



ASX Code: NAE



Half Year Consolidated Financial Report

31 December 2019

New Age Exploration Ltd
ACN 004 749 508
Level 17, 500 Collins Street
Melbourne, VIC 3000

NEW AGE EXPLORATION CONSOLIDATED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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 2019.

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 J Wellisch (Executive Director)

Mr S Layton (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 loss of the Consolidated Entity for the period, after providing for income tax, amounted to \$376,282 (31 December 2018: loss of \$447,161) and the Consolidated Entity had cash outflows from operating activities of \$448,086 (31 December 2018: outflows of \$749,920). The detailed Review of Operations follows this Directors' Report.

Subsequent events

No matter or circumstance has arisen since 31 December 2019 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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year ended 31 December 2019 is included on page 20.

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



Joshua Wellisch
Executive Director

12 March 2020

REVIEW OF OPERATIONS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

Encouraging Results from Phase 1 Exploration at OPQ Gold Exploration Project (EP 60502), Otago, NZ

- High-grade anomalous gold results ranging between 0.1 g/t and 2.5 g/t gold received in December 2019 from 5 shallow man-portable holes (2m to 6m deep) drilled over the OPQ gold target in September 2019.
- The new December 2019 results extend the total number of high-grade anomalous gold results obtained by NAE over the OPQ gold target to 10 results ranging between 0.1 g/t and 2.5 g/t gold from shallow man-portable holes and hand auger drilled holes.
- ~6km potential strike length for the OPQ gold target defined by anomalous gold soil results has been further confirmed by the new results highlighting the potential for one or more narrow zones of high-grade gold mineralization. NAE considers this to be an attractive gold exploration target given the tenor of gold mineralization in the historic OPQ mine over the central part of the target which averaged around 13 g/t gold mined over a 2m width, to a depth up to 65m and over a strike length of ~1.2km.

Prospecting Permit PP 60544 Granted for Gold Exploration over Prospective Lammerlaw Area, Otago, NZ

- In December 2019, Prospecting Permit PP60544 for gold and other minerals over an area of 265 km² in the prospective Lammerlaw area, Otago, New Zealand was granted to NAE after winning a competitive Newly Available Acreage process when the area became available in early 2019.
- The Permit is prospective for Macraes style gold deposits based on research by MacKenzie & Craw in 2016 which identified a 'mirror image' in the south of the Otago Schist belt (within the Permit) of the geology present in the north of the schist belt some 60km away which hosts the >10Moz Au Macraes gold mine.
- New Zealand's largest alluvial gold deposit, Gabriels Gully (>0.5 Moz produced), is located approximately 3km directly to the south of the Permit and the source of the gold remains unidentified. The Permit also contains historic gold, scheelite and antimony workings.
- The culmination of; (a) the analogous geological setting and similar conductivity lineaments to the Macraes gold mines, (b) close proximity of NZ's largest alluvial gold deposit, Gabriels Gully, and (c) historic gold mines being located on the Permit make it particularly prospective area for gold exploration and strengthens NAE's position as a gold explorer in Otago, NZ.

Lochinvar Coking Coal Project - Potential for Bord and Pillar Mining Identified

- Optimisation study completed in September 2019 highlighted the potential for extended use of Bord and Pillar underground mining method at Lochinvar:
- Expected Bord and Pillar mining costs at Lochinvar appear to be competitive with other international Bord and Pillar underground coal mining operations benchmarked by Palaris.

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

- Bord & Pillar mining expected to be possible at Lochinvar to depths less than 400 m from surface - ~33 Mt of the total Lochinvar coking coal resource in the Nine Foot Seam is between 200 m and 400 m deep and has potential to be mined via Bord and Pillar underground mining method.
- The Exploration Target within the Lochinvar North licence may also offer potential for Bord and Pillar mining, subject to further exploration and confirmation of resources.
- Although the Bord and Pillar mining method is slightly more expensive than the longwall mining method, it has a number of significant advantages including; significantly lower start-up capital costs, increased flexibility to accommodate faulting and geological structure encountered in mining and to manage coal quality variation within the deposit, and increased ability to scale production rate to meet market demands by adding/removing continuous miner units.

Lochinvar South Licence renewed

- In October 2019, NAE's Lochinvar South licence were renewed for a further 5-year period to October 2024 by The Coal Authority.

Transaction completed to sell NAE 50% share of Redmoor Tin-Tungsten Project for total of \$5m

- Transaction completion in July 2019 to sell NAE's 50% share of the Redmoor Tin-Tungsten Project to Strategic Minerals Plc ("SML") for a total consideration of \$5.0m as follows:
- \$3.0m in cash payments between June 2019 and June 2020 payable as follows:
 - Initial payments totaling \$300,000 completed in June and July 2019
 - The first and second \$300,000 quarterly payments which have been received. One remaining \$300,000 quarterly payment due on or before 30 April 2020
 - \$1,800,000 payment due on or before 26 June 2020
 - 5% p.a. interest payable on outstanding payment balance from 26 July 2019
 - Payments secured by charges over CRL shares and property and an NAE option to convert any outstanding balances due to SML shares at a 10% discount to market price in the event of default
- \$2.0m in royalty payments payable as follows:
 - \$1,000,000 on Net Smelter Sales arising from Redmoor production reaching A\$50m
 - \$1,000,000 on Net Smelter Sales arising from Redmoor production reaching A\$100m

Corporate

- The Annual General Meeting of the Company was held on 12 November 2019 and all resolutions put to the meeting were passed by shareholders.

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

OTAGO PIONEER QUARTZ GOLD EXPLORATION PROJECT (EP 60502)

Location of NAE Gold Permits in Otago, New Zealand

In January 2019, NAE was granted a 71.6km² Exploration Permit (EP 60502) covering the Otago Pioneer Quartz (“OPQ”) Gold Target located in the Mahinerangi area of Otago, New Zealand.

In December 2019, NAE was also granted a 265.4km² Prospecting Permit (PP 60544) in the prospective Lammerlaw area adjoining the OPQ Exploration Permit to the north-west.

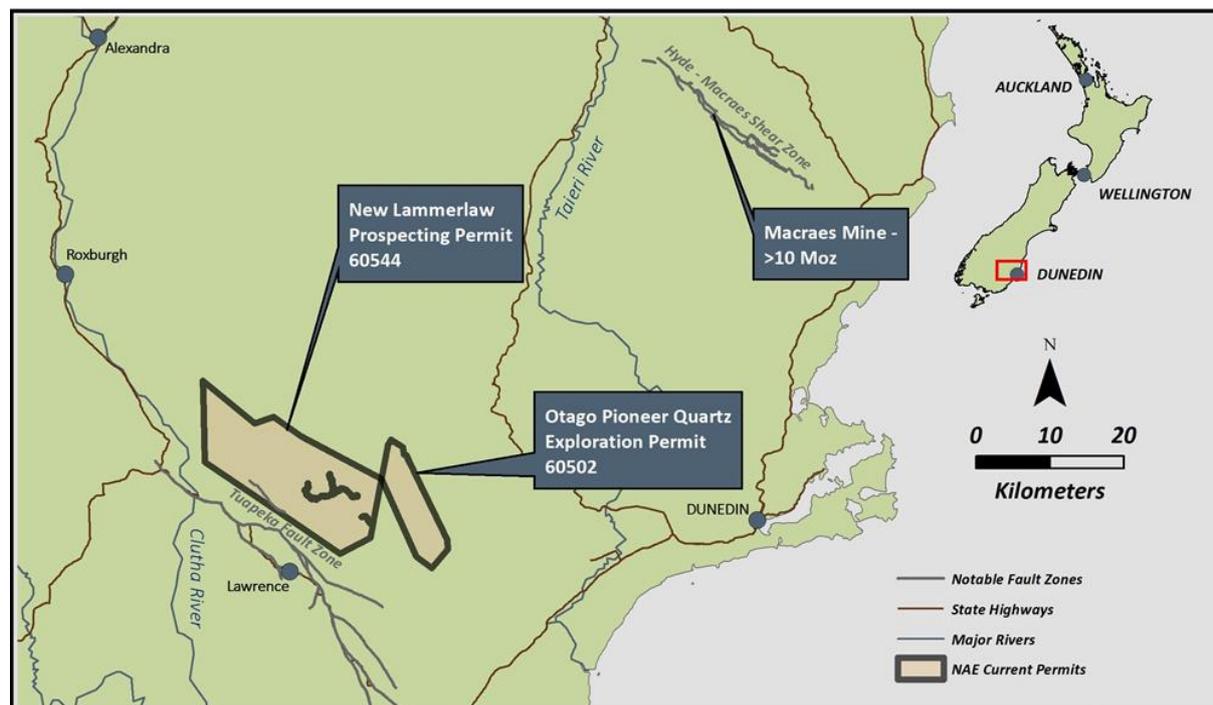


Figure 1- NAE Permits in Otago New Zealand

Otago Pioneer Quartz Historic Gold Mine

Historic records indicate that the Otago Pioneer Quartz (OPQ) reef was mined over 100 years ago averaging 2m wide over a strike length of at least 1,200m and yielding an average of around 13 grams per tonne Au.

Soil Au and As Anomaly over Historic OPQ Mine Defined by Macraes Mining

Exploration around the OPQ historic 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 above the area of the OPQ reef historically mined (see Figure 2).

NAE Soil Sampling Programs

NAE undertook a soil sampling program over the OPQ gold target using a man-portable drill and hand auger in February 2018 and a follow up program in September 2018 with key results including:

- 2 samples located approximately 700m southeast and along strike of the OPQ historic mine and previously defined soil anomaly recorded gold values of 1.4 g/t and 0.6 g/t.

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

- 0.66 g/t gold located ~2,700m southeast and along strike of the OPQ historic mine and previously defined soil anomaly and ~2,000m southeast and along strike of the 1.4 g/t and 0.6 g/t gold soil results obtained by NAE in February 2018.
- 0.55 g/t and 0.25 g/t gold on a line located north of Lake Mahinerangi ~3,000m northwest and along strike of the OPQ historic mine and previously defined soil anomaly.

In September and October 2019, NAE undertook a further soil sampling program, over the OPQ gold target using a man-portable drill and hand auger with key results released in December 2019 including:

- 5 high-grade anomalous gold results ranging between 0.1 g/t and 2.5 g/t gold in man-portable drillholes
- A further 3 soil and man-portable drill results showed anomalous gold above background levels (>20ppb gold)

The December 2019 results extend the total number of high-grade anomalous gold results obtained by NAE over the OPQ gold target to 10 results ranging between 0.1 g/t and 2.5 g/t gold from shallow man-portable holes and hand auger drilled holes. A further 5 high-grade anomalous gold results between 0.1 g/t and 0.31 g/t gold were also previously obtained by Macraes Mining Company over the OPQ gold target above the historic OPQ Gold Mine area, increasing the number of high-grade anomalous gold results >0.1 g/t gold over the OPQ gold target to a total of 15.

As shown in Figure 2, the December 2019 results further confirm a ~6 km potential strike length for the OPQ gold target defined by anomalous gold soil results highlighting the potential for one or more narrow zones of high-grade gold mineralization.

Planned Work Program

A Phase 2 exploration program comprising of drilling (~20m deep holes) and trenching over the OPQ gold target is planned to be undertaken in 2020 to follow up on the encouraging Phase 1 results.

A follow up Phase 3 program, comprising of deeper RC and/or diamond drilling (>50m deep holes), is also planned later in 2020 subject to the results of Phase 2.

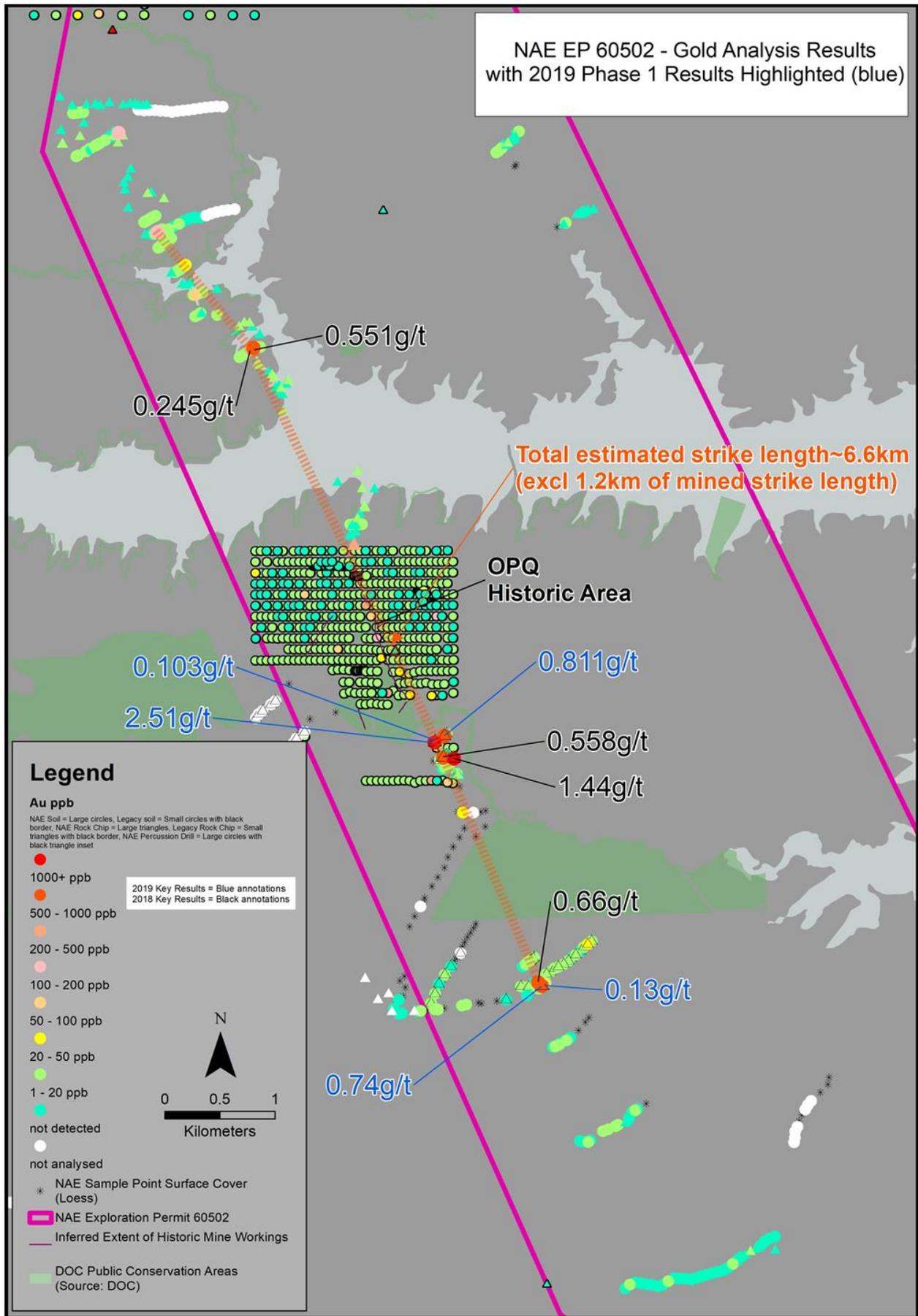


Figure 2 - OPQ Gold Exploration Project Results with Significant Results from 2019 Phase Program Highlighted

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

LAMMERLAW PROSPECTING PERMIT (PP 60544)

In December 2019, Prospecting Permit PP60544 for gold and other minerals over an area of 265 km² in the prospective Lammerlaw area, Otago, New Zealand was granted to NAE after winning a competitive Newly Available Acreage process when the area became available in early 2019. The Permit adjoins NAE's OPQ Exploration Permit (60502) to the south-east (see Figure 1).

The Lammerlaw Prospecting Permit has been granted for an initial period of 2 years and with an annual fee of NZ\$8,622 p.a. Prospecting Permits allow low impact prospecting activities to be undertaken such as; geological mapping, soil and rock chip sampling, man-portable hand-held drilling and aerial surveys. An Exploration Permit is required prior to any deep drilling being undertaken which Prospecting Permit holders have the exclusive right of application for during the term of the Prospecting Permit.

Gold Exploration Targets

The regional geology is dominated by the Otago Schist belt, a high-grade metamorphic schist, which has a long history of both hard rock and alluvial gold mining. The Otago Schist is divided into structural blocks or zones of increasing metamorphic grade known as; Sub-Greenschist Facies, Lower Greenschist Facies, Upper Greenschist Facies and Amphibolite Facies. Gold mineralisation at the >10Moz Au Macraes deposits, hosted in the Hyde Macraes Shear Zone ("HMSZ"), occurs entirely within the Lower Greenschist Facies zone in the northeast of the Otago Schist belt (see Figure 3).

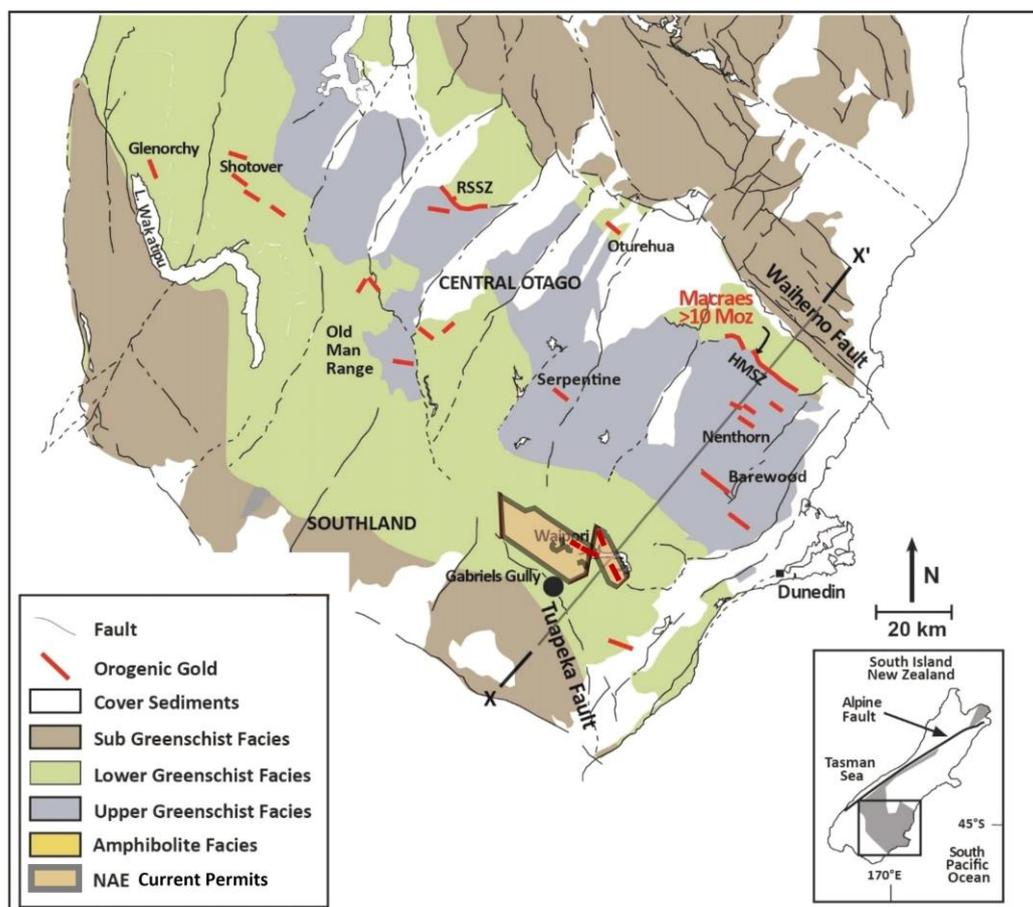


Figure 3 Geological Map - Shear Zone Hosted Gold Mineralisation within the Otago Schist Belt (X-X' shows the cross section line presented in Figure 4)

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Mackenzie and Craw (2016) identified the potential for Macraes style shear zone hosted gold deposits to occur in the southern part of the Otago Schist belt within the Lower Greenschist Facies zone, inside the Permit area. These southern shear zone gold exploration targets have been identified as being a 'mirror image' of the geology present in the northern margin of the Otago Schist belt (approximately 60km to the northeast) containing the Hyde Macraes Shear Zone ("HMSZ") which hosts the Macraes gold mine (>10Moz) (See Figure 3).

Gold mineralisation such as that found along the HMSZ on the northeastern side of the Otago Schist belt may therefore also be present on the southwestern side of the Otago Schist belt within the Permit. This concept is shown in the schematic cross section in Figure 4 which also highlights conceptual southern shear zone gold exploration targets.

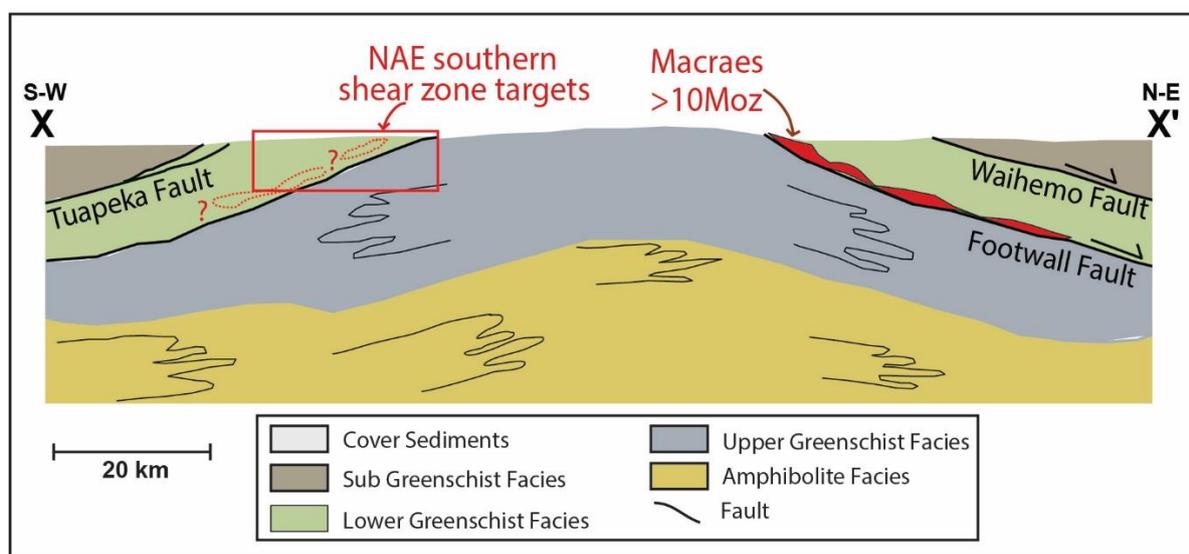


Figure 4 Geological Cross section - Otago Schist Belt & Southern Shear Zone Gold Exploration Targets (cross section line X-X' shown in Figure 3)

Comparison with Macraes Gold Deposit

The Macraes gold deposit, including the Frasers Open Pit and Underground mine, is the largest gold mine in New Zealand and has produced more than 4 million ounces of gold since opening in 1990. It has a current mineral resource of over 6Moz making the deposit >10Moz in total. The Macraes mine is developed in a regionally continuous shear zone known as the Hyde Macraes Shear Zone ("HMSZ"). The HMSZ is up to 150m thick and dips at approximately 20° to the northeast.

The mineralised HMSZ and associated cross faults correlate with conductivity highs from an airborne geophysical survey flown for Glass Earth NZ Ltd in 2007 (see Figure 5a – warm colors (reds and oranges) mark areas of relatively high electrical conductivity).

Conductivity lineaments may therefore be used as a tool to help identify the occurrence of potentially mineralised shear zones in the 'mirror image' geological setting within Lower Greenschist Facies target zone in the southern part of the Otago Schist belt within the Permit.

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Conductivity Lineaments as an Exploration Tool

The South Shear Zone gold exploration targets within the Permit based on conductivity lineaments within the Lower Greenschist zone are shown in Figure 5b (warm colours (reds and oranges) mark potential targets with relatively high electrical conductivity).

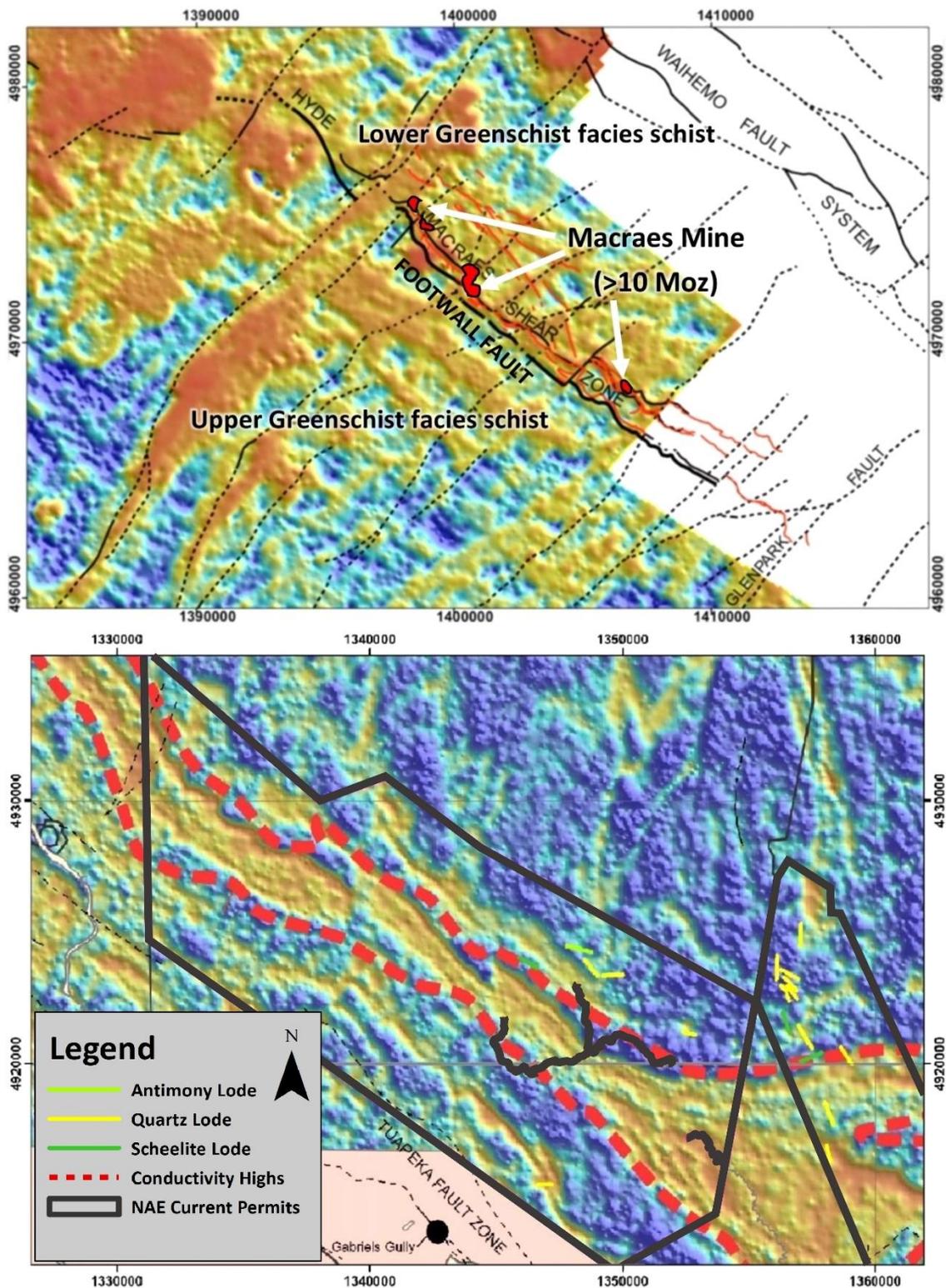


Figure 5; (a) Upper: Conductivity Lineaments over the Hyde Macraes Shear Zone on same scale for comparison, (b) Conductivity Lineaments over NAE Lammerlaw Prospecting Permit and OPQ Exploration Licence Areas

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

More specifically, MacKenzie & Craw (2016) propose that the boundary of a lens shaped block in the south of the Otago schist belt as defined by conductivity features (see Figure 6) may be analogous to the contact between Upper and Lower Greenschist Facies schist where the Macraes Footwall Fault and gold mines are located and the Tuapeka Fault Zone near the southern boundary of the Permit may be analogous to the Waihemo Fault System to the north of the Hyde Macraes Shear Zone.

The relinquished Mahinerangi Prospecting Permit (60254) to the east of the Permit and the relinquished Teviot Prospecting Permit (60255) to the west of the Permit contain only the eastern and western margins of this lens shaped target block. The main part of the lens shaped block within Lower Greenschist Facies in the southern part of the Otago Schist belt lies within the Permit and remains untested.

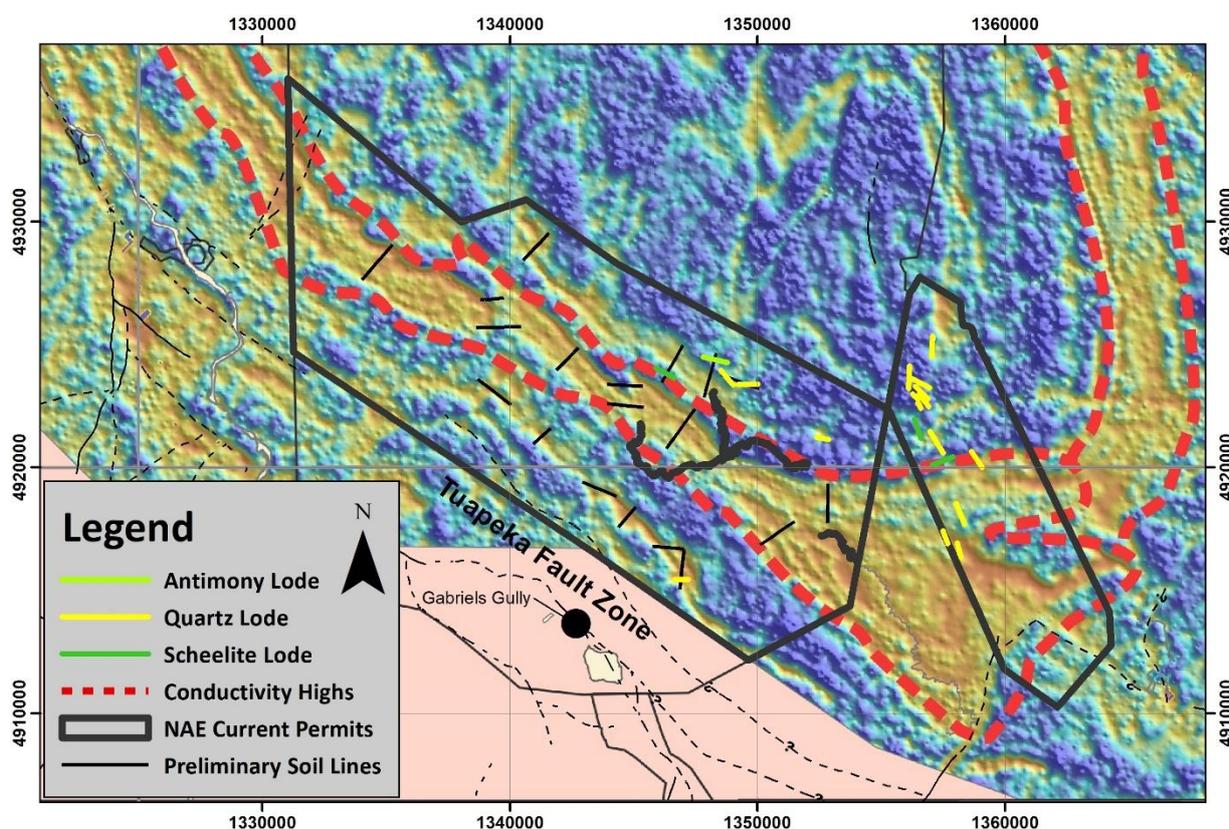


Figure 6 - Conductivity Lineaments over NAE Lammerlaw Prospecting Permit with Priority Exploration Target (Soil Sampling Lines) Marked (Black)

Historic Gold Mining

The Permit contains the historically mined Bella Lode where gold was mined in the late 1800's with an average grade of 15 g/tonne Au over 0.6-1.8m thickness, before the mine closed in 1901. The Permit also contains a historically mined antimony lode along and scheelite (tungsten) workings with minor occurrences of copper, silver and mercury.

New Zealand's largest alluvial gold deposit, Gabriels Gully (>0.5Moz produced), is located approximately 3km directly to the south of the Permit the source of the gold remains unidentified.

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Planned Work Program

The culmination of the geological setting being analogous to the Hyde Macraes Shear Zone, the presence of conductivity lineaments similar to the Hyde Macraes Shear Zone to target exploration, the close proximity of New Zealand's largest alluvial gold deposit (Gabriels Gully), and historic gold mines being located on the Permit make it particularly prospective for gold exploration.

An initial exploration program will commence in 2020 in combination with planned further exploration on the OPQ gold target within the adjacent NAE Exploration Permit 60502. Initial fieldwork will focus on geological mapping soil sampling and rock chip sampling. Priority soil sampling lines are shown in black on Figure 6.

LOCHINVAR COKING COAL PROJECT, UK

The Lochinvar Coking Coal Project is located on the Scottish / English border. NAE holds exploration licences, conditional mining licences and option agreements over the Lochinvar area, Lochinvar North area and Lochinvar South area as shown in Figure 1. All licences are in good standing and are 100% owned by NAE.

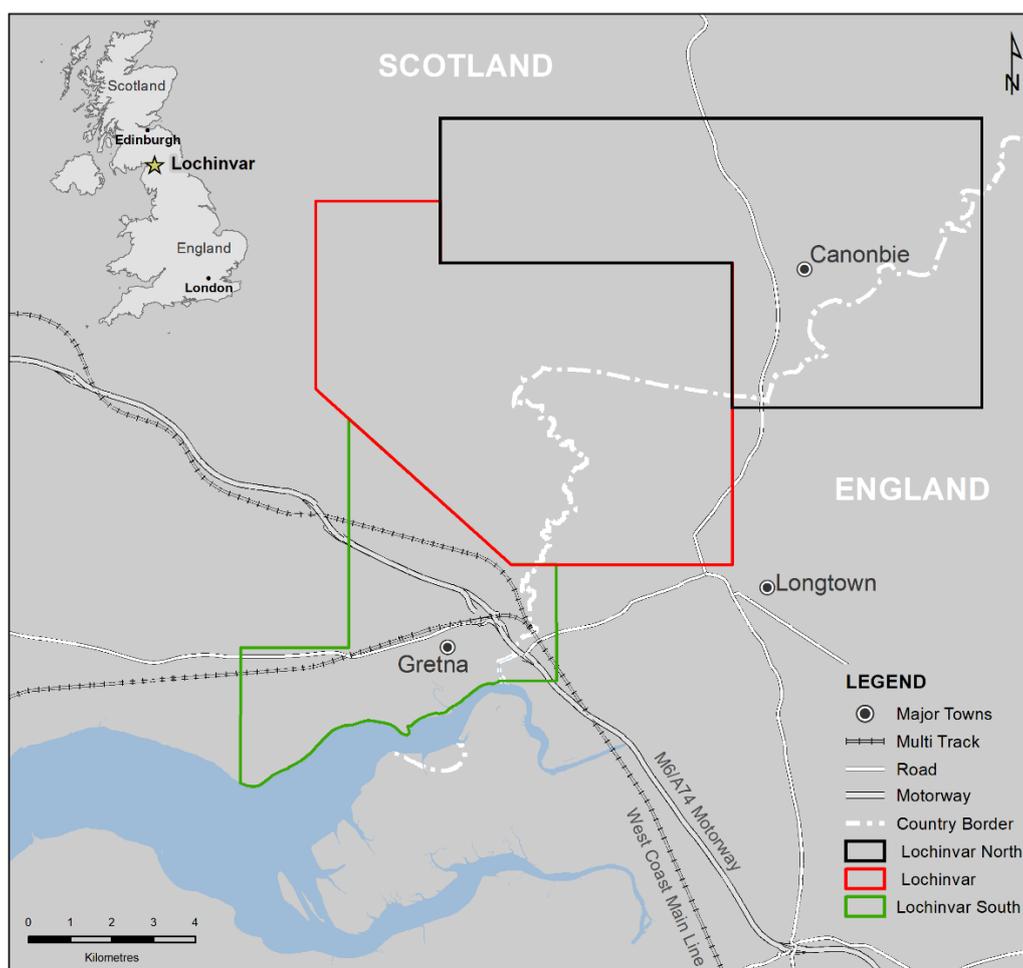


Figure 7- Location of the Lochinvar Licences

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Lochinvar Mineral Resource¹

A Total Resource of 111 Mt has been defined by independent technical consultants, Palaris, for the Nine Foot and Six Foot Seams within the Lochinvar licence as shown in Table 1.

Table 1 - Lochinvar Indicated and Inferred Resource Summary (August 2014)

Coal Seam (Air Dried Basis)	Indicated Resource (Mt)	Inferred Resource (Mt)	Total Resource (Mt)
Nine Foot Seam	37	49	86
Six Foot Seam	13	13	26
Total	49	62	111

An additional Exploration Target of 31 – 64Mt was also identified by Palaris within the Lochinvar and Lochinvar South Licences¹.

The potential quantity and quality of the Exploration Targets is conceptual in nature. Insufficient exploration has been undertaken to estimate a Mineral Resource and it is uncertain that further exploration will result in the estimation of a Mineral Resource.

Lochinvar Scoping Study

In March 2017, NAE announced the results of an update of the Lochinvar Scoping Study, which showed a base-case NPV 9%, determined to an accuracy of $\pm 40\%$, of approximately US\$410M, an IRR of approximately 27% and a payback period of approximately 4 years for the project. The study also demonstrated 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 was based on a US\$160/t HCC Benchmark Price / US\$150/t Lochinvar realised Price.

The Lochinvar Scoping Study results show the potential for the 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.

Lochinvar North Exploration Target

In addition to the coking coal resource contained within the Lochinvar Licence, upon which the Scoping Study is based, the adjoining Lochinvar North licence (granted to NAE in April 2019) and Lochinvar South licence also contain significant coking coal exploration targets.

Localised coal mining occurred within the Lochinvar North licence area from the mid-1800's to the early 1920's in the eastern part of the coalfield, where the coal seams are exposed near the surface.

¹ NAE announcement 29 August 2014, Lochinvar Resource Upgrade and Product Quality

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

In the 1950's, 5 boreholes were drilled by the National Coal Board within the Lochinvar North licence area. 4 of these boreholes intersected the Nine Foot Seam and/or the Six Foot seam confirming the continuity of coking coal seams within the Lochinvar North licence with an average thickness of 4.1m for the Nine Foot Seam and 1.8m for the Six Foot Seam, and similar coal quality to that recorded in the Lochinvar licence. These intersections show a thickening of the coal seams, when compared to the adjacent Lochinvar licence.

Exploration data from NAE's adjacent Lochinvar licence, combined with historic borehole and seismic data over the Lochinvar North licence provided the basis for an Exploration Target over the Lochinvar North Licence. In April 2019, soon after NAE being granted the licence, an Exploration Target for the Lochinvar North licence ranging from 77-142 million tonnes was estimated by independent technical consultants, Palaris, in the Nine Foot and/or Six Foot Seams to a maximum depth of 1,000m and minimum thickness of 1.2 m.

Table 2 Lochinvar North Exploration Target ²

Description	Tonnage Range (Mt)
Nine Foot Seam Only	77-104 Mt
Nine Foot Seam plus Six Foot Seam	105 -142 Mt
Lochinvar North Licence Exploration Target	77-142 Mt

The potential quantity and quality of the Exploration Targets is conceptual in nature. Insufficient exploration has been undertaken to estimate a Mineral Resource and it is uncertain that further exploration will result in the estimation of a Mineral Resource.

Lochinvar North has the potential to extend the Lochinvar resource, reduce the depth to first coal from surface therefore reducing the length and capital cost of the decline, increase mining production rate and increase mine life for the total Lochinvar project.

² NAE Announcement – Lochinvar North Exploration Target, 15 April 2019

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

- Bord & Pillar mining expected to be possible at Lochinvar to depths less than 400 m from the surface where geotechnical conditions are typically more benign than at greater depths.
- 33³ Mt of the total Lochinvar coking coal resource in the Nine Foot seam is between 200 m and 400 m deep and has potential to be mined via the Bord and Pillar underground mining method. Of this, 21.2 Mt is in the Indicated Resource category and 11 Mt is in the Inferred Resource category⁴.
- The Exploration Target within the Lochinvar North licence may also offer potential for Bord and Pillar mining, subject to further exploration and confirmation of resources.
- Although the Bord and Pillar mining method is slightly more expensive than the longwall mining method, it has a number of significant advantages including; significantly lower start-up capital costs, increased flexibility to accommodate faulting and geological structure encountered in mining and to manage coal quality variation within the deposit, and, increased ability to scale production rate to meet market demands by adding/removing continuous miner units.
- NAE now plans to further study the potential for an extended Bord and Pillar underground mining operation at Lochinvar, prior to the commencement of longwall mining.

Renewal of Lochinvar South Licences

In October 2019, NAE's Lochinvar South exploration licences, conditional mining licences and option agreements were renewed for a further 5-year period to October 2024 by The Coal Authority.

REDMOOR TRANSACTION

In July 2019, a transaction was completed to sell NAE's 50% share of the Redmoor Tin-Tungsten Project, located in Cornwall, United Kingdom to Strategic Minerals Plc ("SML") for a total consideration of \$5.0m as follows:

- \$3.0m in cash payments between June 2019 and June 2020 payable as follows:
 - Initial payments totaling \$300,000 completed in June and July 2019
 - The first and second \$300,000 quarterly payments which have been received. One remaining \$300,000 quarterly payment due on or before 30 April 2020
 - \$1,800,000 payment due on or before 26 June 2020
 - 5% p.a. interest payable on outstanding payment balance from 26 July 2019
 - Payments secured by charges over CRL shares and property and an NAE option to convert any outstanding balances due to SML shares at a 10% discount to market price in the event of default
- \$2.0m in royalty payments payable as follows:
 - \$1,000,000 on Net Smelter Sales arising from Redmoor production reaching A\$50m
 - \$1,000,000 on Net Smelter Sales arising from Redmoor production reaching A\$100m

³ Subject to rounding

⁴ NAE Announcement, 29 August 2014: Lochinvar Resource Upgrade and Product Quality

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

The Redmoor sale transaction is providing the Company with over \$3.0m cash inflow from the transaction over the 12-month period from June 2019 to June 2020.

CORPORATE

Strategy

Finalisation of the Redmoor sale transaction has provided the Company, at the date of this report, with cash inflows amounting to \$900,000 and an expected further \$2.1m cash inflow from the transaction over the period to 30 June 2020. This is placing the company in a strong financial position enabling it to focus on advancing its gold exploration projects in Otago and strengthening efforts to acquire new opportunities which establish shareholder value moving forward.

The Company will continue to progress opportunities for funding of the Lochinvar Project with interested parties during the next year.

The Company will continue its search for new value adding opportunities, leveraging off its stronger financial position post 31 December 2019.

COMPETENT PERSONS STATEMENT

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.

OPQ GOLD EXPLORATION PROJECT AND LAMMELAW PROSPECTING PERMIT

The information in this report that relates to Exploration Results is based on information reviewed by Kyle Howie, who is an exploration geologist and is a Member of the Australian Institute of Geoscientists. Kyle Howie has over 25 years experience in precious and base metal exploration and resource calculation including gold exploration and resource definition in the Otago region. Kyle Howie 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'. Kyle Howie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

REVIEW OF OPERATIONS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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 and its controlled entities for the half year ended 31 December 2019, 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 black ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

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R J MORILLO MALDONADO
Partner

Dated: 12 March 2020
Melbourne, Victoria

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Half year ended 31 Dec 2019 \$	Half year ended 31 Dec 2018 \$
Revenue			
Other income		54,054	25,886
Expenses			
Consulting and corporate expenses		(77,559)	(85,241)
Employee benefits expense		(204,258)	(453,702)
Administrative expenses		(102,801)	(112,499)
Legal expenses		(22,841)	(8,971)
Travel and accommodation		(12,908)	(20,415)
Exploration and evaluation		(9,969)	-
Loss before income tax expense		(376,282)	(654,942)
Income tax expense		-	-
Loss for the period from continuing operations		(376,282)	(654,942)
Discontinued operations			
Profit after income tax from discontinued operations	3	-	207,781
Loss for the period		(376,282)	(447,161)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in exchange differences on translating foreign operations		205,935	76,526
Income tax expense		-	-
Other comprehensive income		205,935	76,526
Total comprehensive income/(loss) for the period		(170,347)	(370,635)
<i>Profit/(Loss) per share from continuing operations</i>			
		Cents	Cents
Basic profit/(loss) per share		(0.04)	(0.10)
Diluted profit/(loss) per share		(0.04)	(0.10)
<i>Profit/(Loss) per share from discontinued operations</i>			
		Cents	Cents
Basic profit/(loss) per share		-	0.03
Diluted profit/(loss) per share		-	0.03
<i>Profit/(Loss) per share attributable to the owners of New Age Exploration Limited</i>			
		Cents	Cents
Basic profit/(loss) per share		(0.04)	(0.07)
Diluted profit/(loss) per share		(0.04)	(0.07)

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 2019

	Note	31 Dec 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents		693,640	693,506
Trade and other receivables	2	2,443,066	34,387
Prepayments		32,932	9,003
Other financial assets		25,000	25,000
Non-current Asset held for sale	3	-	3,000,000
Total current assets		3,194,638	3,761,896
Non-current assets			
Exploration and evaluation assets	4	7,387,582	7,064,325
Total non-current assets		7,387,582	7,064,325
Total assets		10,582,220	10,826,221
Current liabilities			
Trade and other payables		67,179	122,828
Provisions		-	18,005
Total current liabilities		67,179	140,833
Total liabilities		67,179	140,833
Net assets		10,515,041	10,685,388
Equity			
Contributed equity	5	27,990,778	27,990,778
Reserves		1,074,418	868,483
Accumulated losses		(18,550,155)	(18,173,873)
Total equity		10,515,041	10,685,388

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 2019

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
At 1 July 2019	27,990,778	868,483	(18,173,873)	10,685,388
Loss for the period	-	-	(376,282)	(376,282)
Other comprehensive income	-	205,935	-	205,935
Total comprehensive income for the period	-	205,935	(376,282)	(170,347)
Transactions with owners in their capacity as owners:	-	-	-	-
As at 31 December 2019	27,990,778	1,074,418	(18,550,155)	10,515,041
At 1 July 2018	26,220,788	717,751	(17,015,387)	9,923,152
Loss for the period	-	-	(447,161)	(447,161)
Other comprehensive income	-	76,526	-	76,526
Total comprehensive income for the period	-	76,526	(447,161)	(370,635)
Transactions with owners in their capacity as owners:				
Issue of shares	968,000	-	-	968,000
Issue costs	(96,000)	-	-	(96,000)
As at 31 December 2018	27,092,788	794,277	(17,462,548)	10,424,517

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 2019

	Half year ended 31 Dec 2019	Half year ended 31 Dec 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(473,541)	(777,474)
Other receipts	-	22,275
Interest received	25,455	5,279
Net cash flows provided by/ (used in) operating activities	(448,086)	(749,920)
Cash flows from investing activities		
Payments for exploration and evaluation costs	(121,741)	(63,982)
Payment for other financial assets	-	(819,775)
Proceeds from sale of non-current asset held for sale	590,000	-
Net cash flows provided by/(used in) investing activities	468,259	(883,757)
Cash flows from financing activities		
Proceeds from issue of shares	-	872,000
Share issue costs	(19,227)	-
Net cash flows provided by/(used in) financing activities	(19,227)	872,000
Net increase/(decrease) in cash and cash equivalents held	946	(761,677)
Cash and cash equivalents at beginning of period	693,506	1,053,352
Effects of exchange changes on balances held in foreign currencies	(812)	169
Cash and cash equivalents at the end of period	693,640	291,844

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 2019

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and accounting policies

This general purpose financial report for the half year ended 31 December 2019 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 2019 and considered together with any public announcements made by New Age Exploration Limited during the half year ended 31 December 2019 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.

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. As the Group has no significant lease contracts in place, new Accounting Standard *AASB 16 Leases* has not impacted the reported results.

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 2019. As a result of this review, the Directors have determined that the expected impact to the Group will be immaterial.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 2 TRADE AND OTHER RECEIVABLES

	31 Dec 2019	30 June 2019
	\$	\$
Other receivables	43,066	34,387
Investment proceeds receivable (i)	2,400,000	-
	<u>2,443,066</u>	<u>34,387</u>

(i) In March 2019, NAE entered into an agreement to sell its 50% share in Cornwall Resources Ltd (“CRL”) to Strategic Minerals plc (“SML”). The transaction was completed in July 2019 for a total consideration of \$5.0m with the following terms:

- \$3.0m in cash payments between June 2019 and June 2020 payable with a 5% p.a. interest payable on outstanding balances calculated on a daily basis. The payments are secured by charges over CRL shares and property and an option to NAE to convert any outstanding balances due to SML shares at a 10% discount to market price in the event of default. \$600,000 had been received as at 31 December 2019.
- \$2.0m in royalty payments payable with \$1m falling due when net smelter sales arising from Redmoor production reaches A\$50m and the final \$1m falling due when net smelter sales arising from Redmoor production reaches A\$100m.

NOTE 3 NON-CURRENT ASSET HELD FOR SALE

NAE held a 50% equity interest in Cornwall Resources Ltd, a UK-based company which was jointly controlled. This investment was accounted for using the equity method until its reclassification to asset held for sale in March 2019 when the Company entered into an agreement to sell its 50% interest to its joint venture partner, Strategic Minerals plc (see Note 2).

	31 Dec 2019	30 June 2019
	\$	\$
Investment in joint venture – Cornwall Resources Ltd	-	3,000,000

	31 Dec 2019	31 Dec 2018
	\$	\$
Discontinued Operations:		
Share in net profit/(loss) of joint venture	-	207,781

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 4 EXPLORATION AND EVALUATION ASSETS

	31 Dec 2019	30 June 2019
	\$	\$
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	7,064,325	6,777,775
Additions	116,510	130,010
Effect of foreign currency movements	206,747	156,540
	<u>7,387,582</u>	<u>7,064,325</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.

NOTE 5 ISSUED CAPITAL

	31 Dec 2019	30 June 2019	31 Dec 2019	30 June 2019
	Number	Number	\$	\$
Ordinary shares – fully paid	888,780,410	888,780,410	27,990,778	27,990,778

Movement in ordinary shares

	No of Shares	Issue Price	\$
Balance 1 July 2018	562,857,333		26,220,788
Issue of shares	148,923,077	\$0.0065	968,000
Issue of shares	177,000,000	\$0.0055	973,500
Issue costs			(171,510)
Balance 30 June 2019	<u>888,780,410</u>		<u>27,990,778</u>
Balance 31 December 2019	<u>888,780,410</u>		<u>27,990,778</u>

NOTE 6 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 7 SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2019 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 2019

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 2019 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:



Joshua Wellisch
Executive Director

Melbourne
12 March 2020

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 and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2019, 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 Group, 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 Group's financial position as at 31 December 2019 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 Group's financial position as at 31 December 2019 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*.

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RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'RJM'.

R J MORILLO MALDONADO
Partner

Dated: 12 March 2020
Melbourne, Victoria