resource update.

Kelly Bray Lode

Hole CRD011 was drilled to target the Kelly Bray Lode, which is located in the northern part of the area, and dips to the south. This hole was targeted beneath known workings on the Kelly Bray Lode in an area where an Exploration Target had previously been delineated and was successful in identifying narrow but high grade mineralisation that had not been mined. Results for CRD011 were: 0.75m @ 4.18% SnEq from 367.25m, intercept down-dip of known workings.

Community

CRL continues to prioritise maintenance of a close working relationship with the local community and local and County Councils. No complaints were received during the program, and Cornwall Council Mineral Planners and Environmental Health Officers have both confirmed their satisfaction with how CRL implemented their 2017 program. CRL looks forward to continuing to build positive relationships going forwards as the project develops and would like to thank the local community for their support.

Future Work Program

CRL have engaged consultants SRK (UK) to undertake a resource update who are working closely with CRL's technical team, to ensure that the geological knowledge of the resource gained through 2017 is fully incorporated. The resource update is now well progressed and will be released before the end of March 2018.

The resource update is focused on delineating high-grade zones within the SVS that have potential to be amenable to underground mining.

Subject to satisfactory results from the resource update, CRL aims to expedite the project as rapidly as possible. Work through 2018 may include further resource drilling and/or metallurgical testwork, initial underground mine design, engineering studies, and baseline data collection, so that the project is, subject to results, positioned to commence an early Pre-Feasibility Study.

Tungsten Outlook

Tungsten prices continue to remain at high levels of ~US\$320/mtu with further small increases since the start of 2018, after rallying 65% since during 2017. The current spot price of ~US\$320/mtu is the highest price since 2014.

Tungsten is an indispensable commodity due to its unique properties including having the highest melting point of all metals (3422 °C), a high density (19.3g/cm³ similar to gold) and hardness close to diamond. As a result, tungsten has many uses in today's society, and most commonly for its hardness in cemented carbide tools and steel alloys, such as drill bits, cutting tools and wear-resistant materials which have a range of uses in industry, construction, mining and defence. Tungsten also has a range of uses in cars and planes, where its high density is important. Light bulbs use tungsten wire elements, as do window heating strips in cars. Less known is tungsten's use in automatic watches and sports equipment such as in golf clubs. Lastly and also importantly, tungsten has a growing use in electronics such as vibrators in mobile phones and heat sinks in modern computer processors and integrated circuits

China produces about 80% of the world's tungsten, and recently, in August and September, there have been significant supply cutbacks. The Chinese government is now imposing quotas on tungsten production and is tightening up on enforcement of environmental and safety rules.

The European Union has classed tungsten as a critical commodity and the British Geological Survey places it at the top of its supply-risk list of materials needed to maintain the U.K.'s economy and lifestyle.

The NAE Directors expect there to be continued regulatory pressure on Chinese supply, in a similar fashion to Chinese regulation of its metallurgical coal production over the past 12 months. This, coupled with ongoing global demand growth for tungsten, is ideal timing for the Redmoor project, where a number of the recently announced high grade drilling results are starting to show that higher levels of tungsten may be present in the deposit. The Redmoor deposit contains tin, tungsten and copper.

Tin Outlook

Tin prices also continue to steadily increase with current spot prices reaching US\$21,750/ t, the highest prices since 2014.

The outlook for tin, with growing use in electronics (as a lead-free solder), tin plating and alloys, coupled with declining supply and limited new supply projects, is also very positive. LME tin stocks remain at 12-year lows.

LOCHINVAR COKING COAL PROJECT, UK

The Lochinvar Coking Coal Project is located on the Scottish / English border. NAE was granted the initial (northern) Lochinvar exploration licence and conditional underground mining licence in June 2012. In July 2017, the northern Lochinvar licence was renewed for a further 3 years. NAE was granted the southern Lochinvar licence in October 2014 for an initial 5-year term. All the licences are in good standing and are 100% owned by NAE.



Location of the Lochinvar Licences

Lochinvar Scoping Study Update (March 2017)

On 15 March 2017, NAE announced the results of an update of the Lochinvar Scoping Study which showed a substantial improvement in the project economics.

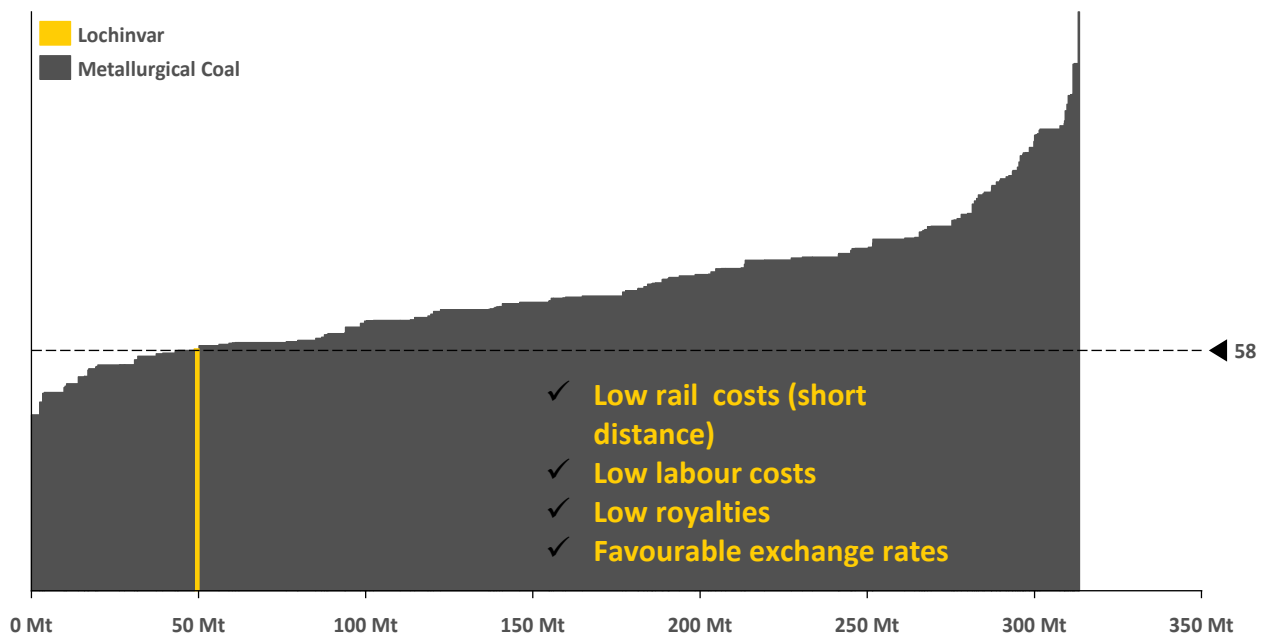
The Lochinvar project now has a base-case NPV9%, determined to an accuracy of $\pm 40\%$, of approximately US\$410M, an IRR of approximately 27% and a payback period of approximately 4 years. The Scoping Study Update results also demonstrate that the Lochinvar Project is robust to changes in Coking Coal price and other key assumptions (break even HCC price is US\$100/t). The economic evaluation is based on a US\$160/t HCC Benchmark Price / US\$150/t Lochinvar Realised Price.

The Scoping Study Update NPV improvement (2014 Scoping Study NPV was US\$263M) has primarily been driven by depreciation of the British Pound Sterling (GBP) against the USD following the outcome of the Brexit referendum, and by high demand for high volatile coking coals in Europe resulting in reduced quality discounts (i.e higher realised price) expected for Lochinvar coal sales into Europe.

These results show the potential for the Lochinvar project to deliver excellent returns on investment with lowest quartile operating costs resulting from short rail transport distances, low labour costs, high coal yield (71%), low royalties, and low taxes.

Lochinvar sits comfortably in the lowest quartile of the 2017 Wood Mackenzie Global Seaborne Coking Coal FOB cost curve. With a total FOB Operating Cost of US\$58/t, Lochinvar has the potential to deliver a low-cost, long life operation which is ideally located to supply the European steel industry.

US\$/t FOB



2017 Global Seaborne Metallurgical Coal Total Cash Cost Curve (source: Wood Mackenzie)

Planned 2018 Exploration Program

A further technical review during 2017 Q4 of the possible coal extensions to the west of the Lochinvar Resource have downgraded these targets. As a result, the 4-hole drilling program planned to commence in March 2018 to test these targets has now been deferred.

Options for a 2018 exploration program at Lochinvar are currently being assessed.

Lochinvar Strategic Investor Update

Discussions are continuing with potential strategic investors and advisors aimed at providing funding options required to advance the Lochinvar Project.

Coking Coal Price Outlook

Hard coking coal benchmark prices have continued to improve with current spot prices at the US\$230/t FOB Australia levels.

Current hard coking coal benchmark prices now well exceed the NAE Directors' view that it is probable that the hard coking coal benchmark price will remain in the range of US\$140/t to US\$170/t over the medium to long term. A hard coking coal benchmark price of US\$160/t was used for the Lochinvar Scoping Study Update.

OTAGO SOUTHERN SHEAR ZONE GOLD EXPLORATION PROJECT, NZ

Two prospecting permits over the Otago South Gold Project covering a total area of 876 km² were granted to NAE on 17 October 2016. During 2017, an initial exploration program was completed over these permits. The program targeted shear hosted gold mineralisation in the south of the Otago Schist belt where recent research has identified the possibility of a 'mirror image' of the geology present in the north of the schist belt some 60km away which hosts the (>10Moz Au) Macraes gold mine. An initial exploration program comprising 877 soil samples and 246 rock chip samples was completed in early 2016 however the results did not identify any significant anomalous levels of arsenic (a pathfinder mineral for gold) for follow up exploration. Due to the results to date and to increased annual permit fees, NAE relinquished in July 2017 approximately 75% of the total area of both permits. The retained areas contain the most promising ground containing a number of historic gold workings and are the closest to known local alluvial gold deposits, e.g. Gabriel's Gully (>0.5Moz Au).

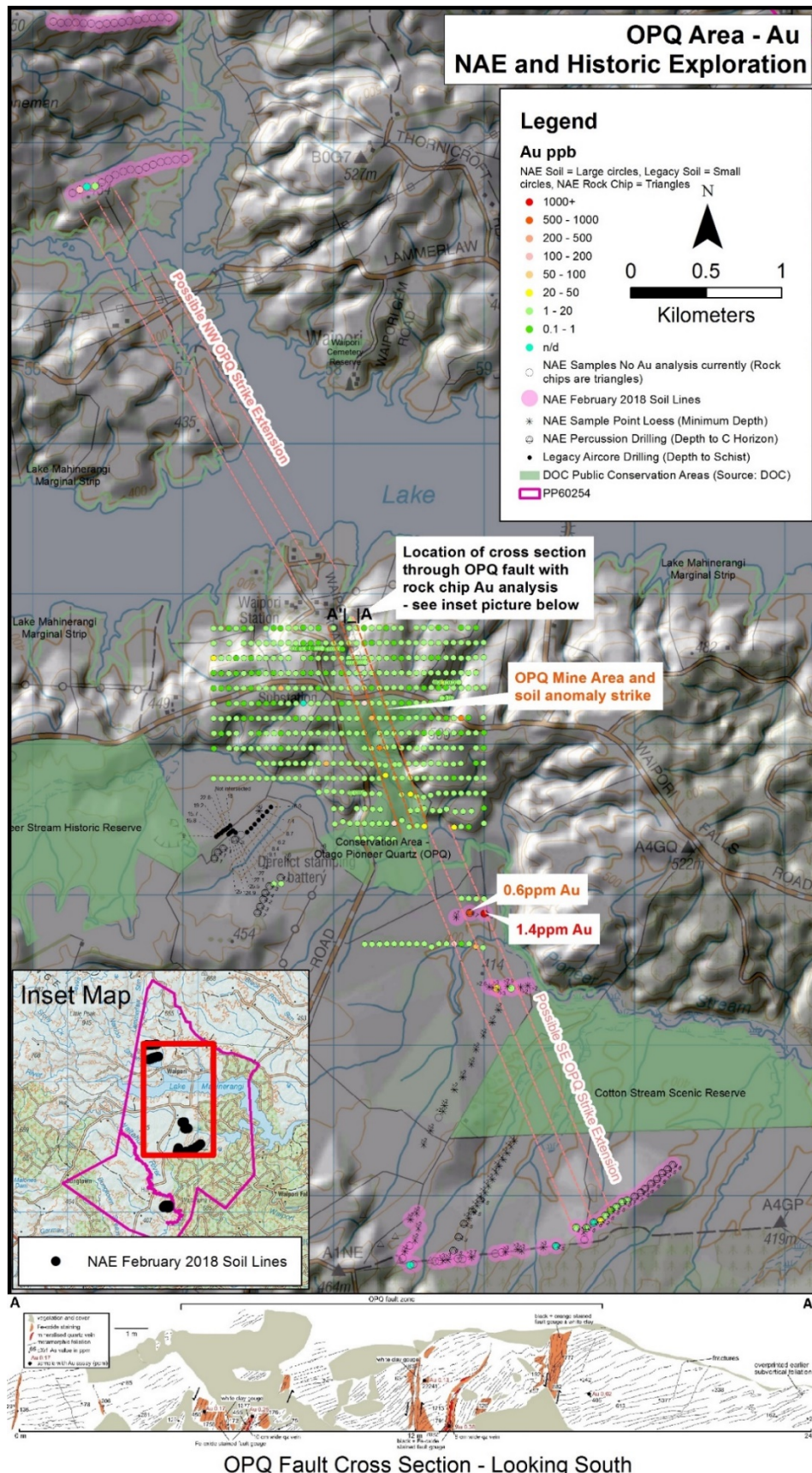
Mapping work was undertaken during December and January by Dr MacKenzie targeting the Otago Pioneer Quartz (OPQ) historic mining area near Lake Mahinerangi on the Mahinerangi prospecting permit area retained. Records indicate that the OPQ reef mined over 100 years ago was up to 3m wide over a strike length of at least 140m and yielded between 4 and 21 grams per tonne Au. Exploration around the OPQ mine area by Macraes Mining Company between 1991 and 1997 further demonstrated As and Au soil anomalies over a distance of approximately 1km strike length. A cross section of the OPQ fault zone approximately 500m north of the area mined from the OPQ Reef was completed during this mapping. Numerous points along the section were analysed with a portable XRF instrument for arsenic. Five rock chip samples from the section were submitted for gold analysis. Results from the cross section analyses showed anomalous levels of arsenic and gold however are inconclusive. Arsenic results from the cross section were inconsistent and include some very high values (1,000 to 20,000+ppm) and gold results were anomalous but lower than expected (0.02 to 0.38ppm).

In February a soil sampling program was undertaken comprising 6 lines and 73 soil samples targeting along strike extensions of the OPQ reef with soil samples analyzed using a portable XRF instrument. A further 2 sample lines were conducted on possibly similar strike targets in the far south of the permit. Seven rock chip samples were also collected and analyzed.

The soil and rock chip arsenic results are inconclusive in that they have not identified any significant anomalous levels of arsenic (a traditional pathfinder mineral for gold in the area). Selected samples were also sent to the laboratory for Au analysis with results showing anomalous gold values at various distances along possible southeast and northwest strike extensions of the OPQ Reef. In particular, two samples collected by man-portable percussion core drilling into the weathered schist through deep loess cover recorded gold values of 1.4ppm and 0.6ppm. These two samples are approximately 700m southeast and along strike of the OPQ anomaly as previously defined by Macraes Mining Company. Further samples from this program are now being sent for gold analysis.

A stream sediment sampling program was also undertaken in February on the Teviot permit near Beaumont. A total of 8 samples were collected. The samples are currently being processed by the laboratory.

The forward work program is currently being assessed and will be finalized once all analysis results are received. Possible options include further close spaced soil / weathered schist sampling near the two anomalous gold results of 1.4ppm and 0.6ppm ~700m southeast of OPQ using the man-portable percussion drill.



Map showing Soil Au Results around OPQ Reef area (Historic Macraes and NAE 2018 Sampling).

CORPORATE

Additional Investment in Cornwall Joint Venture

During the period, NAE increased its investment in the Cornwall Resources Limited joint venture by \$335,137 to retain 50% ownership in the joint venture.

COMPETENT PERSONS STATEMENT

REDMOOR

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 of SRK Global and a Corporate Geologist with 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.

LOCHINVAR

The Resources estimate is based on information compiled by Dr John Bamberry, who is a Member of the Australasian Institute of Geoscientists (Member No. 4090). Dr Bamberry is the Principal Geologist at Palaris. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Bamberry has over 25 years' experience in exploration and mining of coal deposits.

Neither Dr Bamberry nor Palaris have a direct or indirect financial interest in, or association with New Age Exploration Ltd, the properties and tenements reviewed in this report, apart from standard contractual arrangements for the preparation of this report and other previous independent consulting work. In preparing this report, Palaris has been paid a fee for time expended based on standard hourly rates. The present and past arrangements for services rendered to New Age Exploration Ltd do not in any way compromise the independence of Palaris with respect to this review.

OTAGO SOUTH GOLD PROJECT

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Dr Doug MacKenzie, who is a Senior Research Fellow at the University of Otago, Geology Department and is a Member and Chartered Professional Geologist of the Australasian Institute of Mining and Metallurgy. Dr MacKenzie has over 20 years research experience in the Otago Schist and related rocks with emphasis on relationships between structure, metamorphism and gold mineralisation. Dr MacKenzie has sufficient experience which 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'. Dr MacKenzie consents 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.

SUPPORTING INFORMATION AND CAUTIONARY STATEMENTS

This presentation has been prepared as a summary only, and does not contain all information about NAE’s projects or its assets and liabilities, financial position and performance, profits and losses, prospects, and the rights and liabilities attaching to NAE’s securities. The securities issued by NAE are considered speculative and there is no guarantee that they will make a return on the capital invested, that dividends will be paid on the shares or that there will be an increase in the value of the shares in the future. NAE does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this report. Recipients of this report should carefully consider whether the securities issued by NAE are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position.

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of New Age Exploration Limited for the half year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to be 'RSM'.**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be 'J S Croall'.**J S CROALL**

Partner

Dated: 15 March 2018
Melbourne, Victoria

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	Half year ended 31 Dec 2017 \$	Half year ended 31 Dec 2016 \$
Revenue			
Reversal of impairment losses	3	1,707,536	-
Other income		28,428	4,652
Expenses			
Corporate expenses		(129,553)	(88,351)
Occupancy expenses		(12,746)	(12,747)
Employee benefits expense		(259,649)	(193,670)
Administrative expenses		(48,004)	(48,424)
Share in net loss of joint venture		(17,746)	-
Travel and accommodation		(11,061)	(16,485)
Other expenses		(1,205)	(53,556)
Profit/(Loss) before income tax expense		1,256,000	(408,581)
Income tax expense		-	-
Profit/(Loss) for the period from continuing operations		1,256,000	(408,581)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in exchange differences on translating foreign operations		82,920	13,658
Income tax expense		-	-
Other comprehensive income/(loss)		82,920	13,658
Total comprehensive income/(loss) for the period		1,338,920	(394,923)
Profit/(Loss) for the period attributable to:			
Non-controlling interests		-	(2,796)
Owners of New Age Exploration Limited		1,256,000	(405,785)
		1,256,000	(408,581)
Total comprehensive income/(loss) for the period attributable to:			
Non-controlling interests		-	6,241
Owners of New Age Exploration Limited		1,338,920	(401,164)
		1,338,920	(394,923)
<i>Profit/(Loss) per share from continuing operations attributable to the owners of New Age Exploration Limited</i>			
		Cents	Cents
Basic profit/(loss) per share		0.28	(0.11)
Diluted profit/(loss) per share		0.28	(0.11)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	31 Dec 2017 \$	30 June 2017 \$
Current assets			
Cash and cash equivalents		870,955	1,724,318
Trade and other receivables		26,760	32,704
Prepayments		26,609	3,088
Other financial assets		25,000	25,000
Total current assets		949,324	1,785,110
Non-current assets			
Investment in joint venture	2	1,992,140	1,674,749
Property, plant and equipment		4,246	-
Exploration and evaluation assets	3	6,468,835	4,603,750
Total non-current assets		8,465,221	6,278,499
Total assets		9,414,545	8,063,609
Current liabilities			
Trade and other payables		111,033	106,638
Provisions		28,262	20,641
Total current liabilities		139,295	127,279
Total liabilities		139,295	127,279
Net assets		9,275,250	7,936,330
Equity			
Equity attributable to members of the parent:			
Contributed equity	4	25,492,788	25,492,788
Reserves		502,341	419,421
Accumulated losses		(16,719,879)	(17,975,879)
Total equity		9,275,250	7,936,330

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of New Age Exploration Limited			Non-Controlling Interests	Total
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	\$	\$
At 1 July 2017	25,492,788	419,421	(17,975,879)	-	7,936,330
Profit for the period	-	-	1,256,000	-	1,256,000
Other comprehensive income	-	82,920	-	-	82,920
Total comprehensive income for the period	-	82,920	1,256,000	-	1,338,920
As at 31 December 2017	25,492,788	502,341	(16,719,879)	-	9,275,250
At 1 July 2016					
	23,641,688	1,207,553	(19,449,311)	31,853	5,431,783
Loss for the period	-	-	(405,785)	(2,796)	(408,581)
Other comprehensive loss	-	4,621	-	9,037	13,658
Total comprehensive loss for the period	-	4,621	(405,785)	6,241	(394,923)
Transactions with owners in their capacity as owners:					
Issue of shares for loan repayment	244,666	-	-	-	244,666
Issue of shares	1,384,000	-	-	-	1,384,000
Issue costs	(85,116)	-	-	-	(85,116)
Dilution in ownership of controlled entity	-	-	157,092	67,961	225,053
As at 31 December 2016	25,185,238	1,212,174	(19,698,004)	106,055	6,805,463

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Half year ended 31 Dec 2017 \$	Half year ended 31 Dec 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(458,694)	(489,911)
Research and development refund	-	908,643
Other receipts	29,214	-
Interest received	6,015	361
Net cash flows provided by/ (used in) operating activities	(423,465)	419,093
Cash flows from investing activities		
Payments for exploration and evaluation costs	(118,362)	(132,490)
Payment for other financial assets (i)	(320,716)	(77,410)
Proceeds from sale of other financial assets	-	170,010
Proceeds from partial disposal of interest in controlled entity	-	227,937
Net cash flows provided by/ (used in) investing activities	(439,078)	188,047
Cash flows from financing activities		
Proceeds from issue of shares	-	1,384,000
Share issue costs	-	(85,116)
Net cash flows provided by financing activities	-	1,298,884
Net increase/(decrease) in cash and cash equivalents held	(862,543)	1,906,024
Cash and cash equivalents at beginning of period	1,724,318	199,231
Effects of exchange changes on balances held in foreign currencies	9,180	(33,520)
Cash and cash equivalents at the end of period	870,955	2,071,735

(i) Payments for additional shares in Cornwall Resources Limited for the joint venture's funding calls

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and accounting policies

This general purpose financial report for the half year ended 31 December 2017 has been prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The condensed half year financial report does not include notes of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2017 and considered together with any public announcements made by New Age Exploration Limited during the half year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules. Comparative figures have been adjusted to conform with changes in presentation for the current period.

The accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report, except for the impact of the Standards and Interpretations described below.

(a) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and amended Australian Accounting Standards and AASB Interpretations that are relevant to its operations and effective for the current half-year. The adoption of the new and amended Standards and Interpretations has had no effect on the amounts reported for the current or prior half years.

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review, the Directors have determined that the expected impact to the Group will be immaterial.

(b) Going Concern

The Consolidated Group's net profit after tax for the half-year ended 31 December 2017 amounted to \$1,256,000 (31 December 2016: loss of \$408,581) and had cash outflows from operating and investing activities of \$862,543 (31 December 2016: inflow of \$607,140). As at the balance date, the Group had working capital, being current assets less current liabilities, of \$810,029 (30 June 2017: \$1,657,831). While the directors are satisfied that there is sufficient working capital to enable the Group to continue to meet its operational costs and financial obligations in a timely manner over the next 12 months, they are also aware that to continue to advance the exploration projects, significant capital expenditure will be required.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- At 31 December 2017, the consolidated entity had cash and cash equivalents of \$870,955.
- The Company has prepared cash flow budgets which include controlled cash outflows for project expenditure, which can be reduced if insufficient capital is raised to fund that activity.
- The Board is of the opinion that the Company will be able to access working capital funding, as has been demonstrated in the past.

On the basis that sufficient cash inflows are expected to be raised to fund the planned expenditure for at least 12 months after the date of this report, the Directors consider that the Group remains a going concern and these financial statements have been prepared on this basis. Although the Directors believe that they will be successful in these measures, this material uncertainty may cast significant doubt on the Company and its controlled entities' ability to continue as a going concern and therefore their ability to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

NOTE 2 INVESTMENT IN JOINT VENTURE

NAE holds a 50 percent equity interest in Cornwall Resources Ltd, a UK-based company which was previously wholly-owned by NAE until its deconsolidation from the Group accounts in February 2017. Based on the contractual arrangements, NAE has joint control and, as a result, this investment is accounted for using the equity method.

	31 Dec 2017	30 June 2017
	\$	\$
Movement in the carrying amount of investment in joint venture accounted for using the equity method:		
Balance at the beginning of the financial period	1,674,749	630,827
Additions	335,137	1,106,151
Share in joint venture loss	(17,746)	(62,229)
	<u>1,992,140</u>	<u>1,674,749</u>

NOTE 3 EXPLORATION AND EVALUATION ASSETS

	31 Dec 2017	30 June 2017
	\$	\$
Movement in the carrying amounts of exploration and evaluation assets between the beginning and end of the financial period:		
Balance at the beginning of the financial period	4,603,750	4,763,400
Additions	86,326	310,192
Movement from deconsolidation of controlled entity	-	(347,108)
Reversal of impairment loss	1,707,536	166,518
Effect of foreign currency movements	71,223	(289,252)
	<u>6,468,835</u>	<u>4,603,750</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 4 ISSUED CAPITAL

	31 Dec 2017 Number	30 June 2017 Number	31 Dec 2017 \$	30 June 2017 \$
Ordinary shares – fully paid	450,857,333	450,857,333	25,492,788	25,492,788

Movement in ordinary shares

	No of Shares	Issue Price	\$
Balance 1 July 2016	343,498,083		23,641,688
Issue of shares – funding facility	15,700,000	\$0.015	235,500
Issue of shares	21,533,336	\$0.015	323,000
Issue of shares	69,200,000	\$0.020	1,384,000
Issue of shares – funding facility	925,914	\$0.0099	9,167
Issue costs	-		(100,566)
Balance 30 June 2017	450,857,333		25,492,788
Balance 31 December 2017	450,857,333		25,492,788

NOTE 5 SEGMENT INFORMATION

The Group operated predominantly as an explorer with the view to identify and advance attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders.

The directors do not believe that there are any reportable segments that meet the requirements of AASB 8 *Segment Reporting*. The chief operating decision maker, being the Board of Directors, review geological results and other qualitative measures as a basis for decision making.

NOTE 6 FINANCIAL INSTRUMENTS

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

NOTE 7 SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

DIRECTORS' DECLARATION

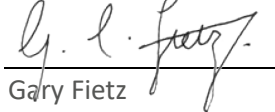
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors:



Gary Fietz
Managing Director

Melbourne
15 March 2018

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF****NEW AGE EXPLORATION LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of New Age Exploration Limited which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of New Age Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Age Exploration Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of New Age Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (b) in the half-year financial report, which indicates the consolidated entity incurred net cash outflows from operating and investing activities of \$862,543 for the half-year ended 31 December 2017 (2016: \$607,140 net cash inflows). As at 31 December 2017 the consolidated entity had a working capital amount of \$810,029 (30 June 2017: \$1,657,831), and while the directors state they are satisfied that there is sufficient working capital to enable the consolidated entity to continue to meet its operational costs and financial obligations over the next 12 months, they are also aware that to continue to advance the exploration projects, significant capital expenditure will be required. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



J S CROALL

Partner

Dated: 15 March 2018
Melbourne, Victoria