

27 October 2011

ASX : NAE

**ASX ANNOUNCEMENT****Quarterly Report to 30<sup>th</sup> September 2011**

New Age Exploration Limited (“NAE” or “the Company”) is pleased to provide shareholders with its quarterly report for the three months to 30<sup>th</sup> September 2011.

During this quarter, NAE undertook the successful acquisition of a number of hard coking coal projects in Colombia in addition to completing a A\$4m private placement.

**Highlights**

- **Successful acquisition of FL2-151 exploration and mining concession and the JBI-11091 exploration and mining concession application**
- **Expansion and mechanisation agreement signed with owners of the Terranova hard coking coal mine**
- **Commencement of Terranova scoping study and appointment of scoping study manager**
- **Completion of a A\$4m private placement to Resource Capital Funds (“RCF”) and Mr. Chee Siew Yaw**

NAE’s Colombian coal strategy, which was announced earlier this year, continues to be well received by the market and investors, demonstrated in particular by our successful A\$4m private placement, which was completed at a premium to our share price during a period of intense market volatility.

The Company intends to utilise the funds raised to advance its coking and thermal coal project portfolio within Colombia, with particular emphasis on the Terranova hard coking coal mine expansion and mechanisation project.

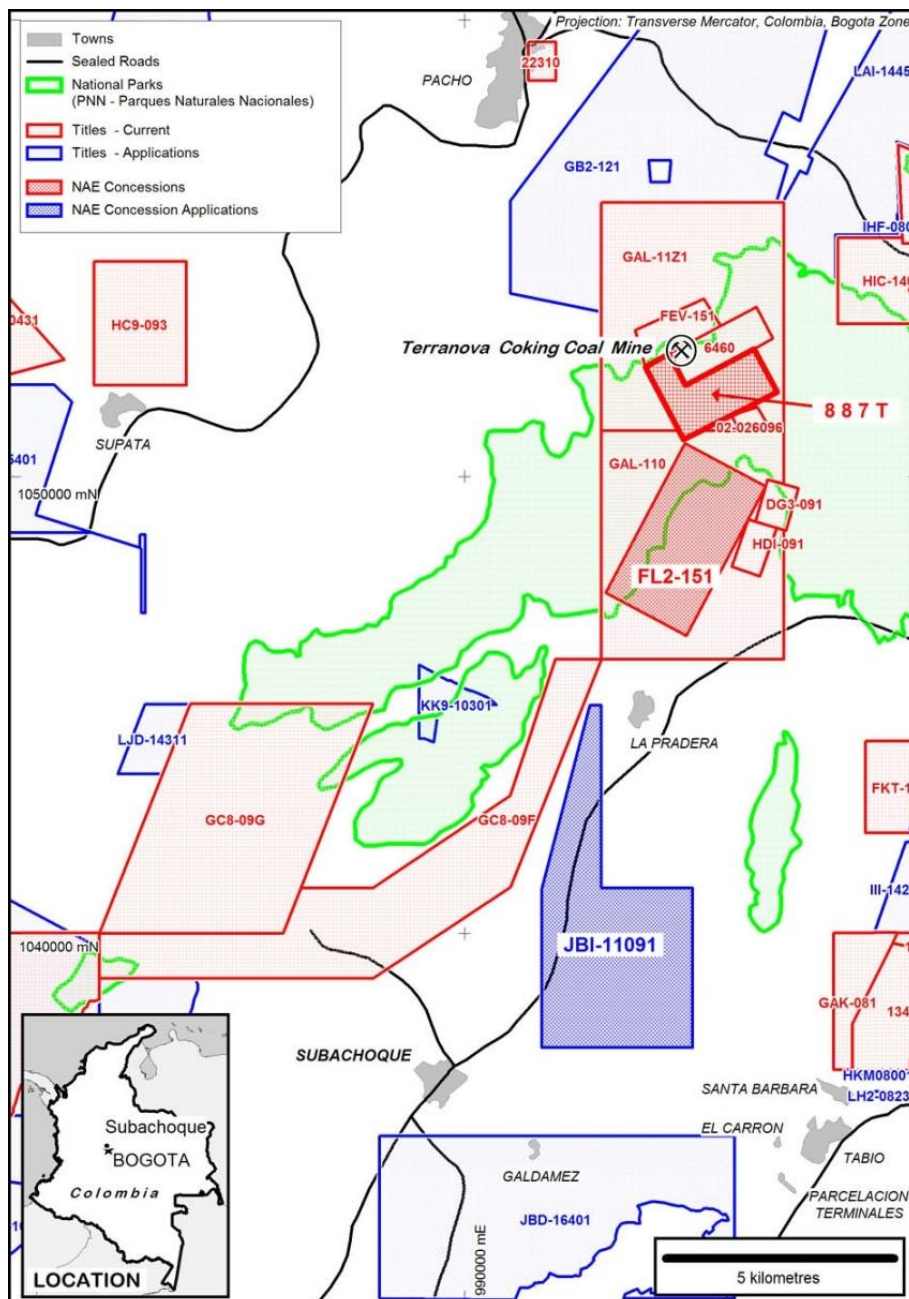
NAE is currently reviewing a number of additional potential coking and thermal coal opportunities to add to its portfolio, with a primary focus on opportunities within Colombia.

**Subachoque Hard Coking Coal Project**

During the quarter, NAE acquired an exploration and mining concession (FL2-151), a concession application (JBI-11091) and signed an agreement to mechanise and expand the Terranova hard coking coal mine (887T contract). The FL2-151 concession, JBI-11091 concession application and the Terranova hard coking coal mine are all located within the Subachoque Syncline, located approximately 15km to the west of Zipaquira in the Cundinamarca Province, Colombia.

Zipaquira is approximately 45km to the north of Bogota. Zipaquira is a large regional centre with a population of 100,000 and acts as a transport and support hub to the coking coal mines in the surrounding area.

**Figure 1 Location of Subachoque Concessions**



**Table 1 Subachoque Project JORC Exploration Target Estimates**

| Concession | JORC Conceptual Exploration Target (Mt) | Coal Quality                     |
|------------|-----------------------------------------|----------------------------------|
| JBI-11091  | 20-40                                   | Medium volatile hard coking coal |
| FL2-151    | 10-18                                   | Medium volatile hard coking coal |
| 887T       | 5-6                                     | Medium volatile hard coking coal |
| Total      | 35-64                                   | Medium volatile hard coking coal |

During the quarter, NAE commenced geological mapping on the FL2-151 and JBI-11091 concessions.

*For further information, please refer to the press releases:*

27<sup>th</sup> July 2011                      *Successful Acquisition – First Colombian Coking Coal Project*  
 3<sup>rd</sup> August 2011                      *Second Successful Coking Coal Acquisition in Colombia*

### Terranova Mine Expansion and Mechanisation Project

The Terranova mine is located at the head of the Subachoque Valley (Figure 1) and consists of the licence 6460 and mining (*exploitation*) contract 887T. The Terranova mine has been operated for several decades and produces approximately 25,000 tonnes per annum of medium volatile hard coking coal by traditional mining methods. Output is currently sold as raw coal to Colombian based coke producers and to traders for export as hard coking coal.

**Table 2 Terranova Project indicative operating parameters**

|                                             |                                                  |
|---------------------------------------------|--------------------------------------------------|
| Target seams                                | M2 (Grande)<br>M3 (Dos Bancos)                   |
| Production rate (saleable coal)             | Year 1: 150 to 200ktpa<br>Year 2: 200 to 300ktpa |
| Mine life                                   | 2 – 2.5 years                                    |
| Production start                            | Mid 2012                                         |
| Capital expenditure                         | US\$10-20m                                       |
|                                             |                                                  |
| Cash cost (mine gate)                       | US\$30-50/t                                      |
| Transport costs                             | US\$40-50/t                                      |
| Port costs                                  | US\$10-20/t                                      |
| FOB operating cash cost                     | US\$80-120/t                                     |
|                                             |                                                  |
| Life of mine cumulative saleable production | 500-750kt hard coking coal                       |
| Source: BBB Consultants and NAE             |                                                  |

The Terranova mine is located within a Parques Naturales Nacionales (“PNN”) and is currently unlikely to have the current operating licences renewed when they are scheduled to expire in August 2012 (licence 6460) and October 2014 (mining (*exploitation*) contract 887T). NAE has signed an agreement with the project owners to mechanise and expand production from mining (*exploitation*) contract 887T and the Company and the project owners have agreed to work together with the aim to extending the mining (*exploitation*) contract 887T beyond the terms of its current scheduled expiry in October 2014. The Terranova indicative project parameters are set out in Table 2.

During the quarter, the Company commenced the Terranova scoping study and recruited Jim Black, a highly experience project manager to manage the Terranova scoping study.

NAE views the Terranova project as a first step in building a long term operating presence in the Zipaquira area and of the majority of the capital investment in the Terranova project, particularly the coal preparation plant, will be available at the end of the project life in 2014 to be utilised in the development of the Company’s other concessions in the Zipaquira area.

*For further information, please refer to the press releases:*

10<sup>th</sup> August 2011

*Agreement to Mechanise and Expand Terranova Hard Coking Coal Mine*

2<sup>nd</sup> September 2011

*Key Appointments – Terranova Mine Mechanisation Team*

### **Successful Completion of A\$4m Private Placement**

NAE successfully closed an A\$4m capital raising during the quarter. The placement was undertaken in two tranches, with the initial tranche involving the issuance of 12 million ordinary shares under the Company’s existing placement capacity on 27<sup>th</sup> September 2011, with the outstanding balance of shares (21.34 million ordinary shares) being issued subject to shareholder approval at the Company’s upcoming Annual General Meeting scheduled to be held on the 9<sup>th</sup> of November, at the RACV Bayside Room #6, Level 2, 501 Bourke Street, Melbourne 3000 at 10.30am.

The capital was raised through an institutional investor, RCF, and a sophisticated investor, Mr Chee Siew Yaw. RCF is a group of mining-focused private equity funds, currently actively investing their fifth fund (Resource Capital Fund V L.P.) which has committed capital of US\$1.02 billion, and Mr Chee Siew Yaw is a successful Singaporean businessman and investor and is seeking to further his investments in the natural resources sector.

NAE was particularly pleased to have completed this placement, at a 9% premium to the closing price on the 19<sup>th</sup> of September and a 14% premium to the 10 day VWAP ending on the 19<sup>th</sup> September 2011, during the intense volatility that has gripped the global share markets over the past quarter.

The Company views this placement as a vote of confidence in its current strategy and is pleased to welcome RCF and Mr Chee Saw Yiew to its share register.

*For further information, please refer to the press release:*

22<sup>nd</sup> September 2011

*Completion of A\$4 million Placement to Advance Colombian Projects*

## New Age Exploration JORC Exploration Target

**Table 3 New Age Exploration JORC Exploration Target Estimates**

| Concession           | JORC Conceptual Exploration Target (Mt) | Coal Quality                |
|----------------------|-----------------------------------------|-----------------------------|
| Subachoque Project   | 35-64                                   | Medium volatile coking coal |
| Cesar Export Project | 250 -1,000                              | Export thermal coal         |

### Competent Persons Statement:

*Information in this document that relates to Exploration Results is based on information compiled by Dr Frederick Smith, who is a Fellow of the Institute of Materials, Minerals and Mining. Dr Smith is a Director and Shareholder of Aurora Energy S.A and the Managing Director and Principal Consultant of FWS Consultants Ltd. Dr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Smith consents to the inclusion in the documents of the matters based on his information in the form and context in which it appears.*

*The potential quantity and grade of the exploration target is conceptual in nature as there has been insufficient exploration conducted to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

ENDS

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**About New Age Exploration Limited:**

New Age Exploration's main focus is securing mineral resource investment opportunities which have the potential to add significant value to shareholders and to deliver on the Company's strategic objective:

*"To focus on mineral resource projects with a view to identifying economically attractive deposits of sufficient grade and size to provide sustainable returns to shareholders".*

NAE is currently focused on building a portfolio of coal projects in Colombia and has recently acquired two coking coal exploration and mining concessions, located within the Subachoque Syncline, which hosts high quality hard coking coal deposits in Cundinamarca, Colombia.

New Age Exploration recently announced the acquisition of the FL2-151 exploration and mining concession approximately 5 kilometres north of the recently acquired concession application JBI-11091 and adjoins the Terranova hard coking coal mine concession to the north. Terranova is a well-established deposit currently producing 25 ktpa of high quality medium volatile hard coking coal.

In addition to the newly acquired coking coal assets, the company also holds two concessions in the world class Cesar Basin, where a conceptual exploration target of 200-800 million tonnes of export quality thermal coal has been identified.

As part of its ongoing strategy NAE continues to evaluate a number of projects in Colombia and elsewhere which will add value to the Company's portfolio.

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

New Age Exploration Ltd

ABN

65 004 749 508

Quarter ended ("current quarter")

September 2011

### Consolidated statement of cash flows

|                                                                                                                                                                                                | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b>                                                                                                                                              |                            |                                       |
| 1.1 Receipts from product sales and related debtors                                                                                                                                            |                            |                                       |
| 1.2 Payments for (a) exploration & evaluation<br>(b) development<br>(c) production<br>(d) administration(including costs associated with new project/opportunity assessment and due diligence) | (439)                      | (439)                                 |
| 1.3 Dividends received                                                                                                                                                                         |                            |                                       |
| 1.4 Interest and other items of a similar nature received                                                                                                                                      | 51                         | 51                                    |
| 1.5 Interest and other costs of finance paid                                                                                                                                                   |                            |                                       |
| 1.6 Income taxes paid                                                                                                                                                                          |                            |                                       |
| 1.7 Other (provide details if material)                                                                                                                                                        |                            |                                       |
|                                                                                                                                                                                                | (388)                      | (388)                                 |
| <b>Net Operating Cash Flows</b>                                                                                                                                                                |                            |                                       |
| <b>Cash flows related to investing activities</b>                                                                                                                                              |                            |                                       |
| 1.8 Payment for purchases of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets                                                                                                | (995)                      | (995)                                 |
| 1.9 Proceeds from sale of: (a) prospects<br>(b) equity investments<br>(c) other fixed assets                                                                                                   |                            |                                       |
| 1.10 Loans to other entities                                                                                                                                                                   |                            |                                       |
| 1.11 Loans repaid by other entities                                                                                                                                                            |                            |                                       |
| 1.12 Other (provide details if material) - Joint venture arrangement with Jervois (per royalty), whereby Jervois disposed on mining assets.                                                    | -                          | -                                     |
|                                                                                                                                                                                                | (995)                      | (995)                                 |
| <b>Net investing cash flows</b>                                                                                                                                                                |                            |                                       |
| 1.13 Total operating and investing cash flows (carried forward)                                                                                                                                | (1,383)                    | (1,383)                               |

|      |                                                                                    |         |         |
|------|------------------------------------------------------------------------------------|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward)                         | (1,383) | (1,383) |
|      | <b>Cash flows related to financing activities</b>                                  |         |         |
| 1.14 | Proceeds from issues of shares, options, etc.                                      | 1,440   | 1,440   |
| 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 – Funds received pursuant to capital raising subject to shareholder approval | 2,560   | 2,560   |
|      | <b>Net financing cash flows</b>                                                    | 4,000   | 4,000   |
|      | <b>Net increase (decrease) in cash held</b>                                        | 2,617   | 2,617   |
| 1.20 | Cash at beginning of quarter/year to date                                          | 2,670   | 2,670   |
| 1.21 | Exchange rate adjustments to item 1.20                                             |         |         |
| 1.22 | <b>Cash at end of quarter</b>                                                      | 5,287   | 5,287   |

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

|      |                                                                  | Current quarter<br>\$A'000 |
|------|------------------------------------------------------------------|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 114                        |
| 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

|  |
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|  |
|--|

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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             |                             |                        |
| 3.2 Credit standby arrangements | 60                          | 60                     |

## Estimated cash outflows for next quarter

|                                                                                                           | \$A'000      |
|-----------------------------------------------------------------------------------------------------------|--------------|
| 4.1 Exploration and evaluation                                                                            |              |
| 4.2 Development                                                                                           | 1,300        |
| 4.3 Production                                                                                            |              |
| 4.4 Administration (including costs associated with new project/opportunity assessment and due diligence) | 300          |
| <b>Total</b>                                                                                              | <b>1,600</b> |

## Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                                                                                                                                | 4,225                      | 108                         |
| 5.2 Deposits at call                                                                                                                                        | 1,062                      | 2,562                       |
| 5.3 Bank overdraft                                                                                                                                          |                            |                             |
| 5.4 Other (provide details)                                                                                                                                 |                            |                             |
| <b>Total: cash at end of quarter (item 1.22)</b>                                                                                                            | <b>5,287</b>               | <b>2,670</b>                |

## Changes in interests in mining tenements

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

## Issued and quoted securities at end of current quarter

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

|     | Total number                                                                                                               | Number quoted        | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|----------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------------------------------|--------------------------------------------------|
| 7.1 | <b>Preference securities</b><br>(description)                                                                              |                      |                                               |                                                  |
| 7.2 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                      |                                               |                                                  |
| 7.3 | <b>+Ordinary securities</b>                                                                                                | 109,214,158          | 109,214,158                                   | -                                                |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | 96,520<br>12,000,000 | 96,520<br>12,000,000                          | 10<br>12                                         |
| 7.5 | <b>+Convertible debt securities</b><br>(description)                                                                       |                      |                                               |                                                  |

|      |                                                                                                               |                                     |                      |                                         |                                                           |
|------|---------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------|-----------------------------------------|-----------------------------------------------------------|
| 7.6  | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted |                                     |                      |                                         |                                                           |
| 7.7  | <b>Options</b><br>(description and conversion factor)                                                         | 23,296,667<br>16,450,000<br>400,000 | 23,296,667<br>-<br>- | <i>Exercise price</i><br>10<br>10<br>19 | <i>Expiry date</i><br>31/3/2012<br>31/3/2013<br>21/7/2014 |
| 7.8  | Issued during quarter                                                                                         | 400,000                             | -                    | 20.5                                    | 31/3/2014                                                 |
| 7.9  | Exercised during quarter                                                                                      | -                                   | -                    | -                                       | -                                                         |
| 7.10 | Expired during quarter                                                                                        |                                     |                      |                                         |                                                           |
| 7.11 | <b>Debentures</b><br>(totals only)                                                                            |                                     |                      |                                         |                                                           |
| 7.12 | <b>Unsecured notes</b> (totals only)                                                                          |                                     |                      |                                         |                                                           |

## 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 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 27 October 11  
(Director/Company secretary)

Print name: .Adrien Wing.....

## 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5        **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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