

**NEW AGE** Exploration Limited

ACN 004 749 508

Quarterly Report  
to 30 June 2013



New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 30th June 2013.

NAE is committed to the ongoing development of its key Lochinvar Metallurgical Coal Project ("Lochinvar" or "the Project") in the UK. The June quarter and post-period has witnessed heightened activity as the Company successfully completed its first stage drilling program on the Project.

## HIGHLIGHTS

- **Successful completion of Lochinvar Phase 1a drilling program**
  - **Good thicknesses of Nine Foot Seam intersected in three of the four holes with the fourth hole defining the basin margin**
  - **Target seams intersected at significantly shallower depths than anticipated in holes LOI-004 and LOI-005**
  - **Coal analysis from hole LOI-001 demonstrates potential to produce an attractive low ash, high-volatile metallurgical coal**
- **Lochinvar Team strengthened with key appointments**
- **Lochinvar maiden JORC Inferred Resource (to include current and historic boreholes) expected to be completed in September 2013**
- **Scoping Study has commenced and is scheduled for completion in Q1 2014**
- **Placement of shares to major shareholder Resource Capital Funds raised A\$2.0M in June**

**NAE Managing Director, Gary Fietz, commented:** *"The Company continues to focus on the development of its core asset, the Lochinvar Metallurgical Coal Project, and we are pleased with progress made during the June quarter.*

*NAE remains fully funded to complete the next phase of drilling at Lochinvar this year and the scoping study early next year."*

## LOCHINVAR COAL PROJECT

During the June 2013 Quarter, NAE has continued to advance the Lochinvar Metallurgical Coal Project; highlights were by the positive raw and clean coal analysis data reported from initial drill hole LOI-001 and the successful completion of Phase 1a drilling program post-quarter.

### Exploration Drilling Program Overview

On the basis of the successful completion of Phase 1a in July, the Company has released the following updated timeline of major activities which will provide the resource definition, technical and economic information required for the completion of the Lochinvar scoping study, anticipated in Q1 2014.

	Jul. 2013	Aug. 2013	Sept. 2013	Oct. 2013	Nov. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014
Phase 1a Drilling Program	Complete								
Drilling tender – Phase 1b/2 Program									
LOI-004 Raw Coal Analysis									
LOI-004 Washed Coal Analysis									
Maiden JORC Resource Statement									
Scoping Study									
Phase 1b/2 Drilling Program									
Phase 1b/2 Coal Analysis									
Phase 1b/2 JORC Resource Statement									

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.

### Phase 1a Drilling Program Results

The Company announced post-period the completion of the Lochinvar Phase 1a drilling program comprising four holes. Three of the four holes intersected the target seams, demonstrating the continuity of the Nine Foot Seam and extending the drilling coverage over the western side of the deposit.

The Nine Foot Seam ranges in thickness from 1.42m to 2.81m (coal thickness) and occurs at depths between 312m and 327m. All significant seam intersections are presented in Table 1 with hole locations shown in Figure 1.

Table 1: Composited Sample Intervals

Hole		From (m)	To (m)	Interval (m)	Coal Thickness (m)	Coal Type
LOI-001	Six Foot Seam	295.0	296.8	1.78	1.66	Coal
	Nine Foot Seam (entire seam)	311.6	315.1	3.41	2.81	Coal
LOI-004	Six Foot Seam (lower section)	313.2	313.8	0.54	0.54	Coal
	Nine Foot Seam (entire seam)	322.0	323.9	1.91	1.86	Coal
LOI-005	Six Foot Seam (upper section)	317.1	317.4	0.31	0.31	Inferior Coal
	Six Foot Seam (lower section)	318.8	319.5	0.62	0.62	Inferior Coal
	Nine Foot Seam (entire seam)	327.1	328.5	1.42	1.42	Coal
LOI-030	No coal intercept					

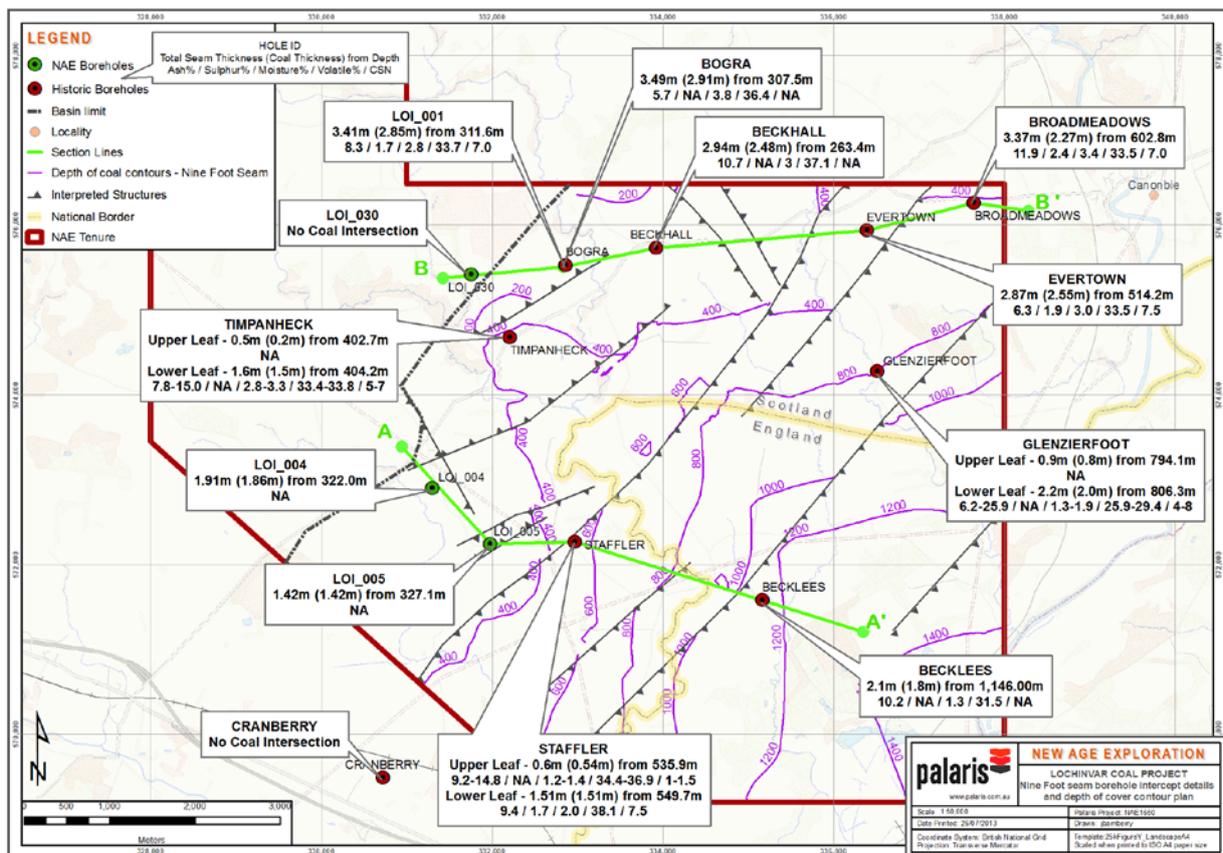


Figure 1: Location of historic National Coal Board (NCB) and new holes along with depth-to-coal contours for the Nine Foot Seam and basin structure interpreted from drilling, structural and seismic analysis

Boreholes LOI-004 and LOI-005 intersected the targeted seams at significantly shallower depths than anticipated. These shallower results now present NAE with an opportunity to improve the overall economics of the Project. Due to the shallower than anticipated intersections, the Six Foot and Nine Foot Seams were not cored in hole LOI-005 and the Six Foot Seam was not cored in hole LOI-004. Seam depths and thicknesses in these holes have, however, been confirmed by downhole geophysics. The Nine Foot Seam was cored in hole LOI-004 (Figure 2).



**Figure 2: Photograph of Nine Foot Seam in borehole LOI-004**

Hole LOI-030 did not intersect coal but has improved the definition of the basin margin location.

## Raw Coal Analysis Results

In April 2013, NAE reported that it had completed the analysis of the raw coal from both the Nine Foot and Six Foot seams in borehole LOI-001 at Lochinvar.

The raw analysis from LOI-001 demonstrates that Lochinvar coal is a low ash, high volatile coal with good coking properties with the potential to provide a semi-hard coking coal.

## Clean Coal Analysis Results

Post-quarter end, clean coal analysis from washability tests undertaken on borehole LOI-001, further demonstrates the potential for Lochinvar to produce an attractive low ash, high volatile metallurgical coal for supply to UK and European markets. As shown in Table 2, the clean coal analysis results show high yields of low ash coal (under 5%) are achievable with attractive metallurgical properties: CSN of 7.0 to 7.5, Gray King Coke Type G6-G7 and RoMax of 0.83. Low phosphorus levels were also noted.

**Table 2: Summary of Clean Coal Analysis from Borehole LOI-001**

Coal Seam	Clean Coal Recovery (at CF1.4) (%)	Ash (ad. %)	Sulphur (ad. %)	Volatile Matter (ad. %)	Phos (ad. %)	CSN	Geiseler Max Fluidity (ddpm)
Six Foot	77	4.0	1.82	34.7	0.034	7.0	1,400
Nine Foot	84	3.5	1.36	34.5	0.008	7.5	3,400

Through the washability test work, sulphur values were also reduced from 2.05% in the raw coal to 1.36% for the complete Nine Foot Seam. The lower section (1.92m) of the Nine Foot Seam demonstrated a reduction in sulphur values from 1.76% to 1.07% through washing. Importantly, preliminary discussions with potential UK and European customers (steel mills and merchant coke producers) indicate that the demonstrated sulphur values are within their coal supply specifications.

Raw and washed coal quality analysis is currently underway on hole LOI-004 with raw analysis expected to be completed in August and clean coal results to follow in September. Additional test work emphasis will be placed on product washability parameters including product yield and reduction of sulphur in the clean coal.

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

By the end of the June quarter, a total of five drilling land access agreements have been executed with four of these also having completed Supplementary Access Agreements with the Coal Authority.

At the time of this release, a total of 14 drilling land access agreements are in place, covering the completed Phase 1a program and all of the holes scheduled as part of the Phase 1b/2 drilling program. Permitting through the Coal Authority and Scottish Environment Protection Agency is underway. Archaeological and ecological studies to date have not identified any areas of concern.

### **Lochinvar Inferred Resource and Updated Exploration Target**

Internationally-renowned, Australian based mining consultancy, Palaris Mining (specialists in underground coal project evaluation and development) have been engaged by NAE as technical consultants for the Lochinvar Project.

Palaris has now commenced work on the maiden JORC compliant Inferred Coal Resource estimate and Exploration Target for Lochinvar. The estimate will be based on validation and modelling of eight historic National Coal Board drillholes, seismic lines and the three Phase 1a holes that intersected coal (LOI-001, LOI-004 and LOI-005).

Following consideration of the results of Phase 1a, review of historic data and study of the geological structure, Palaris considers that an Inferred Coal Resource may be declared. An Exploration Target (additional to Coal Resources) will be estimated for coal seams where there is currently insufficient data to declare a resource.

### **Lochinvar Project Team / Office**

Post-quarter and following the success of the Phase 1a drilling program, NAE made the following key appointments of dedicated coal specialists to strengthen its Lochinvar Metallurgical Coal Project team:

#### ***Damon Rhodes, Lochinvar Scoping Study Coordinator***

As Scoping Study Coordinator, Damon's focus will be to deliver the Lochinvar Scoping Study on time and within budget. He will manage sections of the study undertaken by external consultants and also contribute directly to other sections of the study. In addition, Damon will work alongside Jon

Reynolds, the Company's Business Development Manager, to identify and assess potential projects that may complement NAE's existing portfolio.

Since 2007, Damon has been Senior Analyst/Manager – African Funds at Lion Manager, a leading Melbourne based resource equity fund group, where he co-managed the three funds mandated to invest in African mining and exploration companies. Prior to this, he worked at BHP Billiton for nine years in a variety of roles, including Geoscientist for BHP Billiton South America and Brisbane and Geologist for BHP Iron Ore in Western Australia.

***Donna Sheehy, Exploration Manager***

As Exploration Manager, Donna will manage all aspects of the Phase 1b/2 Lochinvar drilling program being undertaken this year. Based on site, her role will focus on contract management, geological management and relationships with the local community.

Donna is a seasoned Exploration Manager, having previously worked in a number of roles within the coal industry, including:

- NSW Geology Manager, Cockatoo Coal
- Operations Geologist, Geological Solutions where her duties included management, consulting, liaison and coordination of client servicing to Rio Tinto, Tarong Energy, SA Coal, APC and GHD (Vale)
- Superintendent Geology, Geotechnical and Survey/Senior Geologist, BHP Billiton Mitsubishi Alliance - Daunia
- Senior Supervising Geologist, BHP Billiton Mitsui Alliance Poitrel Mine

***David Howard, Senior Geologist***

As Senior Geologist, David will support Donna Sheehy with implementation of the exploration drilling program.

David joins NAE from his role of Senior Supervising Geologist at Moultrie Group in NSW, where he was responsible for the management and supervision of all Anglo-American Metallurgical Coal exploration activities in NSW. He oversaw multi-million dollar drilling programs and managed a team of 20 geological and field staff. David grew up near the Lochinvar project in Dumfries and Galloway, and holds a first class honours degree in Geology from the University of Glasgow.

Damon will be based in the Company's head office in Melbourne while both Donna and David have recently relocated with their families to live in Scotland and will be based at the newly-established NAE office adjacent to the Lochinvar Project. Having a permanent local presence not only strengthens NAE's relationships with local communities but also demonstrates the Company's long-term commitment to advancing the Project.

**Phase 1b/2 Drilling Program**

With the completion of Phase 1a, NAE now anticipates the commencement of Phase 1b/2 drilling program in Q4 2013. Phase 1b/2 now comprises four to six holes located in the western (Phase 1b) and northern (Phase 2) parts of the deposit.

The Company is currently in the process of an extensive evaluation of international drilling contractors to carry out Phase 1a/2. Through this rigorous process, NAE hopes to significantly reduce drilling costs, reduce site footprint and enable holes to be drilled at a much faster rate, while maintaining the quality of the core.

The combined Phase 1b/2 drilling program has been designed to:

- further improve resource status
- quantify the consistency of coal quality and seam thickness
- further test the basin margin
- define geotechnical parameters
- build upon Phase 1a findings to assist in preliminary mine planning

Subject to regulatory approvals, Phase 1b/2 is expected to be completed in January 2014 with coal quality results available end Q1 2014.

## **REDMOOR TIN AND TUNGSTEN PROJECT**

During Q1 2013, the Company reported a maiden Inferred JORC Resource had been defined at the Redmoor Tin-Tungsten Project, located in southeast Cornwall, UK.

There has been no material new activity on the Redmoor project this quarter due to the Company's focus on the Lochinvar Metallurgical Coal Project.

NAE will consider its future options for the Redmoor project, which may include continued test work, securing strategic partnerships and/or divestment.

## **COLOMBIA**

Due to adverse market conditions and low coking coal prices, rendering most coal projects in Colombia currently un-economic (as a result of high trucking distances and costs), NAE decided this quarter to substantially reduce its expenditure in Colombia until market conditions improve.

The Company has been working closely with its JV partner in Colombia, Aurora Energy to put in place a "care and maintenance" budget for NAE-Aurora's Colombian projects. The aim is to preserve long-term options over the current NAE-Aurora projects and to continue to look for new coking coal project opportunities which may become attractive when market conditions improve. The "care and maintenance" budget adopted includes: closure of the JV office in Bogota, a reduction in JV personnel (down to one person) and a significant reduction in usage of consultancy services from Aurora and also other consultants.

NAE-Aurora lodged an application for a new coking coal concession post-period end. However, it is not expected that ANM (the central government mining agency) will complete processing of the application until Q1 2014.

### **Cesar Thermal Coal Project**

There has been no material new activity on the Cesar project this quarter.

## **Terranova Area Coking Coal Projects**

The NAE-Aurora JV has continued work during the quarter on gaining approvals for the extension of the PTO (Plan of Works or “mining approval”) and the PMA (“environmental approval”) for mining concession 887T. It is expected that any outcome on this will firstly require redefinition of the Paramo boundaries of the area. Studies undertaken by consultants engaged by NAE-Aurora during the quarter have demonstrated that minimal Paramo eco-system exists over the area of concession 887T.

Post-quarter end, an application was made to ANM to modify the existing PTO for concession FL2-151 to enable exploration drilling to be carried out on the concession. No response has yet been received from ANM.

## **CORPORATE ACTIVITY**

### **General Meeting**

NAE held a General Meeting of Shareholders on 28 May where the following resolutions were all passed:

1. approval for issue of Placement Shares
2. approval for issue of shares and acquisition of a relevant interest by Resource Capital Fund V.L.P (and its associate)
3. issue of options to Mr Alan Broome, Director
4. issue of options to Mr Gavin Rice, Director
5. issue of options to Mr Michael Amundsen, Director
6. issue of options to Mr Adrien Wing, Director
7. issue of options to Mr Gary Fietz, Director

Following resolution 2 of the General Meeting being passed, major shareholder Resource Capital Funds Management Pty Ltd increased its shareholding of NAE through its associate Resource Capital Fund V.L.P from 45,476,025 shares (19.9% ownership) to 74,884,975 shares (29.0% ownership). This provided approximately \$2 million of additional funding to the Company in June. The placement was made at 6.5 cents per share pursuant to the terms of the placement announced on 22 October 2012.

### **Resignation of Director**

Post-quarter NAE announced the resignation of Director Mr Adrien Wing, who stepped down to allow himself more time to focus on other commitments, one of which is his role as Company Secretary of NAE. Adrien has been a director of NAE since 2004, the Company thanked him for his valuable contribution throughout this time and looks forward to continuing to work with him in his capacity as Company Secretary.

**For further information please contact:****Victoria Thomas**

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**Gary Fietz**

Managing Director

New Age Exploration Limited

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*Competent Person's Statement***Lochinvar Project**

*The information in the report to which this statement is attached that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr William John Bamberry, a Competent Person who is a Member of the Australian Institute of Geoscientists (Membership # 4090). William John Bamberry has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. William John Bamberry consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## 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")

30 June 2013

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(539)	(2,338)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	29	114
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>(510)</b>	<b>(2,224)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (inc development) (b) equity investments (c) other fixed assets	(835)	(3,664)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(4)	(54)
1.1 Loans to other entities		
0		
1.1 Loans repaid by other entities		
1		
1.1 Other (provide details if material)	-	-
2		
<b>Net investing cash flows</b>	<b>(839)</b>	<b>(3,718)</b>
1.1 Total operating and investing cash flows (carried 3 forward)	<b>(1,349)</b>	<b>(5,942)</b>

1.13	Total operating and investing cash flows (brought forward)	(1,349)	(5,942)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,002	7,500
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	(10)	(211)
	<b>Net financing cash flows</b>	1,992	7,289
	<b>Net increase (decrease) in cash held</b>	643	1,347
1.20	Cash at beginning of quarter/year to date	4,246	3,581
1.21	Exchange rate adjustments to item 1.20	79	40
1.22	<b>Cash at end of quarter</b>	4,968	4,968

### 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	160
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

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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	1,803
4.3 Production	
4.4 Administration (including costs associated with new project/opportunity assessment and due diligence)	464
<b>Total</b>	<b>2,267</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	1,202	1,497
5.2 Deposits at call	3,766	2,749
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,968</b>	<b>4,246</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> <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>	258,287,443	258,287,443		-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,793,564	30,793,564		
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>
	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
	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
7.8 Issued during quarter				
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: ..... Date: 31 July 2013  
(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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