

25 January 2013

ASX: NAE

**ASX ANNOUNCEMENT****Quarterly Report to 31<sup>st</sup> December 2012**

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 31<sup>st</sup> December 2012.

The December Quarter was one of continued growth of the Company's presence in the United Kingdom, with ongoing development at the Company's Lochinvar Coal Project in Scotland and the acquisition of the Redmoor Tin and Tungsten Project in Cornwall.

**Highlights**

- **Lochinvar 12 month work program detailed including a phased drilling program, JORC Inferred Resource estimation and completion of a Scoping Study**
- **Commencement of Lochinvar Phase 1a exploration drilling program post quarter end**
- **Lochinvar Coal Ltd, a wholly owned subsidiary of NAE, established as UK operating company**
- **Appointment of key personnel to Lochinvar project team with over 120 years of collective experience in the UK coal industry**
- **Acquisition of Redmoor Tin and Tungsten Project in Cornwall, UK**
- **Withdrawal from the La Miel thermal coal project in Colombia**
- **Successful share placement of \$7,500,000 – 2013 work program fully funded<sup>1</sup>**

**NAE Managing Director, Gary Fietz, commented** *"The December Quarter of 2012 has been a very active time for NAE ramping up our activities on the ground in the UK. At Lochinvar, not only have we established our UK team but have commenced an intensive 12 month work program including interpretation of existing data and planning for extensive exploration drilling, which will lead into progressive JORC resource estimates throughout the year and a scoping study anticipated for Q4 2013."*

*"Post quarter end, Lochinvar Phase 1a drilling commenced on 21<sup>st</sup> January 2013 marking an important milestone for NAE. The initial drilling (Phase 1a) will provide an understanding of the size and quality of the coal contained within the western part of the Lochinvar project with target depths from 100m to 600 metres."*

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<sup>1</sup> The final tranche of \$1.87M is subject to Shareholder approval which requires completion of an independent Experts Report

*“In addition we have expanded our portfolio with the acquisition of the Redmoor Tin and Tungsten Project in Cornwall, which not only diversifies our commodity portfolio, but increases our UK presence.*

*“Corporately we were very pleased to announce a \$7.5 million placement<sup>1</sup> which see our 2013 work programs fully funded.*

*“We are working towards 2013 being a year of increased activity and look forward to updating our shareholders as we progress our work programs across our exciting portfolio of projects.”*

## **Lochinvar Coal Project**

In October 2012, NAE provided shareholders with an in-depth update of the Lochinvar Coal Project, located on the Scottish and English borders including a JORC conceptual exploration target of 330 – 410 Mt of potential high volatile coking coal. The progression of this project has been the major activity of the Company during the quarter.

### ***UK Base***

During the quarter, the Company established Lochinvar Coal Ltd, a wholly owned subsidiary of NAE as the UK operating company.

The Company appointed key personnel with over 120 years of collective experience within the UK coal industry:

- Ian Wilson – Non-Executive Director (Lochinvar Coal Ltd)
- Stephen Newson – Project Manager
- David Leigh – Exploration Manager
- Bill Hatton – Technical Adviser

In addition, NAE is supported by mineral and planning and environmental consultants Dalgleish and Associates who have substantial experience in licensing of mining projects in Scotland.

### ***Drilling***

NAE announced its planned phased drilling program at Lochinvar in 2013 comprising of:

- Phase 1a – 6 holes
- Phase 1b – 9 holes
- Phase 2 – 5 holes

Both Phase 1a and 1b are focussed on the western region of the licence at depths of less than 600m. Phase 2 will be focused on the northern region of the licence at depths of less than 600m. The program is aimed at defining depths of target coal seams and coal quality, including washability and preliminary coking tests of coal samples from core drilling

### **Land Access Agreements and Other Approvals**

NAE has continued to progress discussions with local landowners to obtain land access agreements for the drilling program. Post quarter end, a total of five land access agreements have been executed with four of these also having completed Supplementary Access Agreements with the Coal Authority.

Negotiation for further land access agreements required for Phases 1a and 1b is ongoing and Supplementary Access Agreements will be applied in due course. Archaeological and ecological studies to date have not identified any areas of concern.

No other approvals are currently required to undertake drilling operations for Phase 1a.

#### Drilling Contract

During the quarter, a drilling contract for Phase 1a was signed with British Drilling and Freezing Company Limited (“BDF”). BDF, a highly experienced exploration drilling company based in Nottingham, England, is the UK’s largest onshore drilling contractor and has extensive experience in drilling coal in the UK. Importantly, BDF has previous experience in drilling within the Canonbie coal field, of which Lochinvar is part of.

#### Commencement of Drilling

Post quarter end, NAE commenced drilling operations at Lochinvar on January 21. The first hole, LOI001, will twin the “Bogra” exploration borehole completed by the National Coal Board (“NCB”) in 1983. The historic Bogra drill hole intersected seven coal seams between 272 metres and 346 metres including the primary target seam (“the nine foot seam”) at approximately 310 metres.



Figure 1 BDF Drill Rig Set Up on Site



Figure 2 BDF Drill Rig Commencing Drilling at LOI001

NAE will undertake a full coal quality analysis, including washability and preliminary coking tests, from drill core upon completion of each hole.

The commencement of drilling at Lochinvar was delayed slightly due to significant flooding within the UK. As a result, the Company now anticipates the following timing for the Lochinvar drill program:

- Completion of first borehole and analysis results      Late in Q1 2013
- Completion of Phase 1a and JORC Resource update      Early in Q3 2013
- Completion of Phase 1b and JORC Resource update      Early in Q4 2013

Further drilling will be planned based on the results of Phases 1a and 1b, aimed at increasing the understanding of the target coal seams, leading into a scoping study.

### ***Seismic Reinterpretation***

Over 100km of historic seismic lines have been completed within and just beyond the Lochinvar licence boundary, with the data associated with these seismic lines being acquired by NAE at a minimal cost from the British Geological Survey and UK Onshore Geophysical Library.

NAE has engaged Tesla Exploration International Ltd to re-process and interpret historic seismic data over the Lochinvar licence. Reports and 3D data have been received which support previous structural geological interpretation. The seismic re-interpretation results are being included in the planning of the drilling program and will be used as a basis for the resource modelling. A full review of the results is ongoing.

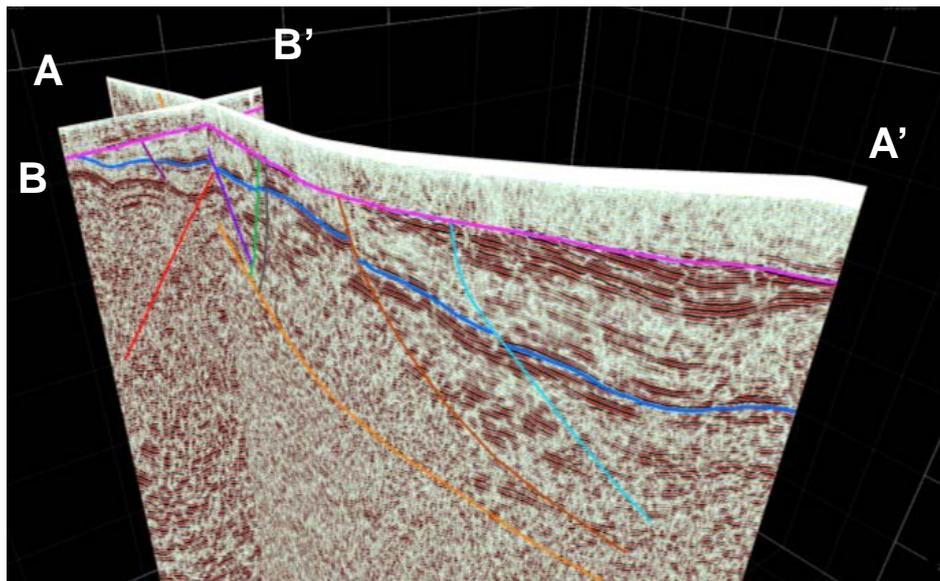
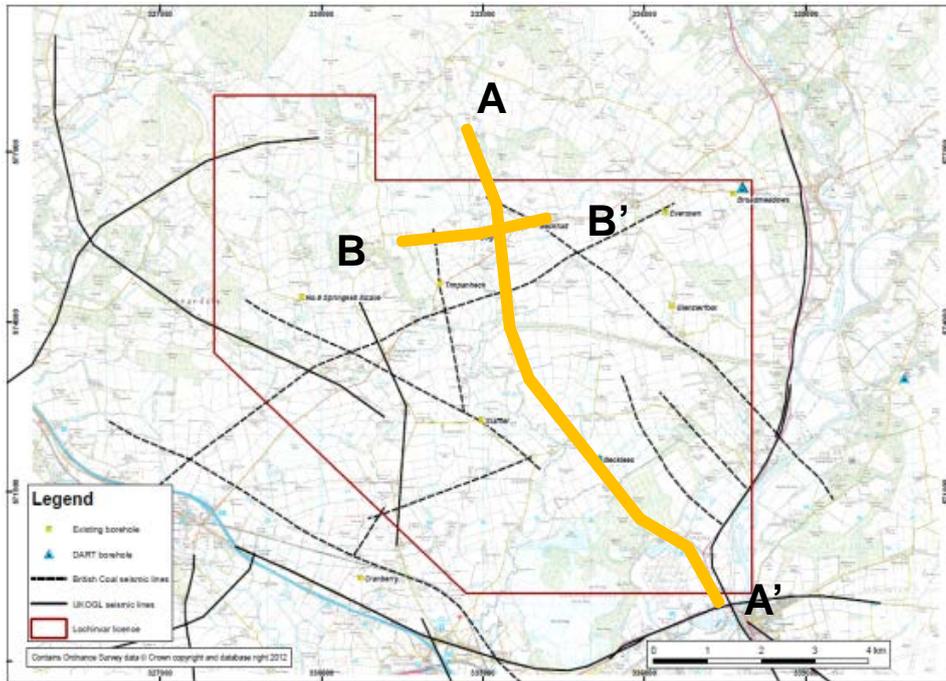


Figure 3 - Initial 3D Seismic Interpretation

**Historic Drilling Data Review**

The Company has continued with its review of historic drilling data, primarily the work carried out by the NCB in the 1950s (followed up again in the 1970s and 1980s) to further understand the coal seams and coal quality at Lochinvar. NAE anticipates that its drilling that will twin the some of the NCB boreholes which will provide confirmation of the historic data, enabling much of the historic data to be included in JORC resource estimates.

## Redmoor Tin and Tungsten Project

NAE announced in October it had signed binding agreements for the exploration and mining rights to the historic Redmoor Tin and Tungsten Mining Project (“Redmoor”) located in southeast Cornwall, UK.

Redmoor is located 28km by road northwest of the port of Plymouth in Devon and is situated between the village of Kelly Bray and the small town of Callington. The original Redmoor Mine is one of a group of mines (Redmoor, Holmbush and Kelly Bray) that were opened in the 18<sup>th</sup> century and continued at intervals until 1842, at which time they were forced to close due to low tin prices. Between 1907 and 1914, and again in 1934, parts of Redmoor were re-opened.

The exploration licence covers 23<sup>2</sup> km area and is valid for a period of 15 years, with an option for a 25 year mining lease. There is an extensive historical exploration data set, including 12,146m of diamond drilling from 35 holes, from which the following exploration target has been identified by SRK Consulting (UK) Limited:

Exploration Target (August 2012)				
Tonnes (million)	Sn %	W %	Cu %	Sn (eq) %
6 – 11	0.17 – 0.29	0.12 – 0.20	0.32 -0.53	0.54 – 0.89

The potential quantity and grade of the exploration target are conceptual in nature and based on historical drill results that require further verification. The Company will carry out drill core re-sampling and an assay program in 2013 to verify the historic drilling results with the intention to delineate a JORC compliant mineral resource. At this stage it is uncertain if the historic results can be replicated or if further exploration of this type will result in the determination of a Mineral Resource.

NAE believes the acquisition of Redmoor is a significant addition to the Company’s portfolio, providing exposure to the strong tin and tungsten markets.

## Colombia

### *La Miel Thermal Coal*

In December, the Company announced its decision to not proceed with the La Miel Coal Project. The results of the first borehole were announced on 30<sup>th</sup> August 2012. The second borehole had to be aborted at 564m, initially due to drilling difficulties, and then due to flooding in the area, hence no coal was intersected. Under the terms of the acquisition agreement, NAE was required to make a US\$500,000 payment to the vendors in December 2012, however on review of the results returned from the Company’s initial two boreholes, the Board elected not to continue with the Project as the further expenditure commitments did not represent value for shareholders. NAE has no further obligations to the vendors of the project.

### *Terranova and Alvarado Coking Coal*

External advice was received during the quarter that provided an option to progress the approval process for drilling on concession FL2-151. This process will continue to be assessed in Q1 2013 with the aim of targeting a drill program as soon as possible.

NAE has maintained the focus on the progression of the approval of the mine extension on concession 887T however has not yet been able to obtain any extension.

## Capital Raising

NAE announced in October that it had entered into binding agreements for the placement of 108,384,615 new shares at 6.5 cents per share to raise a total of \$7,045,000. This was in addition to the \$455,000 raised via a placement of 7,000,000 shares at 6.5 cents per share earlier in the month, bringing the total raised to \$7,500,00.

The placement of \$7,500,000 was undertaken in three tranches:

1. Placement of 7,000,000 shares at 6.5 cents per share to raise \$455,000 in October 2012 to three Australian based private investors, clients of Sydney based equity advisory group JA Advisory Pty, Ltd.
2. Placement of 77,591,051 shares at 6.5 cents per share to raise \$5,043,418, which was subject to, and subsequently received, shareholder approval at the Company's AGM in November 2012, held on 28<sup>th</sup> November. The details of this placement are as follows:
  - a. Placement of 28,809,359 shares at 6.5 cents per share (\$1,872,608) to Resource Capital Fund V. L.P. ("RCF"), an existing shareholder, taking RCF's ownership level to 19.9%.
  - b. Placement of 27,474,000 shares at 6.5 cents per share (\$1,785,810) to six UK based institutional investors; clients of London based Institutional Broker, Ocean Equities Ltd.
  - c. Placement of 11,307,692 shares at 6.5 cents per share (\$735,000) to an Australian institutional investor, a client of Patersons Securities. An additional placement of 1,384,615 shares at 6.5 cents per share (\$90,000) will be placed to the same investor upon receiving shareholder approval for the third tranche of the placement (see 3. below).
  - d. Placement of 10,000,000 shares at 6.5 cents per share (\$650,00) to an Australian based private investor, client of JA Advisory Pty Led.
3. Placement of an additional 29,408,949 shares at 6.5 cents per share (\$1,911,582) to RCF is subject to shareholder approval at an extraordinary shareholders meeting. If approved by shareholders, this placement will take RCF to an ownership level of 29%. The Company has commissioned an Independent Expert in respect of the proposed issue of the additional shares to RCF so that shareholders may assess the merits of the proposed issue of an additional 29,408,949 shares at 6.5 cents per share (\$1,911,582). The relevant Notice of Meeting and Independent Experts Report are currently in the process of being completed and will be despatched to shareholders in the coming weeks. The relevant extraordinary shareholder meeting is expected to be convened in March 2013.

These funds ensure that NAE is fully funded to progress with its ongoing work programs in the UK and Colombia throughout 2013.

## Corporate Activity

In October, Mr Edwin Stoye resigned his position of Non-Executive Chairman and Director. Mr Stoye had been a board member of NAE since 2005 and made a valuable contribution to the Company. The Company thanks Mr Stoye for his contribution and wishes him well for the future.

The Company is in the process of identifying a replacement independent Non-Executive Chairman and will update shareholders accordingly.

During the quarter Ocean Equities and Patersons Securities have commenced issuing research notes on NAE.

#### *Competent Persons Statement*

*Information in this document that relates to Mineral Resources and Exploration Targets is based on information compiled by:*

*Lochinvar, UK: Dr William Hatton (C.Geol – Geological Society of London) 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 Hatton consents to the inclusion in the documents of the matters based on his information in the form and context in which it appears. Dr Hatton is a Principal Coal Geologist with SRK Consulting (UK) Ltd. The potential quantity and grade of the exploration target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The conceptual exploration target estimate above is based mainly upon; (a) Detailed British Geological Survey mapping at a 1:10,000 scale, (b) An historic exploration programme set out in the National Coal Board’s (NCB) Plan for Coal in 1974, (c) NCB deep drilling and seismic exploration from the late 1970’s and early 1980’s, (d) A summary paper by Graham Picken in the Scottish Journal of Geology in 1988, (e) A preliminary Vulcan 3-D representation of the concealed coalfield (representing (a) to (d) above) generated by Dr Hatton. The project is at an early stage, and so the target tonnages are provisional and relate to coal in-situ, in seams likely to be of workable thickness, but do not include any allowances for mining layout, recovery, support areas or any unforeseen geological losses. The range in tonnage estimate reflects the uncertainty of the seam sections, structural and grade continuity encoded within the Vulcan exploration model.*

*Redmoor, UK: Information in this document that refers to the exploration target at Redmoor is based on information compiled by Dr. Mike Armitage (CGeol CEng FGS MIMM) and Mr. Howard Baker (MAusIMM (CP)) who are both full time employees of SRK. Dr Armitage and Mr Baker have more than 5 years experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken 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 Armitage and Mr Baker consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.*

*Colombia: 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 targets are 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

**For further information please contact:**

**Victoria Thomas**  
**Six Degrees Investor Relations**  
**[victoria.thomas@sdir.com.au](mailto:victoria.thomas@sdir.com.au)**  
**+61 3 9645 7567**

**Gary Fietz**  
**Managing Director**  
**New Age Exploration Limited**  
**[info@nae.net.au](mailto:info@nae.net.au)**  
**+61 3 9614 0600**

## 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
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ABN

65 004 749 508
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Quarter ended ("current quarter")

31 December 2012
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#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$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 (b) development (c) production (d) administration	(594)	(1,324)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	36
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(588)</b>	<b>(1,288)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects (inc development)	(720)	(1,624)
(b) equity investments		
(c) other fixed assets	(40)	(47)
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)	-	-
<b>Net investing cash flows</b>	<b>(760)</b>	<b>(1,671)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,348)</b>	<b>(2,959)</b>

1.13	Total operating and investing cash flows (brought forward)	(1,348)	(2,959)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	5,498	5,498
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 – capital raising costs	(190)	(190)
	<b>Net financing cash flows</b>	<b>5,308</b>	<b>5,308</b>
	<b>Net increase (decrease) in cash held</b>	<b>3,960</b>	<b>2,349</b>
1.20	Cash at beginning of quarter/year to date	1,970	3,581
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>5,930</b>	<b>5,930</b>

### 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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	149
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
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### 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

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## 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	
4.2 Development	1,900
4.3 Production	
4.4 Administration (including costs associated with new project/opportunity assessment and due diligence)	601
<b>Total</b>	<b>2,501</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	706	1,861
5.2 Deposits at call	5,224	109
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>5,930</b>	<b>1,970</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	La Miel GJP-151	Joint venture	100%	0%
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> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	227,493,879	227,493,879		-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	84,591,051	84,591,051		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price (cents)</i>	<i>Expiry date</i>
	16,450,000	-	10	31/03/2013
	600,000	-	19	21/07/2014
	1,500,000	-	25	6/12/2013
	400,000	-	12.5	02/02/2014
	200,000	-	14	01/09/2014
	500,000	-	10	31/08/2015
7.8 Issued during quarter	2,000,000	-	12	01/07/2015
	750,000	-	14	06/02/2015
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## 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: .....  
(Director/Company secretary)

Date: 25 January 2013

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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