



ASX Code: NAE



Half Year Consolidated Financial Report

31 December 2015

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 2015

CONTENTS

DIRECTORS' REPORT	3
REVIEW OF OPERATIONS	4
AUDITOR'S INDEPENDENCE DECLARATION	13
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONSOLIDATED STATEMENT OF CASH FLOWS	17
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS	18
DIRECTORS' DECLARATION	21
INDEPENDENT AUDITOR'S REVIEW REPORT	22

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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 2015.

Directors

The names of the Directors of New Age Exploration Limited 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 G L Rice (Non-Executive Director), resigned 2 March 2016

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 loss of the Consolidated Entity for the period, after providing for income tax, amounted to \$1,105,589 (31 December 2014: \$803,729) which includes an impairment expense of \$680,930 on exploration assets and had cash outflows from operating and investing activities of \$536,115 (31 December 2014: \$1,548,124).

The detailed Review of Operations follows this Directors' Report.

Subsequent events

Mr Gavan Rice resigned from his position as non-executive director on 2 March 2016.

On 1 March 2016, NAE received A\$352,672 proceeds from a funding facility provided by the Company's largest shareholder, Resource Capital Fund V L.P ("RCF"). These proceeds represent the undrawn portion of the US\$600,000 funding facility agreement entered into in May 2015 (refer to the Corporate section under Review of Operations for further details).

No other matter or circumstance has arisen since 31 December 2015 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 2015 is included on page 13.

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
10 March 2016

REVIEW OF OPERATIONS

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

Redmoor Project

- Identification of high grade tungsten-tin lodes at Redmoor
- Total Inferred Resource of 13.3Mt @ 0.37% WO₃Eq (or 0.56% SnEq) defined at Redmoor
- Includes a High Grade Inferred Resource at Redmoor of 2.3Mt @ 0.80% WO₃Eq (or 1.19% SnEq) in two specific lodes
- Additional High Grade Exploration Target identified at Redmoor which is 2 to 3 times the size of the High Grade Inferred Resource at a similar expected grade highlighting the exciting exploration potential of the Project
- Redmoor preliminary mining study completed with encouraging results
- Redmoor preliminary mineral processing study completed highlighting that Redmoor is a coarse grained, simple to process ore with expected high recoveries and low processing costs
- NAE internal evaluation of the Redmoor Project completed based on the results of the mining and mineral processing studies with encouraging results for both stand alone and toll processing development options
- Exploration drilling program planned aimed at converting a portion of the Exploration Target at Redmoor to an Inferred Mineral Resource and also at improving confidence in the Redmoor Inferred Mineral Resource and upgrading a portion of this to Indicated status (Phase 1 comprises of 29 holes which could be divided over several stages)

Corporate

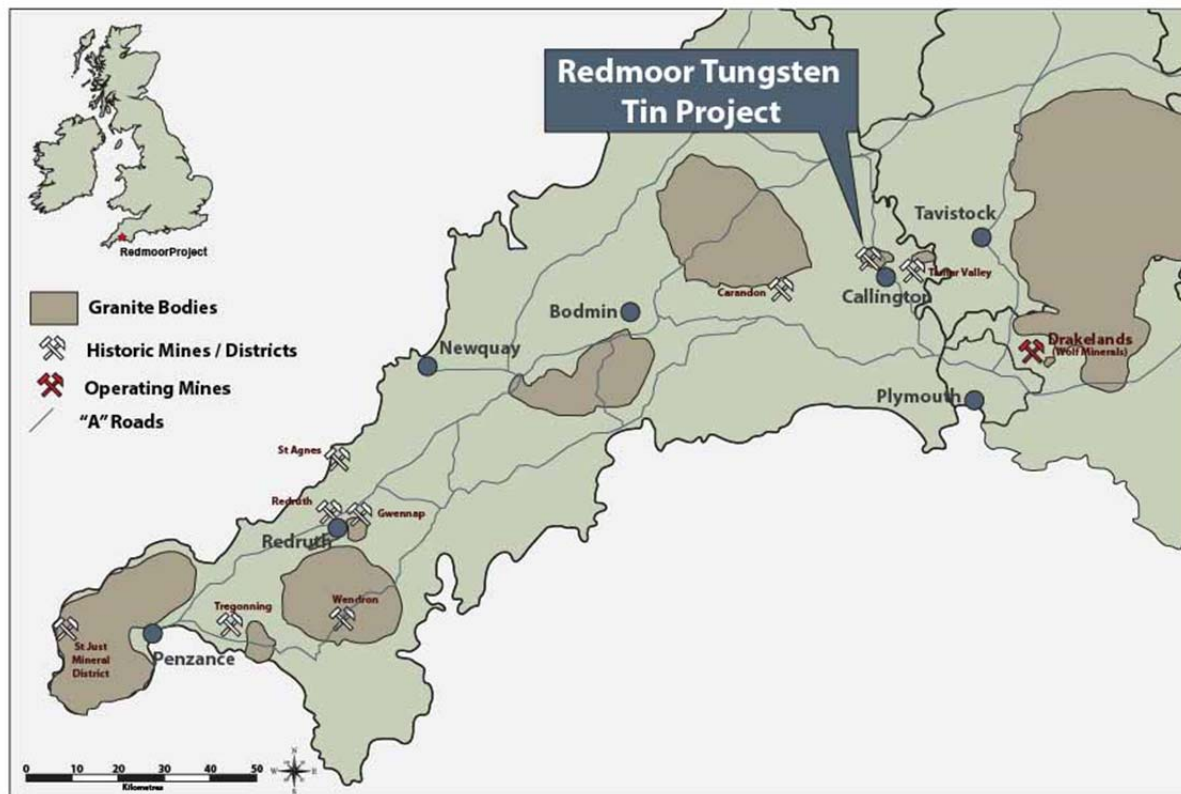
- Completion of \$237,310 capital raising in December 2015 via the placement of 15,820,646 fully paid ordinary shares to Resource Capital Fund V L.P (“RCF”) at a subscription price of 1.5 cents per share. The placement was made under the US\$600,000 funding facility in place with RCF
- \$352,672 proceeds received in March 2016 from an unsecured loan under the RCF funding facility.
- Continued rigorous focus on cost reductions, including significant further reductions in directors fees and senior management remuneration to be commenced from 1 April 2016.

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.

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

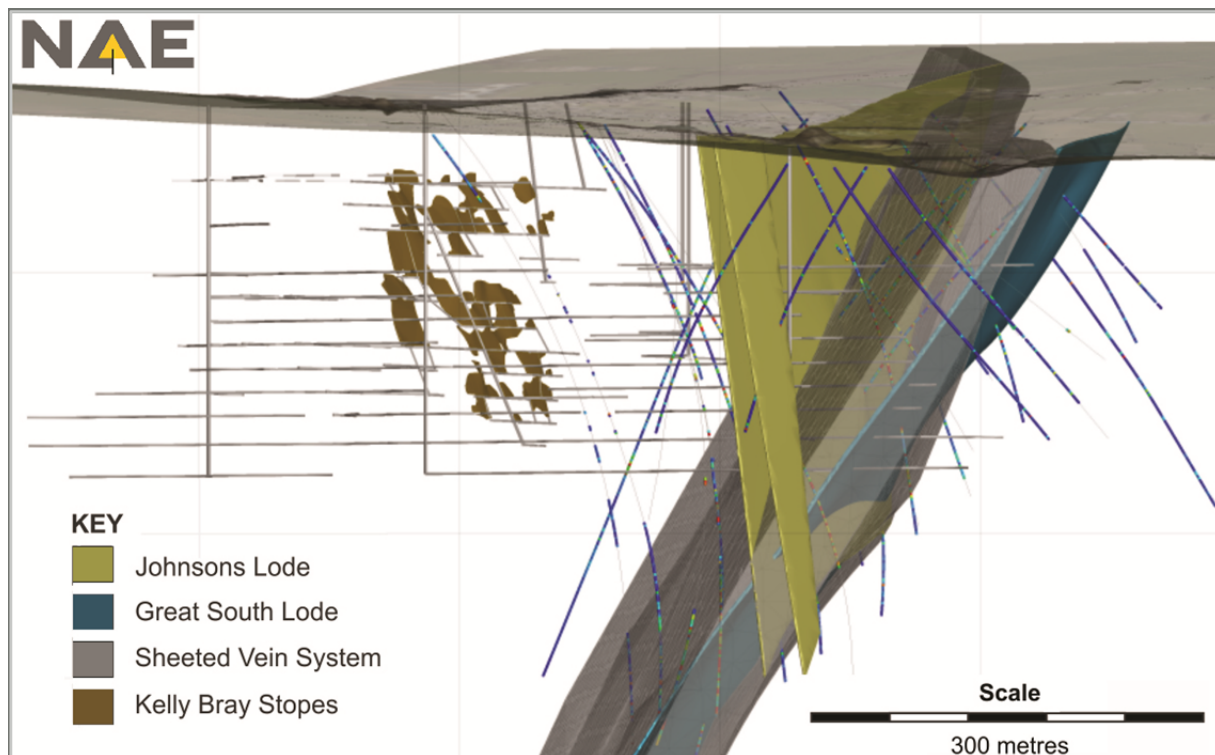


Redmoor Location

Identification of High Grade Tungsten-Tin Lodes

On 25 November 2015, NAE announced the identification of a number of high grade tungsten-tin lodes at its Redmoor Project.

Three well-defined high grade tungsten–tin lodes (Great South, Johnsons and Kelly Bray) have been identified over minable extents within NAE’s Redmoor licence in addition to the previously identified Sheeted Vein System (“SVS”) which was the basis of the previous February 2013 Inferred Mineral Resource.



Redmoor 3D View from the West

Inferred Mineral Resource Update

In December 2015, SRK UK completed an updated Mineral Resource statement and Exploration Target for the Redmoor Project including the identified high grade lodes¹.

Redmoor 2015 Inferred Mineral Resource Estimate²

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

The Sheeted Vein System resource has been reported at a 0.35% SnEq cut-off grade as this will require selective mining to exploit. No cut-off grades were applied for the reporting of Johnsons Lode and Great South Lode as these are consistently above the cut-off grade calculated.

At this stage, insufficient drilling data exists over Kelly Bray Lode to enable it to be reported as an Inferred Mineral Resource; however, Kelly Bray Lode does form part of the High Grade Exploration Target.

¹ NAE Announcement, 15 December 2015, Redmoor Resource Update

² Equivalent metal calculation notes: $WO_3(Eq)\% = WO_3\% * 1 + Sn\% * 0.67 + Cu\% * 0.24$, $Sn(Eq)\% = Sn\% * 1 + WO_3\% * 1.50 + Cu\% * 0.36$.

Commodity price assumptions: WO₃ at US\$ 37,000/t, Sn at US\$ 23,500/t, Cu at US\$ 6,700/t. Recovery assumptions: total WO₃ recovery of 72%, total Sn recovery of 68% & total Cu recovery of 85% and payability assumptions of 79%, 87% and 87%, respectively.

Exploration Target Update

Based on work completed by NAE, collating and interpreting historical mining data, and structural interpretive work by SRK, SRK has also identified the following Exploration Targets for the Redmoor Project in addition to the Inferred Mineral Resource.

High Grade Exploration Target

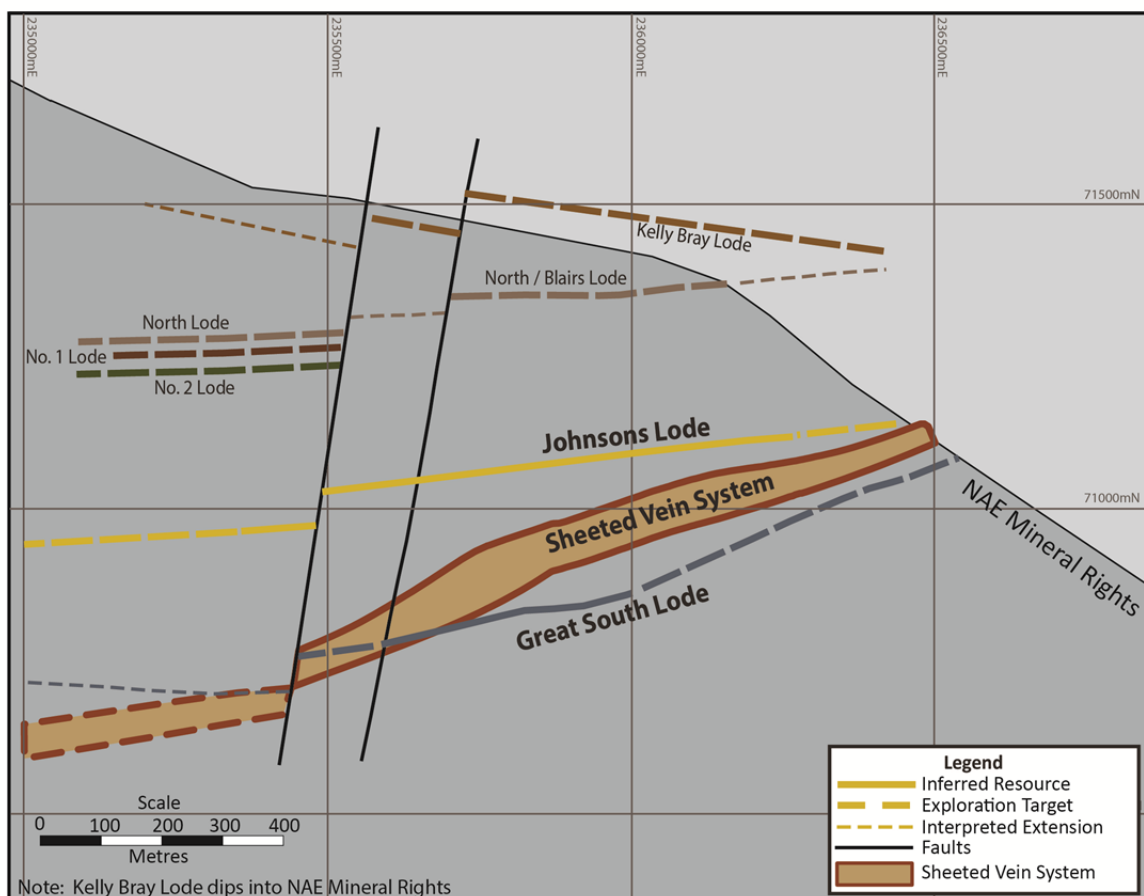
A High Grade Exploration Target of **4Mt to 6Mt with an estimated grade of between 0.6% WO₃Eq (0.9% SnEq) and 1.0% WO₃Eq (1.5% SnEq)**

The High Grade Exploration Target includes extensions to the modelled high grade lodes (Johnsons and Great South Lodes) and other similar lodes identified through historical data and a limited number of drilling intersections including: Kelly Bray Lode, No. 1 Lode, No. 2 Lode, North Lode and Blair's Lode/New Tin Lode. The High Grade Exploration Target is 2 to 3 times the size of the High Grade Resource at a similar expected grade, highlighting the exciting exploration potential of the project.

SVS Exploration Target

An Exploration Target for lateral extensions to the Sheeted Vein System of **3Mt to 4Mt with an estimated grade of between 0.2% WO₃Eq (0.3% SnEq) and 0.4% WO₃Eq (0.6% SnEq)**

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



Plan showing Key Mineralised Lodes in Redmoor Area

Preliminary Mining Study

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

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

Bulk Mining Option

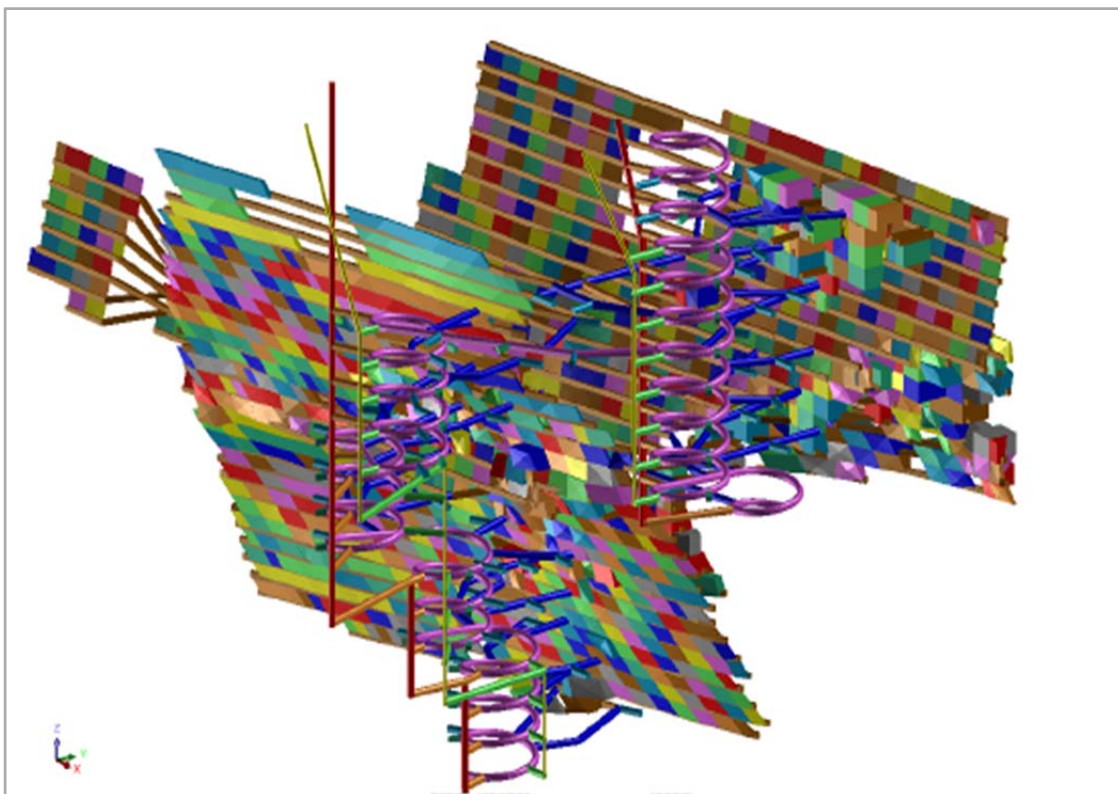
The bulk mining option targeted some 8.1Mt of the Inferred Mineral Resource with a mean grade of 0.67% SnEq³ before stope optimization and application of mining dilution and recovery factors. This comprises the portion of the Inferred Mineral Resource above a 0.40% SnEq cut-off grade and would require an average stope width of 6 metres to exploit.

The bulk option high level mine design includes the majority of the high grade lodes (Johnsons Lode and Great South Lode) and Sheeted Vein System material above the cut-off grade.

High Grade Mining Option

The high grade mining option targeted some 3.5Mt of the Inferred Mineral Resource with a mean grade of 0.99% SnEq³ before stope optimization and application of mining dilution and recovery factors. This comprises the portion of the Inferred Mineral Resource above a 0.50% SnEq cut-off grade and would require an average stope width of 3 metres to exploit.

The high grade option high level mine design includes the majority of the high grade lodes (Johnsons Lode and Great South Lode); however, much less of the Sheeted Vein System as much less of this falls above the higher cut-off grade than it does for the bulk option.



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

³ NAE Announcement, 15 December 2015, Redmoor Resource Update, Table 2

Preliminary Mineral Processing Study

A preliminary mineral processing study has been completed by metallurgical consultant, Ron Goodman, and included a preliminary metallurgical flowsheet design, capital and operating cost estimates.

The key findings from the processing study are as follows:

- Tin and tungsten are present almost entirely in oxide mineral form (cassiterite and wolframite). Minor amounts of sulphides (e.g. chalcopyrite and pyrite) are also present.
- A pre-concentration stage (Jigs or HMS) can be incorporated on crushed ore to reject ~40% of ROM before grinding with only small metal losses.
- Sulphide minerals, primarily copper, can be relatively easily recovered using flotation after grinding to <300µm.
- Tin and tungsten concentrates of saleable quality (55% Sn in tin concentrate and 60% WO₃ in tungsten concentrate) can be produced by further gravity separation (spirals and tables) followed by concentrate dressing.
- Expected overall process recoveries are 68% Sn recovery and 72% WO₃ recovery.
- Recovery of copper is dependent on which stage of the process sulphide flotation is incorporated (35% to 85%).
- Conceptual flowsheet design, capital and operating cost estimates have been completed.
- Processing costs are expected to be low as Redmoor ore is coarse grained, simple to process and has high recoveries.
- It is possible to produce just a pre-concentrate on site at Redmoor for further processing at an existing nearby concentrator.

Internal Project Evaluation

An evaluation of the Redmoor project has recently been undertaken by NAE based on the results of the mining and processing studies. The results of both stand-alone Redmoor development cases and toll processing options have been encouraging.

Exploration Program

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

Phase 1

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

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

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

Phases 2 and 3

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

LOCHINVAR COKING COAL PROJECT, UK

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

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

The Board remains confident that the medium to long term outlook for coking coal remains strong due to the shortage of good new supply projects which we expect will struggle to meet long term global demand growth. With FOB costs of US\$70/t in the lowest quartile of the global seaborne coking coal cost curve, Lochinvar is extremely well positioned to take advantage of the next market upturn and it remains the Company's intention to re-commence activity at Lochinvar when coking coal prices improve sufficiently.

CORPORATE

Capital Raising

A capital raising was completed on 7 December 2015 with Resource Capital Fund V L.P ("RCF"), with the Company raising A\$237,310 via the placement of 15,820,646 fully paid ordinary shares at a subscription price of 1.5 cents per share. The placement was made under the US\$600,000 funding facility in place with RCF announced on 18 May 2015.

Loan

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

Resignation of Mr Gavan Rice

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

Cost Reductions

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

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

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

Other Activities

The Company continues to pursue additional project opportunities.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results and also the Exploration Target and Inferred Mineral Resource is based on information compiled and reviewed by Dr Mike Armitage, who is the Chairman 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.

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.

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2015



Level 6, 30 Collins Street
Melbourne Victoria 3000
TELEPHONE +61 3 8899 6199
FACSIMILE +61 3 9650 5751
www.dfkidsons.com.au

DECLARATION OF INDEPENDENCE BY MICHAEL PORT TO THE DIRECTORS OF NEW AGE EXPLORATION LIMITED

As lead auditor for the review of the financial report of New Age Exploration Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

M L Port
Partner

DFK KIDSONS PARTNERSHIP
Chartered Accountants

10 March 2016
Melbourne

Liability limited by a scheme approved under Professional Standards Legislation
A member firm of DFK International, a worldwide association of independent accounting firms and business advisers



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Half year ended 31 Dec 2015 \$	Half year ended 31 Dec 2014 \$
Revenue – interest income		2,417	18,619
Expenses			
Corporate expenses		(91,184)	(102,358)
Occupancy expenses		(10,159)	(36,088)
Employee benefits expense		(293,756)	(562,526)
Share-based payments – employee benefits		-	(14,700)
Exploration and evaluation impairment	2	(680,930)	-
Administrative expenses		(27,938)	(87,305)
Travel and accommodation		(4,039)	(19,371)
Loss before income tax expense		(1,105,589)	(803,729)
Income tax expense		-	-
Loss after income tax expense		(1,105,589)	(803,729)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Movement in exchange differences on translating foreign operations		(40,419)	281,544
Income tax expense		-	-
Other comprehensive income/(loss)		(40,419)	281,544
Total comprehensive loss for the period		(1,146,008)	(522,185)
Loss for the period attributable to:			
Non-controlling interests		386	(5,629)
Owners of New Age Exploration Limited		(1,105,975)	(798,100)
		(1,105,589)	(803,729)
Total comprehensive loss for the period attributable to:			
Non-controlling interests		391	(5,756)
Owners of New Age Exploration Limited		(1,146,399)	(516,429)
		(1,146,008)	(522,185)
<i>Loss per share from continuing operations attributable to the owners of New Age Exploration Limited</i>			
		Cents	Cents
Basic loss per share		(0.34)	(0.25)
Diluted loss per share		(0.34)	(0.25)

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 2015

	Note	31 Dec 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents		234,351	531,748
Trade and other receivables		16,651	19,931
Prepayments		6,165	19,833
Total current assets		257,167	571,512
Non-current assets			
Property, plant and equipment		10,817	19,771
Exploration and evaluation assets	2	4,065,745	4,653,037
Total non-current assets		4,076,562	4,672,808
Total assets		4,333,729	5,244,320
Current liabilities			
Trade and other payables		103,647	105,863
Provisions		31,019	30,696
Total current liabilities		134,666	136,559
Total liabilities		134,666	136,559
Net assets		4,199,063	5,107,761
Equity			
Equity attributable to members of the parent:			
Contributed equity	3	23,641,688	23,404,378
Reserves	4	1,471,557	1,612,481
Accumulated losses		(20,914,182)	(19,909,483)
Total parent entity interest		4,199,063	5,107,376
Non-controlling interests		-	385
Total equity		4,199,063	5,107,761

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 2015

	Attributable to owners of New Age Exploration Limited			Non-Controlling Interests	Total
	Contributed Equity \$	Reserves \$	Accumulated Losses \$	\$	\$
At 1 July 2015	23,404,378	1,612,481	(19,909,483)	385	5,107,761
Loss for the period	-	-	(1,105,975)	386	(1,105,589)
Other comprehensive loss	-	(40,424)	-	5	(40,419)
Total comprehensive loss for the period	-	(40,424)	(1,105,975)	391	(1,146,008)
Transactions with owners in their capacity as owners:					
Issue of shares	237,310	-	-	-	237,310
Transfer of expired options	-	(100,500)	100,500	-	-
Non-controlling interest in exploration projects	-	-	776	(776)	-
As at 31 December 2015	23,641,688	1,471,557	(20,914,182)	-	4,199,063
At 1 July 2014	23,168,682	969,539	(16,946,018)	11,856	7,204,059
Loss for the period	-	-	(798,100)	(5,629)	(803,729)
Other comprehensive income	-	281,671	-	(127)	281,544
Total comprehensive loss for the period	-	281,671	(798,100)	(5,756)	(522,185)
Transactions with owners in their capacity as owners:					
Accrual reversal to share issue costs	19,284	-	-	-	19,284
Share based payments	-	14,700	-	-	14,700
Transfer of expired options	-	(87,600)	87,600	-	-
Non-controlling interest in exploration projects	-	-	5,011	(5,011)	-
As at 31 December 2014	23,187,966	1,178,310	(17,651,507)	1,089	6,715,858

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 2015

	Half year ended 31 Dec 2015 \$	Half year ended 31 Dec 2014 \$
Cash flows from operating activities		
Payments to suppliers and employees	(424,467)	(733,883)
Interest received	2,445	21,944
Net cash flows used in operating activities	(422,022)	(711,939)
Cash flows from investing activities		
Payments for exploration and evaluation assets	(114,093)	(836,185)
Net cash flows used in investing activities	(114,093)	(836,185)
Cash flows from financing activities		
Proceeds from issue of shares	237,310	-
Net cash flows provided by financing activities	237,310	-
Net decrease in cash held	(298,805)	(1,548,124)
Cash and cash equivalents at beginning of period	531,748	2,416,554
Effects of exchange changes on balances held in foreign currencies	1,408	7,285
Cash and cash equivalents at the end of period	234,351	875,715

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 2015

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and accounting policies

This general purpose financial report for the half year ended 31 December 2015 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 2015 and considered together with any public announcements made by New Age Exploration Limited during the half year ended 31 December 2015 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 2015. 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 incurred a net loss after tax of \$1,105,589 for the half-year ended 31 December 2015 (31 December 2014: \$803,729) and had cash outflows from operating and investing activities of \$536,115 (31 December 2014: \$1,548,124). As at the balance date, the Group had working capital, being current assets less current liabilities, of \$122,501 (30 June 2015: \$434,953). Subsequent to the reporting period, the Group received \$352,672 from its funding facility with its major shareholder. While the directors are satisfied that the Group will meet its operational costs and financial obligations in a timely manner over the next 12 months, they are also aware that additional capital will be required to be raised. 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 2015, the consolidated entity had cash and cash equivalents of \$234,351.
- The Group has prepared cash flow budgets which include minimal controlled cash outflows for project expenditure, which can be deferred wholly or in part if insufficient capital is raised for that activity.
- The Board is of the opinion that the Group will be able to access working capital funding, as has been demonstrated in the past.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Going Concern (cont'd)

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 EXPLORATION AND EVALUATION ASSETS

	31 Dec 2015	30 June 2015
	\$	\$
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	4,653,037	5,179,145
Additions	150,300	560,945
Effect of foreign currency movements	(56,662)	672,867
Impairment write downs	(680,930)	(1,759,920)
	<u>4,065,745</u>	<u>4,653,037</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.

In September 2015, an independent valuation of the Lochinvar exploration asset was undertaken by Palaris Australia Pty Ltd ("Palaris") in accordance with the Valmin Code 2005. To determine the asset value, Palaris used the Yardstick Methods approach which is a market-based valuation technique and considered appropriate for the project's current stage. Inputs under level 2 of the fair value hierarchy within Accounting Standard AASB 13 'Fair Value Measurement' were used for the valuation whereby observed similar market transaction multiples were considered. As a result of the valuation, an impairment expense of \$1,759,920 was incurred as at 30 June 2015.

For the current reporting period, in light of current market conditions, the Directors reduced the September 2015 valuation of the Lochinvar exploration asset and determined a fair value of \$3,800,000 and, as a result, a \$680,930 impairment expense was incurred in the period. The remaining balance of \$265,745 relates to exploration and evaluation costs on the Redmoor project.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS CONTINUED

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 3 ISSUED CAPITAL

	31 Dec 2015 Number	30 June 2015 Number	31 Dec 2015 \$	30 June 2015 \$
Ordinary shares – fully paid	343,498,083	327,677,437	23,641,688	23,404,378

Movement in ordinary shares

	No of Shares	Issue Price	\$
Balance 1 July 2014	313,249,943		23,168,682
Issue of shares – funding facility	14,427,494	\$0.015	216,412
Reversal of issue costs			19,284
Balance 30 June 2015	327,677,437		23,404,378
Issue of shares – funding facility	15,820,646	\$0.015	237,310
Balance 31 December 2015	343,498,083		23,641,688

NOTE 4 RESERVES

	31 Dec 2015 \$	30 June 2015 \$
Share-based payments reserve	263,800	364,300
Foreign exchange translation reserve	1,207,757	1,248,181
	1,471,557	1,612,481

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

Mr Gavan Rice resigned from his position as non-executive director on 2 March 2016.

On 1 March 2016, NAE received A\$352,672 proceeds from a funding facility provided by the Company's largest shareholder, Resource Capital Fund V L.P ("RCF"). These proceeds represent the undrawn portion of the US\$600,000 funding facility agreement entered into in May 2015.

No other matter or circumstance has arisen since 31 December 2015 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 2015

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 2015 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
10 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2015



Level 6, 30 Collins Street
Melbourne Victoria 3000
TELEPHONE +61 3 8899 6199
FACSIMILE +61 3 9650 5751
www.dfkkidsons.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 2015, 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 controls 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 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 2015 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 the company, 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.

Liability limited by a scheme approved under Professional Standards Legislation
A member firm of DFK International, a worldwide association of independent accounting firms and business advisers



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 review 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 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1(b) in the financial report, which indicates that the company will need to seek additional funding in the coming year in order to meet its planned expenditure for the next twelve months from the date of signing these financial statements. Any inability to raise further funding through a capital raising will create a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

DFK Kidsons Partnership

M L Port

DFK KIDSONS PARTNERSHIP
Chartered Accountants

M L Port
Partner

10 March 2016
Melbourne