14 DECEMBER 2011 **ASX: NAE**

ASX ANNOUNCEMENT

Positive Scoping Study Completed for the Terranova Hard Coking Coal Mine Mechanisation Project

Highlights

- **Scoping Study confirms the technical and financial viability of the Terranova hard coking coal mine**
- **Estimated capital costs of US$20m and total life of mine forecast average operating costs, excluding royalties, of US$120 per tonne saleable coal**
- **Stage Two demonstrates the potential to considerably extend the operational life of the Project with minimal capital investment**
- **NAE to immediately commence the Feasibility Study**

New Age Exploration Limited ("NAE" or "the Company") is pleased to announce the completion of the Terranova hard coking coal mine mechanisation project scoping study, where the Company recently announced a hard coking coal resource of 3.6 million tonnes.

The scoping study confirmed the technical and financial viability of the Project and did not identify any fatal flaws.

The Study was led by Jim Black of Black Associates Pty Ltd and on the back of these positive results, the NAE Board has granted approval to immediately commence a Feasibility Study.

NAE plans to develop the Terranova Project in two stages, with Stage One involving the establishment of mechanised mining and associated infrastructure at Terranova. Stage Two will focus on extending the operational life of the wash plant, underground mining equipment and project infrastructure beyond the current mine life of Terranova Stage One (presently constrained by permitting to October 2014).

NAE Managing Director Gary Fietz commented *"I am extremely pleased to have achieved a positive Scoping Study outcome and acknowledge Jim Black's project leadership in finalising this important step towards the development of NAE's first hard coking coal project."*

"The Board's approval to proceed immediately to the Feasibility Study is a clear endorsement of the value of this Project and the important work done by NAE's technical and in-country partners."

"We are excited by this opportunity, as it has the potential to transform NAE into a hard coking coal producer in 12 months time, enabling NAE to take advantage of the high hard coking coal prices."

Scoping Study Details

The Terranova scoping study was designed to assess the viability of mechanising the existing Terranova hard coking coal mine, located in Cundinamarca, Colombia. The study has evaluated a fully mechanised room and pillar underground mine, utilising continuous miners and shuttle cars to produce approximately 550ktpa raw coal.

The study envisages that the raw coal will be transported by truck to a centralised wash plant, planned to be located near Zipaquira, approximately 15 kilometres from the mine. At the expected recovery yield of 70 – 75% clean coal per tonne of raw coal mined, Stage One of the Terranova project will yield approximately 400ktpa of saleable hard coking coal.

Figure 1 M3 Seam exposed in current workings at Terranova

Note: Height of M3 seam in image is approximately 1.6m

The wash plant will be a dense media separation facility and its modular construction will allow for the plant to be expanded to treat coal from additional projects. If required, the plant can be easily relocated to another site, depending on the development of new projects in the future.

Clean coal will be trucked approximately 965 kilometres to Baranquilla for export. The Company has commenced initial discussions with port operators and has obtained a good indication of shipping costs and that capacity is available for the expected Stage One shipping levels.

Figure 2 Coal being loaded at Baranquilla

The Company previously announced (9th November, 2011) a JORC resource of 3.6Mt hard coking coal at the Project and it is anticipated that this resource will be more than sufficient to sustain mining operations until the current permit ends in October 2014.

Financials

The estimated project capital expenditure is approximately US$20m. The majority of the capital expenditure, approximately US$12m, is accounted for by the mobile mechanised mining equipment and the wash plant, which will be available for the Stage Two development.

Table 1 Terranova Stage One – Estimated Capital Costs (US$m)

Feasibility Study	$1.5
Mining Equipment	$7.5
Wash Plant	$4.8
Infrastructure & Other	$3.6
Subtotal	***$17.4***
Owners Team	$0.4
Contingency (10%)	$1.7
Total	**$19.5**
All estimates have a +/- 30% level of accuracy	

The estimated operating costs (excluding royalties) are approximately US$120 per tonne FOB. Royalties are estimated to be approximately US$20 per tonne (subject to revenue).

Table 2 Terranova Stage One – Estimated Average Operating Costs (US$ per tonne of saleable coal)

Cash cost (mine gate)(1)	$55.00
Trucking (wash plant to port)	$55.00
Port costs	$10.00
Subtotal	***$120.00***
Government and Vendor Royalties	$20.00
Total	**$140.00**
(1) Mining, trucking from mine to coal wash plant, coal wash plant costs and G&A	
All estimates have a +/- 30% level of accuracy	

Project Optimisation

Raw coal production is scheduled to commence at end Q1 2013, with two continuous miners being used to drive approximately 150m of development to access the target coal seam prior to starting production.

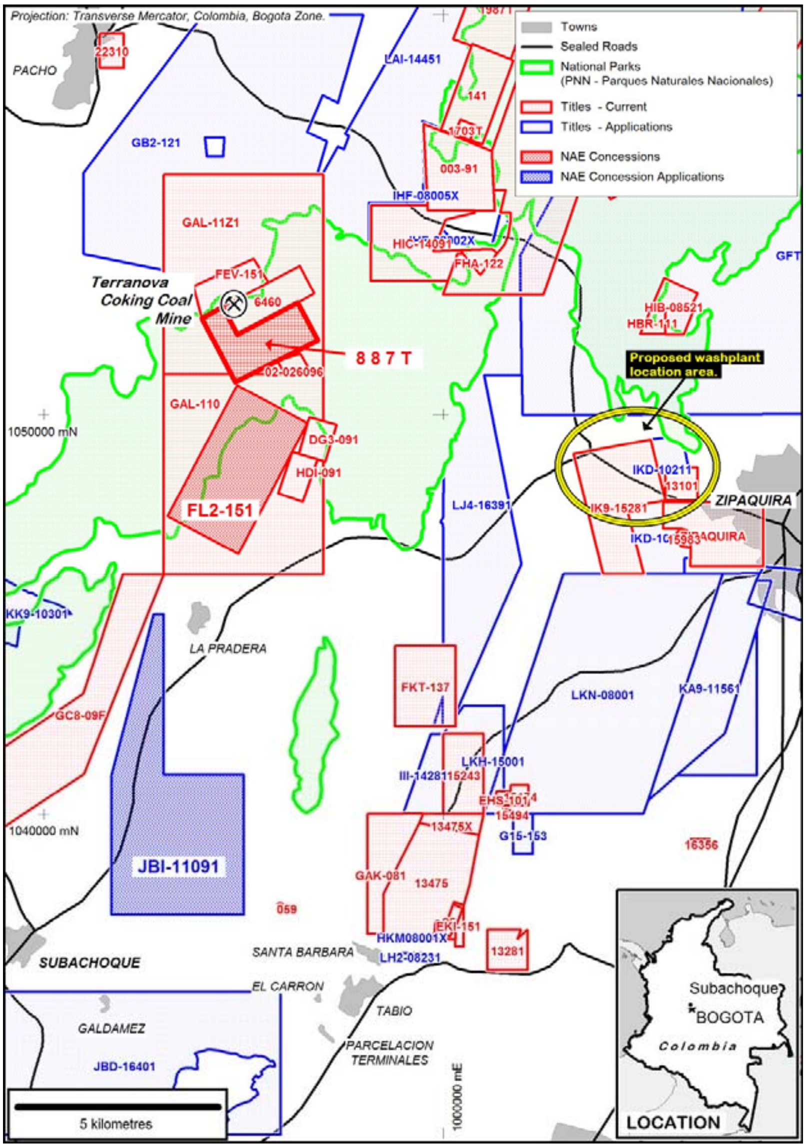
The feasibility study will examine the potential of using a local Colombian mining contractor to drive the development (by drill & blast) rather than using the continuous miners. Such an outcome would allow production to commence three months earlier than planned when the continuous miners are scheduled to be delivered to site.

Stage Two Development

In parallel to Stage One, the Company is advancing investigations of a number of possible new coal developments to allow wash plant production to continue uninterrupted beyond 2014 (Stage Two). The intention is to expand the wash plant as soon as these new developments can be brought into production.

The Company's current intention is to commence drilling on the adjacent FL2-151 concession in early 2012 (subject to permitting approval). A JORC Conceptual Exploration Target of 10 – 18Mt of high quality medium volatile hard coking coal was recently announced (3rd August 2011) for the FL2-151 concession.

Figure 3 Terranova (887T) and FL2-151



The Company has also engaged a team of ex-Ingeominas geologists to undertake a strategic review of other potential hard coking coal targets within trucking distance of the proposed wash plant location.

Further Studies

The Terranova (Stage One) Feasibility Study will commence immediately, with completion scheduled by June 2012. Environmental permitting and approval processes will also commence immediately and be undertaken in parallel with the Feasibility Study.

NAE will enhance its development and project team in Colombia to manage the Stage One Project and other business development activities in country. The Stage One Project will establish a solid foundation for the Company to grow its presence in Colombia through the proven delivery of more sophisticated mining methods, in particular, show casing the mechanisation of underground coal mining.

About New Age Exploration:

New Age Exploration is an Australian public company (ASX:NAE) focused on the development of a portfolio of coking and export thermal coal projects in Colombia in conjunction with its Colombian Joint Venture partner Aurora Energy S.A. The Company is currently focussed on developing its Terranova hard coking coal project plus its export thermal coal concessions in the world class Cesar Basin.

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