

Quarterly Report

To 30 September 2014

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 30 September 2014.

This quarter has been very important for the Company, with the successful completion of the Lochinvar Scoping Study, which was preceded by the release of the updated Indicated and Inferred Resource estimate and the completion of the Phase 1b drilling program for Lochinvar.

HIGHLIGHTS

- **Completion of the Lochinvar Scoping Study**
 - Scoping Study confirms robust economics for project development
 - NPV₉ of US\$263M (real, after tax, unleveraged) with an IRR of 20% and a payback period of 4.9 years (undiscounted)
 - Average annual saleable coal production of 1.4 Mt over a 26 year mine life from an underground longwall mine
 - Low average annual operating costs of US\$70 per tonne product resulting from short rail transport distances, low labour costs, royalties and taxes
 - Realised coal sales price of US\$143 per tonne for Lochinvar low ash high volatile coking coal
 - Strong operating cashflows averaging US\$75M per annum with an operating margin of US\$73 per tonne of clean coal
 - Low project construction capital cost of US\$284M (including 13% contingency)
 - Construction planned to commence in 2017 with first coal production in 2018
- **Completion of the Lochinvar Indicated and Inferred Resource Upgrade**
 - A total resource of 111 Mt comprising 49 Mt Indicated Resource and 62 Mt Inferred Resource has been defined following completion of Phase 1b drilling in July 2014
 - In addition to the resource an Exploration Target of 31 - 64 Mt has been identified
- **Completion of Phase 1b Extended drilling program on 2 July 2014**

ACTIVITIES REPORT

LOCHINVAR COKING COAL PROJECT, UK (100% NAE)

The Lochinvar Coking Coal Project is located on the Scottish / English border and has been the Company's principal focus since grant of the initial exploration licence and conditional underground mining licence in June 2012.

The Lochinvar licence covers the Canonbie Coalfield, an undeveloped coking coal resource located adjacent to the West Coast Main Line rail connecting with UK steelmakers, coke makers and export ports.

Completion of Phase 1b Drilling Program ⁽¹⁾

The Lochinvar Phase 1b drilling program was completed at the beginning of the quarter. Based on the success of the initial 4-hole program, a decision was then made to extend the program to include an additional 2 holes (LCL-032 and LCL-037) which were completed on 2 July 2014.

All six of the Phase 1b boreholes intersected the target Nine Foot Seam. The Six Foot Seam was only intersected in two of the boreholes (LCL-033 and LCL-037). The Six Foot Seam is well developed in the northern part of the resource but absent or thinner within the central part of the resource.

Indicated and Inferred Resource (August 2014) ⁽²⁾

Following the completion of the extended Phase 1b drilling program (6 holes), a revised structural interpretation and updated Resource Estimate were completed. In August 2014, a 49Mt maiden Indicated Resource and 62Mt Inferred Resource was defined for the Nine Foot and Six Foot Seams as shown in Table 1.

Table 1: Lochinvar Resource Summary

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

The 49Mt Indicated Resource represents a 44% conversion of the October 2013 Inferred Resource (112Mt) to Indicated Resource status.

The Nine Foot Seam has an average seam thickness of 2.2m in the Indicated and Inferred Resource areas.

An additional Exploration Target of 31 – 64Mt⁽¹⁾ was identified in areas where there is insufficient information to define a resource.

The Indicated Resource, Inferred Resource and the Exploration Target have been reported in accordance with the JORC Code (2012) and have been independently estimated by Palaris Australia Pty Ltd ("Palaris"), an internationally recognised mining consultancy specialising in coal exploration and mining.

Indicative Product Quality ⁽²⁾

In August 2014, an indicative Lochinvar Coal product quality was determined based on coal quality results from Phase 1b and previous drilling as shown in Table 2 with minor amendments made in the Scoping Study from the initial release.

Scoping Study ⁽³⁾

In October 2014, NAE released the results for the Lochinvar Scoping Study. The majority of the Study was undertaken by Palaris Australia Pty Ltd (Palaris), an internationally recognised mining consultancy specialising in coal exploration and mining.

The Study highlights Lochinvar as a low cost operation producing a high value-in-use product with a clear transport advantage over competitors to domestic UK and European markets. This, in combination with nearby existing rail and utilities and the low risk investment destination, confirms Lochinvar to be an attractive development project with robust economics.

Project Overview

The Scoping Study determined the following as the base case:

- An underground mine connected by a drift (decline) to the surface where coal will be processed and loaded into rail wagons has been selected as development case for the Study
- Underground coal to be mined using a 200m wide longwall with development roadways constructed by 3 continuous miners
- An average of 1.9 Mt per annum (Mtpa) of run-of-mine (ROM) coal will be conveyed from underground to the surface through the drift where it will be stockpiled in the ROM stockpile
- The ROM coal stockpile will be reclaimed via front end loader and fed into an adjacent coal processing plant (CPP) which will produce an average of 1.4 Mtpa of clean saleable coal. From the CPP, the clean coal will be conveyed to nearby final product stockpiles located alongside a rail siding
- The short rail siding will connect to the West Coast Main Line (WCML). Coal will be loaded from final product stockpiles into rail wagons by front end loader for direct delivery to UK steel mills or export to European mills via Hunterston or Blyth ports
- Reject from the CPP will be trucked to a nearby reject storage area that will be contoured into the surrounding landscape. Excess process and mine water will be treated on site and piped to the Solway Firth for discharge
- Ventilation will be a single vertical shaft, with the drift completing the ventilation circuit. The ventilation shaft will also be utilised as the second means of egress for emergency evacuation.

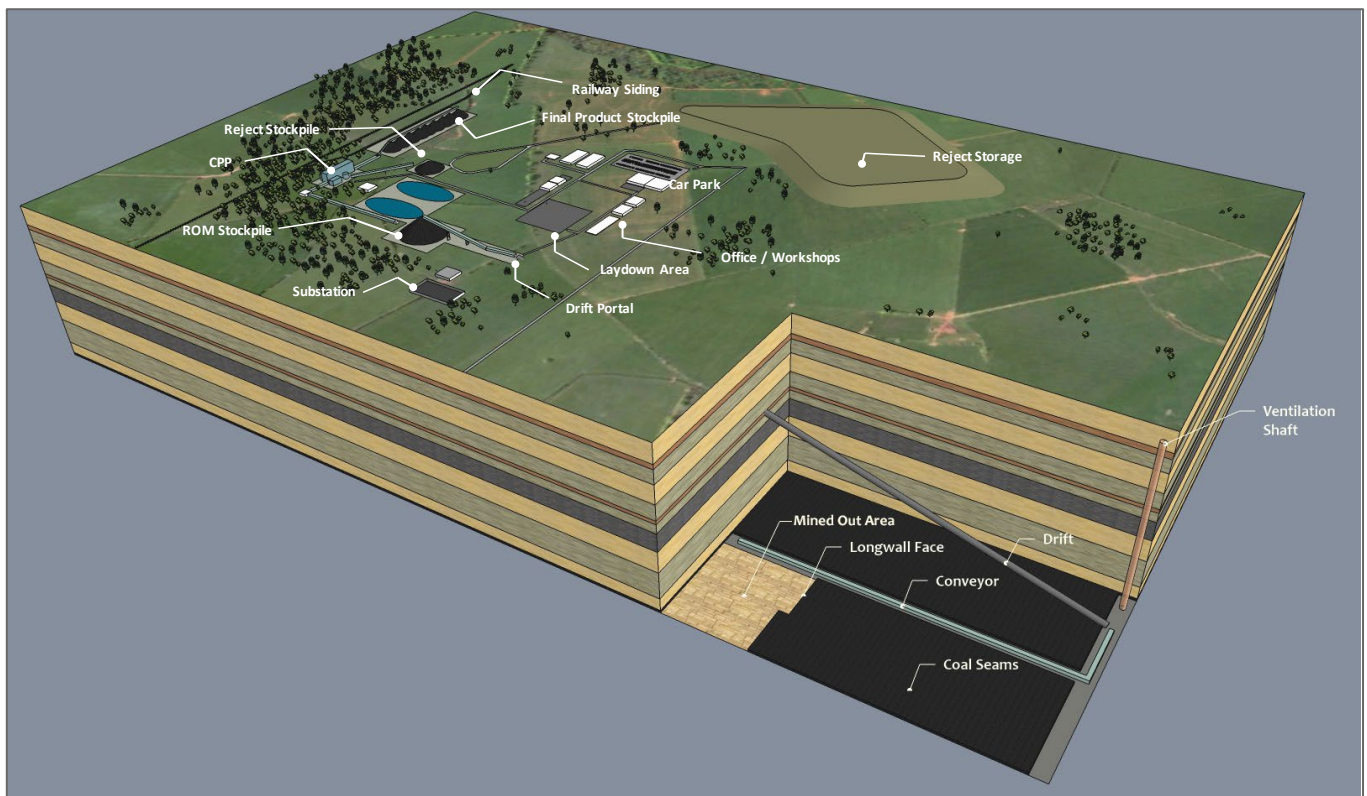


Figure 1: Schematic Lochinvar Mine and Surface Layout

Product Quality

An indicative target specification for Lochinvar coking coal has been determined by QCC Resources based on drilling and washability test results. Table 2 shows the Lochinvar indicative product quality specification.

Lochinvar is expected to produce a high volatile coking coal product with very low ash content for sale to UK and European steel mills.

Table 2: Lochinvar Indicative Product Quality

Lochinvar Target Specification	
Inherent Moisture (%)	3.0
Ash (%)	5.0
Volatile Matter (%)	34.0
Fixed Carbon (%)	59.2
Total Sulphur (%) ⁽²⁾	1.2 - 1.4
Phosphorus (%)	0.007
CSN	7.0
Gray – King Coke Type	G6
CSR (Predicted)	50
Gross Calorific Value (Kcal/kg)	7,775
Vitrinite Content (%)	70
Vitrinite Reflectance R _o Max (%)	0.84
Max Fluidity (ddpm) ⁽⁴⁾	100 - 11,000

Project Economics

Economic evaluation of the project has been undertaken by Palaris with involvement of NAE. The results of the economic evaluation are summarised in Table 3.

The project has an **NPV₉ of US\$263M** with and **IRR of 20%** and a **payback of 4.9 years**.

These results demonstrate the potential for Lochinvar to deliver excellent returns on investment with lowest quartile operating costs and a low capital cost structure.



Table 3: Summary Economic Results - Lochinvar Scoping Study

Parameter		Unit	Result
Production	LOM ROM	Mt	47
	LOM Saleable Coal	Mt	34
	Life of Mine	Years	26
	Annual Ave. ROM	Mt	1.9
	Annual Ave. Saleable Coal	Mt	1.4
Revenue	Benchmark HCC Price	US\$/t	165
	Ave. Realised Price	US\$/t	143
	Average Discount	%	13.3
Operating Costs	Unit Operating Cost	US\$/t	70
Capital Costs	Construction Capital	US\$ M	284
	Life of Mine Capital	US\$ M	593
Cash	Annual Cash	US\$ M pa	75
	Operating Margin	US\$/t	73
Valuation	NPV (@9%)	US\$ M	263
	IRR	%	20
	Payback (undiscounted)	Years	4.9

Note: Valuations based on real after tax, unleveraged, 1 Jan 2015 basis

Project Risks

Key project risks have been recognised as part of the Scoping Study. These include:

- Geological structure and mine productivity
- Product market
- Coal quality and yield
- Planning, environment and community
- Funding
- Exchange rates
- Gas management
- Overlapping gas rights

Lochinvar Forward Work Program

The outcomes of the Study have provided NAE with the confidence to continue with further exploration and development of the Lochinvar Project. The 2015 work program is focussed on minimising the technical and commercial risks identified by the Study. Importantly this will include seismic surveys and infill drilling to increase the resource confidence and deliver a Reserve to support a pre-feasibility study during the second half of the year. Commencement of environmental baseline studies and a comprehensive environmental impact assessment is also planned.

REDMOOR TIN AND TUNGSTEN PROJECT, CORNWALL UK (100% NAE)

NAE holds a 100% interest in the Redmoor Tin and Tungsten project in the historic mining district of Cornwall, United Kingdom under a 15-year exploration licence with modest annual payments.

An initial Inferred Resource of 9.1Mt at 0.69% Sn (equivalent)⁽⁴⁾ was defined in February 2013; however, there has been no material new activity this year due to the focus on the Lochinvar Coking Coal Project.

NAE continues to look at future options for the Redmoor Project, which may include exploration and studies, strategic partnership or divestment. Discussions with interested parties are continuing but remain at an early stage. A review of the potential for other tin / tungsten occurrences within the mineral rights area will be completed in Q4 2014.

COLOMBIA

During the reporting period, the Company continued to maintain the low holding costs in Colombia while maintaining a presence in the country.

Terranova Coking Coal Project

Concession 887T

NAE holds an 80% interest in an option to expand the existing Terranova coking coal mine on Concession 887T where a total resource of 3.6Mt⁽⁵⁾ has been defined. Activities for Concession 887T continue to be focused on gaining an extension to the mining concession for the Terranova project. No progress was made during the September 2014 quarter.

Endnotes (Announcements released by NAE on the Company Announcements Platform – ASX)

⁽¹⁾ NAE June 2014 Quarterly Report, 31 July 2014

⁽²⁾ NAE Announcement, 29 August 2014 – Lochinvar Resource Upgrade and Product Quality

⁽³⁾ NAE Announcement, 27 October 2014 – Lochinvar Scoping Study Confirms Robust Economics

⁽⁴⁾ NAE Announcement, 27 February 2013 – Redmoor Tin Tungsten Project Maiden Inferred Resource

⁽⁵⁾ NAE Announcement, 9 November 2011 – Maiden JORC Resource of 3.6Mt defined at Terranova

COMPETENT PERSONS STATEMENT

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 General Manager of Geological Services of 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.

Exploration Target: The potential quantity and quality of the exploration targets identified in this presentation are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserve Committee ("JORC Code"). Furthermore, it is uncertain if further exploration at its exploration targets will result in the determination of a mineral resource.

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.

NEW AGE EXPLORATION PROFILE

New Age Exploration Limited is an Australian company focused on coking coal exploration and development. Its flagship project is the Lochinvar Coking Coal Project in the UK which is ideally located to supply domestic UK and European steel mills with immediate access to existing rail and port infrastructure. The Indicated and Inferred Resource estimate of 111Mt was released in August 2014 and the Company is targeting development of the project by 2018.

In October 2014, NAE released the results of its Scoping Study for the Lochinvar Project which demonstrated robust economics and costs at the lower end of the global metallurgical coal cost curve.

FOR MORE INFORMATION

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APPENDIX 5B

MINING EXPLORATION ENTITY AND OIL AND GAS EXPLORATION ENTITY QUARTERLY REPORT

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

New Age Exploration Ltd

ABN

65 004 749 508

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flow

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(571)	(571)
	(b) development		
	(c) production		
	(d) administration	(331)	(331)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	11	11
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(891)	(891)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(891)	(891)

+ See chapter 19 for defined terms

1.13	Total operating and investing cash flows (brought forward)	(891)	(891)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(891)	(891)
1.20	Cash at beginning of quarter/year to date	2,416	2,416
1.21	Exchange rate adjustments to item 1.20	(1)	(1)
1.22	Cash at end of quarter	1,524	1,524

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	91
1.24 Aggregate amount of loans to the parties included in item 1.10	
1.25 Explanation necessary for an understanding of the transactions	
Fees paid to Directors or their related entities	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements	130	130

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	422
4.2 Development	
4.3 Production	
4.4 Administration	414
Total	836

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	244	349
5.2 Deposits at call	1,280	2,067
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,524	2,416

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements and petroleum tenements acquired or increased				

+ See chapter 19 for defined terms

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	313,249,943	313,249,943		-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			Exercise price (cents)	Expiry date
	500,000	-	10	31/08/2015
	2,000,000	-	12	01/07/2015
	750,000	-	14	06/02/2015
	550,000	-	4.47	27/05/2016
	18,000,000	-	10	27/05/2016
	1,050,000	-	4.5	26/06/2017
7.8 Issued during quarter	1,050,000		4.5	26/06/2017
7.9 Exercised during quarter				
7.10 Expired during quarter	600,000 200,000		19 14	21/07/2014 01/09/2014
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms

COMPLIANCE STATEMENT

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not* (delete one)~~ give a true and fair view of the matters disclosed.

Sign Here:

Date: 30 October 2014



(Managing Director)

Print name: Gary Fietz

NOTES

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

In accordance with ASX Listing Rule 5.3.3, New Age Exploration Limited provides its list of exploration licences with its September 2014 quarterly activities report.

Licence No.	Project	Country	Area (km ²)	Licence Type	NAE Group % Interest
887T	Terranova	Colombia	2.9	Concession	80% ^(a,b)
CA11/EXP/0515/N	Lochinvar	United Kingdom	67.5	Exploration Licence	100%
CA11/UND/0515/N	Lochinvar	United Kingdom	67.5	Underground Conditional Licence	100%
CA11/EXP/0545/N	Lochinvar South	United Kingdom	51.0	Exploration Licence	100%
CA11/UND/0182/N	Lochinvar South	United Kingdom	51.0	Underground Conditional Licence	100%
CL132803 ^(c)	Redmoor	United Kingdom	23.0	Mineral Rights	100%

- a) The Colombian subsidiary which holds this licence is owned 90% by New Age Exploration Limited and 10% by Aurora Energy S.A.
- b) NAE holds mining rights over Terranova licence (887T) under a contractual arrangement with a third party who holds the licence title.
- c) The Mineral Rights for Title CL132803 is currently being re-registered with the Land Registry for England and Wales.