

Quarterly Report

To 31 December 2014

New Age Exploration Limited ("NAE" or "the Company") is pleased to provide shareholders the Company's Quarterly Report for the period ending 31 December 2014.

This quarter has been very important for the Company, with the successful completion of the Lochinvar Scoping Study on 27 October 2014, which was followed by investor roadshows highlighting the Scoping Study results and planning for the 2015 Lochinvar exploration program. In addition, the Company is implementing a number of initiatives in line with its strategy to focus on the Lochinvar Project.

HIGHLIGHTS

- **Completion of the Lochinvar Scoping Study in October 2014 confirming attractive economics for 26-year-life underground longwall mine with 1.4 Mt average annual saleable coal production**
- **Investor roadshows highlighting Lochinvar Scoping Study results**
- **Lochinvar 2015 Exploration Program planning**
- **Implementing initiatives in line with strategy to focus on the Lochinvar Project including:**
 - **Modifying UK presence to support anticipated on-the-ground activities**
 - **Reducing Melbourne corporate overheads**
 - **Ceasing all Colombian activities**

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.

Scoping Study

The Lochinvar Scoping Study was completed in October 2014, and was included in the previous Quarterly Report for the period ending 30 September 2014 ⁽¹⁾ as a post quarter-end activity. A detailed announcement of the Scoping Study results was made on 27th October 2014 ⁽²⁾.

The Lochinvar Scoping Study confirms the potential for a long life underground mining operation producing a low ash, high volatile coking coal to supply domestic UK and European steel mills, with operating costs in the lowest quartile of the global seaborne coking coal cost curve. Lochinvar benefits from immediate access to existing rail and port infrastructure and locally available utilities required to develop the project.

Key highlights of the Scoping Study include:

- Robust economics:
 - NPV₉ of US\$263M (real, after tax, unleveraged)
 - IRR of 20%
 - Payback Period of 4.9 years (undiscounted)
 - Based on a realised long term coking coal sales price of US\$143/t (87% of US\$165/t HCC Benchmark price)
- 1.4 Mt average annual saleable coal production 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
- Existing rail infrastructure connecting to domestic UK customers and to ports for export to nearby European customers
- Strong operating cash flows averaging US\$75M per annum
- US\$284M capital cost (including 13% contingency)
- Infill drilling, seismic surveys and Pre-Feasibility planned for 2015
- Construction planned to commence in 2017 with first coal production planned in 2018

The outcomes of the Scoping Study have provided NAE with the confidence to continue with further exploration and development of the Lochinvar Project. Commenting on the Scoping Study results, the Company's Managing Director, Gary Fietz, said, "We are excited about developing a major new coal project in the UK, an excellent investment destination with low risk, an attractive fiscal regime and a rich coal mining history".

Lochinvar 2015 Exploration Program

During the quarter, a plan for exploration required up until commencement of project construction has been developed. The key exploration activities planned are infill drilling and seismic surveys with other activities, installation of piezometers for groundwater testing, gas testing, geotechnical testing and a coking test.

The pre-construction program has been planned for implementation over a 2-year period during 2015 and 2016; however, various options have been developed to enable exploration activities to be prioritised should a reduced 2015 exploration budget become necessary due to market conditions and available funding.

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)⁽³⁾ was defined in February 2013; however, there has been no material new activity this quarter due to the focus on the Lochinvar Coking Coal Project.

COLOMBIA

Closure of Colombian Activities

Due to difficult market conditions, the joint venture agreement between Aurora Energy SA and the Company was allowed to lapse on 31 December 2014. NAE now has no ongoing activities or personnel in Colombia and no further costs are expected to be incurred in relation to Colombian activities.

NAE would like to acknowledge its JV partner, Aurora Energy, for its support in Colombia over the past 3 years.

Terranova Coking Coal Project

Post quarter end, on 12 January 2015, NAE and its joint venture partner, Aurora Energy, gave notice of termination of the agreement to expand the Terranova coking coal mine on Concession 887T. Under its agreement with the mine owners and operators, NAE and Aurora had a unilateral right of termination for convenience at no cost which was exercised on 12 January 2015.

CORPORATE

Investor Roadshows Highlighting Lochinvar Scoping Study Results

During the quarter, the Company has undertaken investor roadshows in Australia and the UK highlighting the results of the Lochinvar Scoping Study which have been generally well received.

The company is progressing discussions on future funding.

Strategic Initiatives

In line with the strategy to focus on the Lochinvar Project, the Company is implementing a number of initiatives:

- modifying UK presence to support anticipated on-the-ground activities
- reducing Melbourne corporate overheads
- ceasing all Colombian activities

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

⁽¹⁾ NAE September 2014 Quarterly Report, 30 September 2014

⁽²⁾ NAE Announcement, 27 October 2014 – Lochinvar Scoping Study Confirms Robust Economics

⁽³⁾ NAE Announcement, 27 February 2013 – Redmoor Tin Tungsten Project Maiden Inferred Resource

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

NEW AGE Exploration Ltd

ACN 004 749 508

Level 17, 500 Collins Street

Melbourne, VIC 3000

Phone: +61 3 9620 9931

Email: info@nae.net.au

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")

31 December 2014

Consolidated statement of cash flow

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(264)	(836)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	11	22
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	(645)	(1,537)
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)	(645)	(1,537)

+ See chapter 19 for defined terms

1.13	Total operating and investing cash flows (brought forward)	(645)	(1,537)
	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)	(11)	(11)
	Net financing cash flows	(11)	(11)
	Net increase (decrease) in cash held	(656)	(1,548)
1.20	Cash at beginning of quarter/year to date	1,524	2,416
1.21	Exchange rate adjustments to item 1.20	8	8
1.22	Cash at end of quarter	876	876

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	124
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

--

+ See chapter 19 for defined terms

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	40
4.2 Development	
4.3 Production	
4.4 Administration	326
Total	366

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	613	244
5.2 Deposits at call	263	1,280
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	876	1,524

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 <i>(description)</i>				
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 <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price (cents)</i>	<i>Expiry date</i>
	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				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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: 16 January 2015



(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.

+ See chapter 19 for defined terms

In accordance with ASX Listing Rule 5.3.3, New Age Exploration Limited provides its list of exploration licences with its December 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 in a joint venture. On 12 January 2015, the joint venture terminated its agreement with the mine owners and operators of Concession 887T.*
- 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.*

+ See chapter 19 for defined terms